



JOHN CHIANG
California State Controller

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December 31, 2007

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**COMMISSION ON
STATE MANDATES**

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

Robert Temple
Vice Chancellor, Fiscal Services
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408

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

Re: **Incorrect Reduction Claim**
Health Fee Elimination Program
CSM 05-4206-I-08
San Bernardino Community College District, Claimant
Statutes 1984, 2nd Extraordinary Session, Chapter 1, and
Statutes 1987, Chapter 1118
Fiscal Years 2001-2002, and 2002-2003

Dear Ms. Higashi, and Messrs. Temple & Petersen:

This letter constitutes the response of the Controller's Office to the Incorrect Reduction Claim of San Bernardino Community College District. Enclosed are the required copies of supporting documentation along with the Division of Audits' response to the Incorrect Reduction Claim (See Tab 2). A proof of service is also included as required by regulation.

An audit performed by the State Controller's Office disclosed that \$610,323 of the District's \$1,130,569 in claimed costs of the legislatively mandated Health Fee Elimination Program for fiscal years 2001-2002 and 2002-2003 were not allowable. Under the program, the District can claim reimbursement for the costs of providing certain health care services, but only for services it provided in the 1986-1987 fiscal year.

First, the District overstated its salary and benefits costs related to health care services by \$103,128 because it claimed costs for new services that it did not provide in fiscal year

1986-1987. The District's entire discussion about whether the services were "provided" or "rendered" is meaningless and irrelevant. This is because the District was not able to provide any supporting documentation, as required by the Parameters and Guidelines, that the new services it was claiming for the audit period were also provided in the 1986-1987 base year. Consequently, the claim for all of these new services was properly rejected.

In addition, to better understand if these costs were claimed in the past, not as the District representative alleges to create a different base year, the auditors looked at the District's fiscal year 1997-1998 claim, the earliest claim it had available. For fiscal year 1997-1998, the District had not claimed these costs. This only further supports the conclusion that the current claimed costs were for new services.

Furthermore, the District failed to provide documentation identifying the costs of these new services. This lack of information resulted in the auditors calculating the audit adjustments by using a percentage of new units of service provided by the colleges to total health services costs, less certain insurance adjustments.

The District tries to take advantage of its own lack of supporting documentation to attack the reductions and complain about the auditor's methodology without ever offering a reasonable alternative. The District's failure to provide any evidence of the individual costs allegedly incurred puts its entire claim in question. The auditor's methodology is reasonable in light of the District's lack of supporting documents.

Second, the District overstates its service and supply costs by \$75,670 when it claimed \$72,554 in ineligible athletic insurance costs and \$3,116 in unsupported services and supply costs.

The District makes an unsubstantiated claim that the auditor's adjustments improperly disallowed a portion of the eligible insurance cost for the general student population. Nevertheless, the audit adjustment only covered the intercollegiate athlete's portion of the insurance coverage. The District's Student Insurance binders covering the audit period and a worksheet provided by the vice-president of its insurance company support this adjustment.

Then, the District mistakenly alleges that the entire basis for adjustment for unsupported service and supply costs is "quantity and quality of District documentation." The plain and simple fact is that they claimed reimbursement for \$3,450.38, but only paid \$334.50. Therefore, the District overstated its service and supply costs by \$3,115.88.

Third, the District overstated its indirect costs rates, resulting in overstating its indirect costs by \$281,494. The District did not claim indirect costs according to the Controller's claiming instructions as required by the program's Parameters and Guidelines. The

auditors determined that the District's faulty methodology resulted in rates claimed and indirect costs that were more than twice the rate and amount using the methodology permitted by the claiming instructions. Under Government Code section 17561, subdivision (d)(2), the Controller may reduce any claim determined to be excessive or unreasonable. An amount that exceeds what is "usual, proper, or normal" is excessive and "implies an amount or degree too great to be reasonable or acceptable." (Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.) Thus, the District's claimed rates and indirect costs were excessive.

Lastly, the District understated the health fees it was authorized to collect by \$150,031 for the audit period. The District incorrectly reported only the amount of actual revenues received. Regardless of the District's decision of whether to collect a fee or not, the District does have the "authority" to levy the fees.

"Costs mandated by the state" means costs that the District is required to incur. (Gov. Code § 17514.) The amount of costs the District is required to incur cannot include and is offset by the total amount of its authority to levy a fee. Government Code section 17556, subdivision (d) specifically provides that the Commission cannot find a mandated cost in "any claim" if the District has authority to levy the fees to pay for the mandated program or increased level of service.

It is well settled that costs are not state-mandated, and therefore, not reimbursable, if an agency has authority (right or power) to levy a charge or fee, regardless of whether the charge or fee is actually assessed. (*County of Fresno v. California* (1991) 53 Cal.3d 482; *Connell v. Santa Margarita* (1997) 59 Cal.App.4th 382.) There is no legal support for the District's assertion that an adjustment can only be made for fees actually received.

Since the disallowed claims were either not supported by required source documentation, used unapproved reimbursement formulas that resulted in excessive claims, or understated the health fees it was authorized to collect, the adjustments made by the Division of Audits were appropriate, and the Incorrect Reduction Claim should be rejected. For a more complete discussion, see Tab 2 of the Controller's Office's response.

Sincerely,



RONALD V. PLACET
Senior Staff Counsel

RVP/ac

Enclosures

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

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.

5 On January 2, 2008, I served the foregoing document entitled:

6 **SCO'S RESPONSE TO THE INCORRECT REDUCTION CLAIM FOR
7 SAN BERNARDINO COMMUNITY COLLEGE DISTRICT, CSM 05-4206-I-08**

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

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

Robert Temple
Vice Chancellor, Fiscal Services
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408

11 Keith B. Petersen, President
SixTen and Associates
5252 Balboa Avenue, Suite 807
12 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.

17 **☐ BY PERSONAL SERVICE**

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

19 **☐ BY OVERNIGHT MAIL/COURIER**

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

22 **☐ BY FACSIMILE TRANSMISSION**

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

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

Executed on January 2, 2008, at Sacramento, California.


Amber A. Camarena

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

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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:

No.: CSM 05-4206-I-08

11 *Health Fee Elimination Program*

AFFIDAVIT OF BUREAU CHIEF

12 Chapter 1, Statutes of 1984, 2nd Extraordinary
13 Session, and Chapter 1118, Statutes of 1987

14 SAN BERNARDINO COMMUNITY
15 COLLEGE DISTRICT, Claimant

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.
Before that, I was employed as an audit manager for two years and three months.
- 20 3) I am a California Certified Public Accountant.
- 21 4) I reviewed the work performed by the SCO auditor.
- 22 5) Any attached copies of records are true copies of records, as provided by the San
23 Bernardino Community College District or retained at our place of business.
- 24 6) The records include claims for reimbursement, along with any attached supporting
25 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 May 17, 2004, and ended on August 16, 2004.

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

7 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
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
For Fiscal Year (FY) 2001-02 and FY 2002-03**

**Health Fee Elimination Program
Chapter 1, Statutes of 1984, 2nd 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 (IRC) that the San Bernardino Community College District submitted on September 15, 2005. 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 November 10, 2004 (**Exhibit D**).

The district submitted reimbursement claims totaling \$1,130,569 as follows.

- FY 2001-02—\$509,850 (**Exhibit G**)
- FY 2002-03—\$620,719 (**Exhibit G**)

The SCO audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred primarily because the district claimed ineligible costs, overstated indirect costs, and understated health fees. The State paid the district \$92,835. Allowable costs claimed exceeded the amount paid by \$427,411. 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 30, 2002</u>			
Salaries and benefits	\$ 422,145	\$ 380,756 ²	\$ (41,389)
Services and supplies	123,819	86,471	(37,348)
Subtotal	545,964	467,227	(78,737)
Indirect costs	210,961	88,166	(122,795)
Total health expenditures	756,925	555,393	(201,532)
Less cost of services in excess of FY 1986-87 services	(2,564)	(2,564)	—
Less authorized health fees	(231,122)	(328,764)	(97,642)
Less offsetting savings/reimbursements	(13,389)	(13,389)	—
Total program costs	<u>\$ 509,850</u>	210,676	<u>\$ (299,174)</u>
Less amount paid by State		(92,835) ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 117,841</u>	

Cost Element	Actual Costs Claimed	Allowable per Audit	Audit Adjustments
<u>July 1, 2002, through June 30, 2003</u>			
Salaries and benefits	\$ 462,403	\$ 400,664 ²	\$ (61,739)
Services and supplies	159,834	121,512	(38,322)
Subtotal	622,237	522,176	(100,061)
Indirect costs	249,766	91,067	(158,699)
Total health expenditures	872,003	613,243	(258,760)
Less authorized health fees	(234,810)	(287,199)	(52,389)
Less offsetting savings/reimbursements	(16,474)	(16,474)	—
Total program costs	<u>\$ 620,719</u>	309,570	<u>\$ (311,149)</u>
Less amount paid by the State		— ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 309,570</u>	
<u>Summary: July 1, 2001, through June 30, 2003</u>			
Salaries and benefits	\$ 884,548	\$ 781,420 ²	\$ (103,128)
Services and supplies	283,653	207,983	(75,670)
Subtotal	1,168,201	989,403	(178,798)
Indirect costs	460,727	179,233	(281,494)
Total health expenditures	1,628,928	1,168,636	(460,292)
Less cost of services in excess of FY 1986-87 services	(2,564)	(2,564)	—
Less authorized health fees	(465,932)	(615,963)	(150,031)
Less offsetting savings/reimbursements	(29,863)	(29,863)	—
Total program costs	<u>\$ 1,130,569</u>	520,246	<u>\$ (610,323)</u>
Less amount paid by the State		(92,835) ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 427,411</u>	

¹ Payment information is based on amount paid when the final report was issued.

² The final report, issued November 10, 2004, separately reported "salaries" and "benefits."

The district's IRC contests all audit adjustments, totaling \$610,323. The district believes the SCO did not support that services provided during the audit period were provided in FY 1986-87 base year. The district further believes that it did not claim ineligible athletic insurance costs, that its indirect cost rates were 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, 2nd 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

The SCO annually issues claiming instructions, which contain filing instructions for mandated cost programs. The September 2002 claiming instructions provide instructions for indirect cost. 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 mandated cost claims.

II. THE DISTRICT OVERSTATED HEALTH SERVICES

Issue

The district overclaimed health services costs totaling \$103,128 during the audit period. The district overclaimed salaries and benefits relating to health services not provided during the base-year 1986-87. The district believes the SCO did not support that services provided during the audit period were provided in FY 1986-87 base year.

SCO Analysis:

The district overstated health services costs by \$103,128 for the audit period. The costs are unallowable because the services were not provided in FY 1986-87. These costs include flu shots, hepatitis shots, pap smears, and outside laboratory services for San Bernardino Valley College, and flu shots, hepatitis shots, outside laboratory services, and marriage therapy for Crafton Hills College.

The parameters and guidelines specify that community college districts shall be reimbursed only for the costs of health services provided, to the extent the district provided them in FY 1986-87.

District's Response

The Controller asserts "overstated health services costs" of \$103,128 for both fiscal years. The audit report states that the "costs are unallowable because the services were not provided in FY 1986-87." The Controller also asserts that the District could not substantiate health services activities from FY 1986-87, and the costs were disallowed because "for auditing

purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.”

Disallowance Calculation

The audit report does not explain how the adjustments were calculated. From one of the Controller’s audit workpapers, it appears that the Controller generated the disallowance by first assigning some type of numeric unit of service provided for each health service activity listed in the audit year health services inventories. For each health service activity, a percentage of the total services was assigned based on the number of units of service for that particular service divided by the total number of services for the audit year. Note that this method assumes that the cost of each type of service is the same, that is, for example, the cost of a cardiogram is the same as the cost of an eye exam.

Second, the health services inventory for each of the audit years was compared to the health services inventory for *FY 1997-98*. Those activities listed for the health services inventory for the audit years which were not also listed for *FY 1997-98* were assumed to be new “services not offered in 86/87.” . . .

Third, the percentage amounts for each of the “new” activities in the audit years (flu shots, Hepatitis B shots, outside lab services, and pap smears) were added to determine a total percentage for each year of unallowable new services. In a similar manner, the Controller identified “unallowable TB services to staff” from this comparison. The percentages for the unallowable “new” services and unallowable “staff” services for the entire district, which aggregated to 12.51% for *FY 2001-02* and 13.78% for *FY 2002-03*. These percentages were applied to the health services costs and yielded disallowances of \$37,318 and \$43,157 for *FY 2001-02* and *FY 2002-03* respectively.

Statutory and Regulation Requirements

Education Code section 76355, subdivision (e), states:

“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.” . . .

Alternative Base Year

There is no choice of the base year for the comparison of services provided. The statutory base year is fiscal year 1986-87 pursuant to Education Code section 76355 and the parameters and guidelines. The Controller utilized the health services inventory for the claim filed for fiscal year 1997-98. Thus, the Controller created an alternate base-year, contrary to the Education and the parameters and guidelines which designate 1986-87 as the base year. . . .

Services Provided vs. Services Rendered

The Controller audit findings do not demonstrate if the enumerated services allegedly “not provided” in *FY 1986-87* were actually available to students. . . .

District Level Test of Services

The Controller states that its review of the student health services provided indicated that *San Bernardino Valley College* "provided" student health services "exceeding" those services provided by the *district* during the base year. . . .

Percentage of Services Rendered

The Controller's calculation of the cost of services "not provided" in the base year utilizes extrapolation of facts not reasonably related to the actual cost of those services. . . .

"New" Services

The Controller asserts that the flu shots, Hepatitis B shots, outside lab services, and pap smears provided in the audit years are "new" services because these services were not rendered in the base year. . . .

Source Documentation

This finding is also based, partially, upon the report's assertion that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs, that is, there was insufficient source documentation. . . .

Unreasonable or Excessive

None of the adjustments were made because the costs claimed were excessive or unreasonable. . . .

SCO's Comment

The parameters and guidelines, section V(A) Scope of Mandate, state, "Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in FY 1986-87 may be claimed." In addition, the parameters and guidelines, section VIII-Supporting Data state:

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 FY 1986-87 program to substantiate 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 request of the State Controller or his agent.

Throughout the audit field work and until December 26, 2006 (the date of this response), the district did not provide us with any documentation to substantiate its assertion that the health services in question were provided at the San Bernardino Valley College and/or at Crafton Hills College in FY 1986-87.

In an attempt to determine if the health services in question were reported in prior-year mandated cost claims, we asked district personnel to provide the earliest mandated cost claims available. The district provided up a copy of the FY 1997-98 Health Fee Elimination cost claim. We observed that the health services in question were not listed on this claim. If the district staff believes information in prior year claims is inaccurate, it has the responsibility to corroborate its position.

We discussed this finding and the methodology we followed to compute the dollar finding with district representatives during a status meeting held on July 15, 2004, and again at the exit conference, held on August 16, 2004.

In addition, we found that each college had its own health center and kept its own health services statistics. Therefore each college was reviewed and evaluated individually.

The district was not able to prove that the new services it identified on the claim during the audit period were also provided in the 1986-87 base year. Furthermore, the district did not maintain information identifying the costs of the new services it identified as being provided during the audit period. Consequently, the SCO calculated the fiscal year audit adjustments by applying the percentage of new units of services provided annually by colleges to total health services costs, net of SCO insurance adjustments.

The district did not have any information available to support the number of services provided in FY 2001-02 by Crafton Hills College. Therefore, available statistics for FY 2002-03 were used for FY 2001-02, as adjusted for Marriage Therapy, which was not offered in FY 2001-02.

The calculation is as follows.

	San Bernardino Valley College	Crafton Hills College	Total
<u>FY 2001-02</u>			
Units of services for new services			
Flu shots	(74)	(182)	
Hepatitis	(106)	(87)	
Lab tests	0	(180)	
Marriage Therapy	0	0	
Pap Smear	(107)	0	
Total unit of services for new services	(287)	(449)	
Divided by total services	4,143	4,559	
Percentage of new services to total services	<u>(6.93%)</u>	<u>(9.85%)</u>	
Health Services direct costs	\$ 318,843	\$ 227,121	\$ 545,964
Less insurance adjustments	(20,541)	(16,807)	(37,348)
Subtotal	298,302	210,314	508,616
Unallowable new service percentage	(6.93%)	(9.85%)	
Audit adjustment	<u>\$ (20,673)</u>	<u>\$ (20,716)</u>	<u>\$ (41,389)</u>

	San Bernardino Valley College	Crafton Hills College	Total
<u>FY 2002-03</u>			
Units of services for new services			
Flu shots	(93)	(182)	
Hepatitis	(138)	(87)	
Lab tests	0	(180)	
Marriage Therapy	0	(100)	
Pap Smear	(130)	0	
Total unit of services for new services	(361)	(549)	
Divided by total services	3,788	4,659	
Percentage of new services to total services	<u>9.53%</u>	<u>11.78%</u>	

Health Services direct costs	\$ 332,549	\$ 289,688	\$ 622,237
Less insurance adjustments	(19,363)	(15,843)	(35,206)
Less unsupported costs	—	(3,116)	(3,116)
Subtotal	313,186	273,845	587,031
Unallowable new service percentage	(9.53%)	(11.78%)	
Audit adjustment	<u>\$ (29,847)</u>	<u>\$ (31,892)</u>	<u>\$ (61,739)</u>

Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. Government Code section 17561, subdivision (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 to be 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. In conclusion, the district over-claimed salaries and benefits relating to health services not provided during the base-year 1986-87. Therefore, the finding stands.

III. THE DISTRICT OVERSTATED SERVICES AND SUPPLIES

Issue

The district overstated service and supply costs by \$75,670 because it claimed ineligible athletic insurance costs of \$72,554 and did not support costs of \$3,116. The district believes the unallowable athletic insurance costs totaling \$72,554 were allowable general student insurance. The district further believes it support the remaining \$3,116.

SCO Analysis:

The parameters and guidelines states that community college districts shall be reimbursed only for costs of health services programs that are traceable to supporting documentation showing evidence of the validity of such costs. Also, Education Code section 76355, subdivision (d), [formerly section 72246, subdivision (2)] states that authorized expenditures for health services shall not include the cost of athletic insurance.

District's Response

The Controller asserts unallowable services and supplies direct costs totaling \$75,670 for both fiscal years. This total amount consists of \$72,554 in "ineligible" athletic insurance costs and unsupported costs of \$3,116 for services and supplies for both fiscal years.

Health Insurance Premium

The District pays two types of student insurance premiums. The basic/catastrophic coverage for the general student population, and a separate premium amount for intercollegiate athletes. The Controller's adjustment improperly disallows a portion of the general population premium as somehow being related to intercollegiate athletes. . . .

Services and Supplies

The Controller's audit report does not indicate the costs disallowed or the type of documentation required to support the costs. The Controller asserts unallowable expenses of \$3,116 for both years. The entire basis of the Controller's adjustment is the quantity and quality of District documentation. None of the adjustments were made because the costs claimed were excessive or unreasonable. . . .

SCO's Comment

Ineligible athletic insurance:

The district is mistaken in regards to the student insurance premiums and our calculation of the \$72,554 adjustment. The unallowable costs of \$37,348 for FY 2001-02 and \$35,206 for FY 2002-03 relate only to the costs of student insurance premiums for intercollegiate athletes.

For FY 2001-02 and FY 2002-03, the district had three types of coverage: (1) basic coverage for students and intercollegiate athletes; (2) super catastrophic coverage for intercollegiate athletes; and (3) catastrophic coverage for students only. The audit adjustment relates to the class I and class II intercollegiate athletes' portion of the basic coverage and the intercollegiate athletes' portion of the super catastrophic coverage. Attached (**Tab 8**) is a copy of the Student Insurance binders for FY 2001-02 and FY 2002-03, along with a worksheet provided by Marie Rosas Martinelli, Vice President, International Program, Student Insurance. We discussed the calculation with the district's internal auditor, Ronald Gerhard.

Education Code section 76355, subdivision (e), states, "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." Education Code section 76355, subdivision (a) defines the authorized health services fees. Thus, the mandated program "maintenance of effort" requirement applies to those health services for which the district may levy a fee. Education Code section 76355, subdivision (d), states that athletic-related costs are not authorized expenditures of health services fees. Because the mandated program does not require a

“maintenance of effort” for athletic-related services, the district is not required to provide these services. Therefore, these costs are not mandated costs as defined by Government Code section 17514.

Unsupported costs:

The district is mistaken when it states that the entire basis of the SCO’s \$3,115.88 adjustment is the quantity and quality of district’s documentation.

The district claimed \$3,450.38 for costs related to Health Line Clinical Lab Inc. for FY 2002-03. However, as evidenced on the district’s Financial Activity Report for FY 2001-02, the district paid only \$334.50. Consequently, the district overstated services and supplies costs by \$3,115.88. We discussed this finding with district representatives at a July 15, 2004, status meeting and at an August 16, 2004, exit conference.

Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. Government Code section 17561, subdivision (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.”

IV. THE DISTRICT OVERSTATED INDIRECT COST RATES CLAIMED

Issue

The district overstated its indirect cost rates, thus overstating its indirect costs by \$281,494 for the audit period.

SCO Analysis:

The district claimed indirect costs based on an indirect cost rate proposal (ICRP) prepared for each fiscal year by an outside consultant using OMB Circular simplified indirect cost rate methodology. However, the district did not obtain federal approval for its rate. We calculated indirect cost rates using the methodology allowed by the SCO’s claiming instructions. The calculated indirect cost rates did not support the indirect cost rates claimed.

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 18.87% for FY 2001-02 and 17.44% for FY 2002-03. The district claimed the indirect cost rates of 38.64% for FY 2001-02 and 40.14% 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 \$122,795 for FY 2001-02 and for FY 2002-03, totaling \$158,699.

District's Response

The Controller asserts that the district overstated its indirect cost rates and costs in the amount of \$281,494. This finding is based upon the Controller's statement that "(t)he district claimed indirect costs based on an indirect cost rate proposal (IRCP) prepared for each fiscal year by an outside consultant. However, the district did not obtain federal approval for its IRCPs. We calculated indirect cost rates using the methodology allowed by the SCO claiming instructions."

Federal Approval

Contrary to the Controller's ministerial preferences, there is no requirement in law that the district's indirect cost rate must be "federally" approved. Neither the Commission nor the Controller has ever specified the federal agencies which have the authority to approve indirect cost rates. . . .

CCFS-311

In fact, both the District's method and the Controller's method utilized 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 elements are direct costs and which are indirect costs. . . .

Regulatory Requirements

No particular indirect cost rate calculation is required by law. 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. Further, "may" is not "shall"; the parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. . . .

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 it determines the claim to be excessive or unreasonable. Here, the District has computed its ICRPs 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. . . .

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.

We agree with the district's statement that the difference between the claimed and audited rates is the identification of costs as direct or indirect. The FAM-29C methodology classifies costs as direct or indirect as they relate to the mandated cost program.

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

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 this 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 CSM review the SCO's claiming instructions pursuant to Title 2, California Code of Regulations (CCR), section 1186. Furthermore, the deadline has elapsed for the district 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."

Neither the SCO nor the CSM is 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, subdivision (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. . . ." ² 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.

² Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.

V. UNDERSTATED AUTHORIZED HEALTH FEE REVENUES CLAIMED

Issue

The district understated authorized health fees by \$150,031 for the audit period. The district reported actual revenue received rather than health fees the district was authorized to collect. The district believes that it reported the correct amount of health service fee revenues.

SCO Analysis:

We recalculated authorized health fee revenues by multiplying student enrollment by term net of allowable health fee exemption by the authorized student health fee. Student enrollment information was obtained from the term unit report, and the student waiver information was obtained from the Board of Governors Grant (BOGG) report.

The parameters and guidelines require the district to deduct authorized health 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

This finding is based on 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 \$150,031 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 the costs claimed.” The parameters and guidelines do not state this but instead 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)³.”

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 “[t]o 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 school district has the authority to levy fees 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 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 Services 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 \$9 or \$12, depending on the fiscal year and whether the student is enrolled full time or part time. 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 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 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. Therefore, student health fees are merely collectible, they are not mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

³ 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 with 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 of 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 9)**

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(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 the 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. The staff analysis included an attached letter from the CCCCCO, dated April 3, 1989; in the letter, the CCCCCO concurred with the DOF and the CSM regarding authorized health service fees.

Since the CSM's staff concluded that the 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.⁴ 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 SCO calculated authorized health service fees based on the district's records of enrollment and BOGG grants. 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.

(Note: The table in Finding 4 inadvertently labeled the fiscal years as FY 2000-01 and FY 2001-02 rather than FY 2001-02 and FY 2002-03.)

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

VI. CONCLUSION

The State Controller's Office audited the San Bernardino Community College District's claims for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. The district claimed \$1,130,569 for the

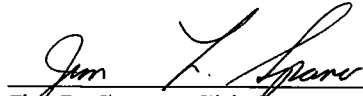
mandated program. Our audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred primarily because the district claimed unallowable costs, overstated its indirect cost rates, and understated health fees.

In conclusion, the Commission on State Mandates should find that: (1) the SCO correctly reduced the district's FY 2001-2002 claim by \$299,174; and (2) the SCO correctly reduced the district's FY 2002-03 claim by \$311,149.

VII. 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

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.						

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

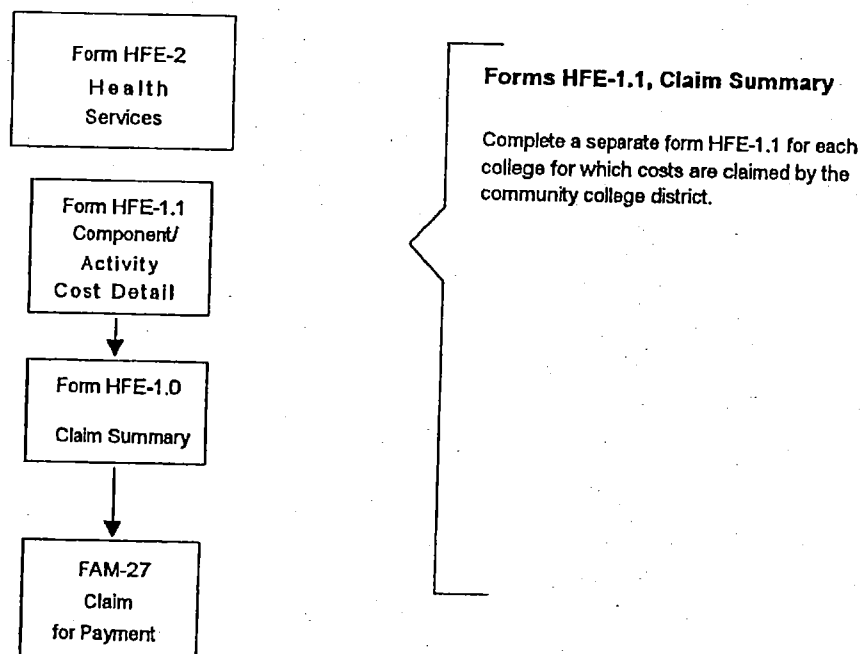
This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy 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		Program
			(19) Program Number 00029		029
			(20) Date Filed ____/____/____		
			(21) LRS Input ____/____/____		
L A B E L H E R E	(01) Claimant Identification Number		Reimbursement Claim Data		
	(02) Claimant Name		(22) HFE-1.0, (04)(b)		
	County of Location		(23)		
	Street Address or P.O. Box Suite		(24)		
	City State Zip Code		(25)		
			(26)		
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					
<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		

Program 029	HEALTH FEE ELIMINATION Certification Claim Form Instructions	FORM FAM-27
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address 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

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
(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.		
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	

HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions	FORM HFE-1.0
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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)]		
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.

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(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			

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(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			

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(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
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 EKG Strep A testing PG Testing Monospot Hemacult Others, list			
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			
Committees Safety Environmental Disaster Planning			



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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**

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6. Provisional and final rates for F&A costs
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. ReservedJ. 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

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 ✓

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.

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.

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 board of reg.~~ 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 ~~1983-84~~ 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. // (1) type of claimant's name / claim / costs / under one of two alternatives: // (1) Fee / amount / previously / collected / per student / and / enrollment / count // or // (2) actual / costs / of / 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. Costing/Alternatives

Claimed costs should be supported by the following information:

Alternative/1//Fees/Previously/Collected/in/1983-84/Fiscal/Year/

1/ Fees/collected/in/the/1983-84/fiscal/year/to/support
the/health/services/program/

2/ Total/number/of/students/under/item/YI/1//through/4/
above///Using/this/alternative/the/total/amount
claimed/would/be/item/YI/1//multiplied/by/item
YI/2//with/the/total/amount/reimbursed/increased/by
the/applicable/implied/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 1987-88 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.

CHANCELLOR'S OFFICE

GEORGE DEUKMEJIAN, Governor

CALIFORNIA COMMUNITY COLLEGES

107 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 MERTES
Chancellor

DM:PR:mh

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

State of California

Memorandum

March 22, 1989

To : Deborah Fraga-Decker
Program Analyst
Commission on State Mandates

From : Department of Finance

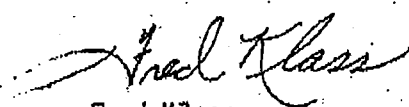
Proposed Amendments to Parameters and Guidelines for Claim No. CSM-4206 -- Chapter 1, Statutes of 1984, 2nd E.S. and Chapter 1118, Statutes of 1987 -- Health Fee Elimination

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, Stat' Controller's Office
Pat Ryan, Chancel /'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

1201 NINTH STREET
SACRAMENTO, CALIFORNIA 95814
445-8752 445-1163



April 3, 1989

Mr. Robert W. Eich
Executive Director
Commission on State Mandates
110 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
Controller 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

RECEIVED

APR 05 1989

COMMISSION ON
STATE MANDATES

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.

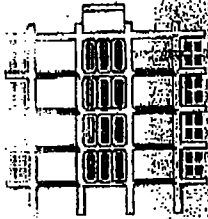
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

Glenn Haas, Assistant Chief
Division of Accounting

GH/GB:dvl

SC81822



HRH/60

RIO HONDO COMMUNITY COLLEGE DISTRICT

8600 Workman Mill Road • Whittier, CA 90608 • 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

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

- 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.

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 for 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.

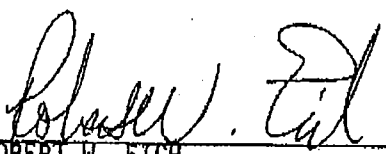
Mr. Parker stated that Commission staff had misstated the events that resulted in the claimant having to pay attorneys' fees to a pupil's guardians, and because of case law, courts do not have any discretion in awarding attorney's fees. Mr. Parker stated that because state legislation has codified the 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

San Bernardino Community College District
Health Fee Elimination Program
Audit Review of Student Insurance Costs
July 1, 2001 through June 30, 2003
C04-MCC-0011

Fiscal Year 2001-02

Per Claim	SBVC	CHC	Total
Basic			\$ 75,118
catastrophic			3,010
catastrophic			1,250
Total	\$ 35,959.50	\$ 43,418.50	\$ 79,378

Per Actual Student Insurance Coverage

		Total
Basic coverage		
Student		\$ 40,780
Class I athletes		22,187
Class II athletes		12,151
Subtotal		\$ 75,118
Catastrophic coverage		
Student		\$ 1,250
intercollegiate athletes		3,010
Subtotal		\$ 4,260
Total insurance		\$ 79,378

Per Audit

	Total
Basic coverage	
Student	\$ 40,780
Catastrophic coverage	
Student	1,250
Total student coverage	\$ 42,030

Unallowable Costs

	Total
Basic coverage	
Class I athletes	22,187
Class II athletes	12,151
Subtotal	\$ 34,338
Catastrophic coverage	
intercollegiate athletes	3,010
Subtotal	\$ 3,010
Total athletic coverage	\$ 37,348

Purpose

To review the student insurance costs claimed for the audit period

Source

1. FY 2001/02 and FY 2002/03 Health Fee Elimination Program claims
2. Claim worksheets from Ronald Gerhard, SBCCD internal auditor
3. Actual insurance coverage from Marie Rosa Martinelli, Student Insurance (310) 826-5688
4. Certificate of Insurance Binder - FY 2001/02 & FY 2002/03.

Scope

1. Summarized the total student insurance claimed for the audit period
2. Summarized the actual student coverage based on the additional information provided by the insurance company
3. Compared the claimed amount with the audited amount

Conclusion

The district claimed unallowable athlete insurance costs. District staff believed that these costs were eligible for reimbursement.

FY 2001/02	\$ (37,348)
FY 2002/03	(35,206)
	\$ (72,554)

Fiscal Year 2002-03

Per Claim	SBVC	CHC	Total
Basic			\$ 77,971
catastrophic			3,462
catastrophic			1,438
Total	\$ 37,431	\$ 45,441	\$ 82,871

Per Actual Student Insurance Coverage

	Total
Basic coverage	
Student	\$ 46,227
Class I athletes	17,525
Class II athletes	14,219
Subtotal	\$ 77,971
Catastrophic coverage	
Student	\$ 1,438
intercollegiate athletes	3,462
Subtotal	\$ 4,900
Total insurance	\$ 82,871

Per Audit

	Total
Basic coverage	
Student	\$ 46,227
Catastrophic coverage	
Student	1,438
Total insurance	\$ 47,665

Unallowable Costs

	Total
Basic coverage	
Class I athletes	17,525
Class II athletes	14,219
Subtotal	\$ 31,744
Catastrophic coverage	
intercollegiate athletes	3,462
Subtotal	\$ 3,462
Total athletic coverage	\$ 35,206

36 7/6/04 SF. 11
AS 8/18/04

2001-2002

TOTAL PREMIUM: \$75,118

Regular and summer students total attendance: 20,942 *to 38/118*

Premium for regular and summer students: \$40,780

Premium per capita: \$1.95 *to 38/118*

Class I athletes: 163 Premium for Class I athletes: \$22,187 Premium
per class I athlete: \$136.12

Class II athletes: 147 Premium for Class II athletes: \$12,151.02

Premium per Class II athlete: \$82.66

2002-2003

TOTAL PREMIUM: \$77,971.00

Regular and summer students total attendance: 28,492 *to 38/118*

Premium for regular and summer students: \$46,118 *to 38/118*

Premium per capita: \$1.62 *to 38/118*

Class I athletes: 125 Premium for Class I athletes: \$17,525 Premium per
class I athlete: \$140.20

Class II athletes: 167 Premium for Class II athletes: \$14,219 Premium
per class II athlete: \$85.14

Please let me know if I can get you any other information. Thank you!

STUDENT INSURANCE

By: Marie Rosa Martinelli-Hooper

Vice President

Tel: (310) 826-5688

Fax: (310) 826-1601

Outgoing mail is certified Virus Free.

Checked by AVG anti-virus system (<http://www.grisoft.com>).

Version: 6.0.690 / Virus Database: 451 - Release Date: 5/22/2004



CA Lic. # 0386216

Marie Rosa Martinelli
Vice President
International Program

Website: www.studentinsuranceagency.com

E-mail: international@studentinsuranceagency.com

11661 San Vicente Blvd., #200, Los Angeles, CA 90049 • (310) 826-5688
CASBO MEMBER Since 1967 (800) 367-5830 Fax (310) 826-1601

STUDENT

Lic. No. 0386216

www.studentinsuranceagency.com

INSURANCE

Established 1950

E-mail: SiLegal@studentinsuranceagency.com

STUDENT INSURANCE - ALL FORMS

Athletic & Football Coverage
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College Accident & Health Insurance
Church Groups & Associations
Recreation & Club Insurance

William F. Hooper, President

TEL (310) 826-5688

FAX (310) 826-1601

11661 San Vicente Boulevard, Suite 200, Los Angeles, California 90049-5103

CERTIFICATE OF INSURANCE BINDER: 2001-2002

INSURED: SAN BERNARDINO CCD
(Crafton Hills/San Bernardino Valley)
441 West 8th Street
San Bernardino, CA 92401-1007

CONTACT: Ms. Virginia Miller,
Risk Management Specialist
Telephone: 909-381-8013

BASIC COVERAGE: 1 Year Incurring Period
COMPANY: Blue Cross - Plan B
TYPE/COVERAGE: Students/Intercollegiate Athletes
PREMIUM: \$75,118.00

POLICY NO.
EFFECTIVE DATE:
8/01/01-8/01/02

✓ **SUPER CATASTROPHIC COVERAGE:** Intercollegiate Athletes
COMPANY: AIG
COVERAGE LIMITS: \$1,000,000.00
EFFECTIVE DATE: 8/01/01-8/01/02

POLICY NO.
DEDUCTIBLE: \$25,000.00
PREMIUM: \$3,010.00

CATASTROPHIC COVERAGE: Students Only
COMPANY: AIG
COVERAGE LIMITS: \$1,000,000.00
EFFECTIVE DATE: 8/01/01-8/01/02

POLICY NO.
DEDUCTIBLE: \$50,000.00
PREMIUM: \$1,250.00

BASIC COVERAGE LIMITS

Per Accident Deductibles \$ 50.00
\$100.00
\$ 50.00
Co-Insurance Percentage 100%
60%

Per Accident Maximum \$25,000.00
\$50,000.00
\$ 500.00
\$ 1,000.00
\$ 1,000.00
\$ 1,000.00
\$ 2,000.00
\$25,000.00

AD&D Benefits \$ Loss of Life
\$ Dismemberment

Students
Class I Athletes
Class II Athletes
PPO
Non-PPO
Athletes
Students
Emergency Illness Benefit
Official Visitors
Dental Maximum
Prosthetic Devices
Rental Durable Medical Equipment
Expanded Medical/Intercollegiate Athletes

\$1,500.00
(Single: \$1,000.00/Double: \$5,000.00)

CLASS I SPORTS: Football, Gymnastics, Skiing (snow), Soccer & Wrestling
Physical Therapy: Limited to 24 visits per calendar year per injury; additional visits available if approved by Blue Cross.

NON-PPO: Benefit will not exceed \$25.00 per visit.
Non-Duplication of Benefits Exercised on **ALL CLAIMS.**

THIS IS A BRIEF DESCRIPTION OF BENEFITS. THE MASTER POLICY CONTAINS COMPLETE DETAILS OF THE PROVISIONS, LIMITATIONS, EXCLUSIONS AND WILL PREVAIL AT ALL TIMES.

Associate Member California Community College Association • Associate Member California Association of School Business Officials

School Service Membership Association of California School Administrators • Affiliate Membership California Association of Directors of Activities

California Office
Auburn Blvd., Suite 200
Sacramento, CA 95841
(310) 826-5688
(310) 826-1601 Fax

Insurance - All Forms
Athletic & Football Coverage
University Accident & Health Insurance
College Accident & Health Insurance
Church Groups & Associations
Recreation & Club Insurance
International Student Insurance
Lic No. 0386216

30 11/16/04 11 6/18/04 11
Northern California Office
4330 Auburn Blvd., Suite 1600
Sacramento, CA 95841
(916) 971-2420
(310) 826-1601 Fax

www.studentinsuranceagency.com



E-mail: SiLegal@studentinsuranceagency.com

INSURANCE BINDER: 2002-2003

INSURED: SAN BERNARDINO CCD
(Crafton Hills/San Bernardino Valley)
114 South Del Rosa Drive
San Bernardino, CA 92408

CONTACT: Ms. Kim Schmitz,
Risk Manager
(909) 381-4080

BASIC COVERAGE: 1 Year Incurring Period
COMPANY: Blue Cross - Plan B
TYPE/COVERAGE: Students/Intercollegiate Athletes
PREMIUM: \$77,971.00 0-36/48

POLICY NO. TBA
EFFECTIVE DATE:
8/01/02-8/01/03

SUPER CATASTROPHIC COVERAGE: Intercollegiate Athletes
COMPANY: AIG
COVERAGE LIMITS: \$1,000,000.00
EFFECTIVE DATE: 8/01/02-7/31/03

POLICY NO. TBA
DEDUCTIBLE: \$25,000.00
PREMIUM: \$3,462.00 36/48

CATASTROPHIC COVERAGE: Students Only
COMPANY: AIG
COVERAGE LIMITS: \$1,000,000.00
EFFECTIVE DATE: 8/01/02-8/01/03

POLICY NO. TBD
DEDUCTIBLE: \$50,000.00
PREMIUM: \$1,438.00 36/48

BASIC COVERAGE LIMITS

Per Accident Deductibles	\$ 50.00	Students
	\$100.00	Class I Athletes
	\$ 50.00	Class II Athletes
Co-Insurance Percentage	100%	PPO
	60%	Non-PPO
Per Accident Maximum	\$25,000.00	Athletes
	\$50,000.00	Students
	\$ 500.00	Emergency Illness Benefit
	\$ 1,000.00	Official Visitors
	\$ 1,000.00	Dental Maximum
	\$ 1,000.00	Prosthetic Devices
	\$ 2,000.00	Rental Durable Medical Equipment
	\$25,000.00	Expanded Medical/Intercollegiate Athletes
AD&D Benefits	\$ Loss of Life	\$1,500.00
	\$ Dismemberment	(Single: \$1,000.00/Double: \$5,000.00)

CLASS I SPORTS: Football, Gymnastics, Skiing (snow), Soccer & Wrestling

Physical Therapy: Limited to 24 visits per calendar year per injury; additional visits available if approved by Blue Cross.

NON-PPO: Benefit will not exceed \$25.00 per visit.

Non-Duplication of Benefits Exercised on **ALL CLAIMS.**

THIS IS A BRIEF DESCRIPTION OF BENEFITS. THE MASTER POLICY CONTAINS COMPLETE DETAILS OF THE PROVISIONS, LIMITATIONS, EXCLUSIONS AND WILL PREVAIL AT ALL TIMES.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
Health Fee Elimination program
Audit Review of Services/Supplies Costs
July 1, 2001 through June 30, 2003
C04-MCC-0011

FISCAL YEAR 2002-03												
CLAIM												
PER												
Sample	Fund/Slite	Object	Reference	Date	Vendor number	Name	Total					
1	00-01	4500	PO-301035	10/9/2002	015348-02	Galaxosmithline	\$ 1,242.50					
2	00-01	4500	PO-032920	4/22/2003	015348-02	Galaxosmithline	2,210.00					
3	00-01	5113	EP-030644	6/30/2003	005186-03	Loma Linda Center	15,000.00					
4	14-02	6410	PO-030755	10/28/2002	020471-02	Edward Medical	2,187.85					
5	14-02	6410	PO-030956	11/27/2002	012311-01	Gateway Business	2,343.44					
6	14-25	4500	EP-030448	6/30/2003	018992-01	Health Line Cll	3,450.38					
7	14-25	6410	PO-031098	12/20/2002	012311-01	Gateway Business	2,343.44					
8	14-25	6410	PO-31242	1/30/2003	020471-02	Edward Medical	7,512.42					
Total tested							\$ 38,289.83					
Total claimed							159,834.00					

Purpose:
To summarize the audit review of the services and supplies claimed

Source:

1. FY 2002/03 Financial Activity Report
2. FY 2002/03 Health Fee Elimination Program Claim
3. Invoice/warranty/purchase order - from Ronald Gerhard, Internal auditor

Scope:

1. Traced the test items to supporting documents
2. Summarized the claimed amount and audited amount
3. Compared the claimed amount with the audited amount

Conclusion:

Services and Supplies costs were claimed properly except the \$(3,115) overclaimed.

Explanation:

- A. Engerix-B filled tip lot 20 mg. IM, 1" 23
- B. Engerix-B filled tip lot 20 mg. 25 p/wk Hepatitis B vaccine for students & employees
- C. Physician services rendered by the Loma Linda University Preventive Residents 8/02-5/03.
- D. Timus T2A (automatic) vision machines w/papinate
- E. Gateway profile 4 LS #1006618 - computer system
- F. Lab work. Only \$334.50 was actually paid. \$3,116 was written off.
- G. Gateway profile 4 LS #1006618 - computer system
- H. Exam power table filter #75E with standard chair arms and restraint straps for filter

+- Allowable - Health related costs

TO
ID
3011

8/18/04

District: Payable Payments
 Payable: U 8 PO: 031378 Vendor: 018892-01 HEALTH LINE CLINICA AB INC
 Description: Supplies
 Board Description: Supplies
 Fu Ls Si Prog SubP Object Type Established Status
 01-14-25-8210-0000-4500-00-6440 \$ 3,450.38 F

Ln	S	Date	Invoice Desc	Liq/Balance	Payment/U-tax Paid	Warr#	Batch	H
1	P	043003	800120 / Apr 03	142.00	142.00 070803	976631	0032	
			018892-01	3,308.38			UT: N	1099: N
2	P	053003	800120 / May 03	154.50	154.50 070803	976631	0032	
			018892-01	3,153.88			UT: N	1099: N
3	F	063003	800120 / June 03	3,153.88	38.00 092203	630931	0399	
			018892-01	0.00	<u>434.88</u>		UT: N	1099: N

Action:

Inv Dt/No:
 Batch No:
 Vendor No: 018892-01 of 01
 Liquidate: \$
 Payment: \$
 Use tax: N 1099: N
 BURBANK CA 91505-0000

7/6/34
 2/8/15/17

CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE

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

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DISTRICT'S
INCORRECT REDUCTION CLAIM
FILED WITH THE
COMMISSION ON STATE MANDATES
ON September 15, 2005

21

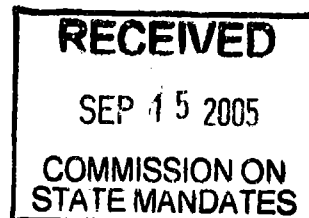
SixTen and Associates

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

September 13, 2005



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

RE: Health Fee Elimination
Fiscal Years: 2001-02 through 2002-03
Incorrect Reduction Claim

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for San Bernardino 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:

Robert Temple
Vice Chancellor Fiscal Services
San Bernardino Community College District
114 S. Del Rosa Drive
San Bernardino, Ca 92408

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)

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SEP 15 2005

COMMISSION ON
STATE MANDATES

Claim No.

05-4206-I-08

INCORRECT REDUCTION CLAIM FORM

Local Agency or School District Submitting Claim

SAN BERNARDINO 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

Robert Temple, Vice Chancellor Fiscal Services
San Bernardino Community College District
114 S. Del Rosa Drive
San Bernardino, CA 92408

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

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

Education Code Section 76355

Fiscal Year

Amount of the Incorrect Reduction

2001-2002

\$299,174

2002-2003

\$311,149

Total Amount

\$610,323

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.

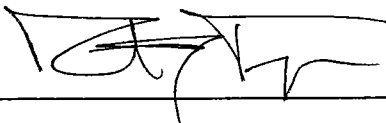
Robert Temple, Vice Chancellor Fiscal Services

Voice: 909-382-4021
Fax: 909-382-0116
E-Mail: btemple@sbccd.cc.ca.us

Signature of Authorized Representative

Date

X



August 31, 2005

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 BEFORE THE
9 COMMISSION ON STATE MANDATES
10 STATE OF CALIFORNIA

11 INCORRECT REDUCTION CLAIM OF:)

12) No. CSM _____
13)

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

16 SAN BERNARDINO)
17 Community College District,)

18) Education Code Section 76355

19) Health Fee Elimination
20)

21 Claimant.)

22) Annual Reimbursement Claims:
23)

24) Fiscal Year 2001-02

25) Fiscal Year 2002-03
26)

INCORRECT REDUCTION CLAIM FILING

27 PART I. AUTHORITY FOR THE CLAIM

28 The Commission on State Mandates has the authority pursuant to Government
29 Code Section 17551(d) to " . . . to hear and decide upon a claim by a local agency or
30 school district, filed on or after January 1, 1985, that the Controller has incorrectly
31 reduced payments to the local agency or school district pursuant to paragraph (2) of
32 subdivision (d) of Section 17561." San Bernardino Community College District
33 (hereafter "district" or "claimant") is a school district as defined in Government Code

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

1 Section 17519.¹ Title 2, CCR, Section 1185 (a), requires the claimant to file an
2 incorrect reduction claim with the Commission.

3 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),
4 requires incorrect reduction claims to be filed no later than three years following the
5 date of the Controller's remittance advice notifying the claimant of a reduction. A
6 Controller's audit report dated November 10, 2004 has been issued, but no remittance
7 advices have been issued. The audit report constitutes a demand for repayment and
8 adjudication of the claim. On May 12, 2005, the Controller issued a "results of review
9 letters" for FY 2001-02, and on May 14, 2005 for FY 2002-3 reporting the audit results
10 and amounts due claimant, subject to payment when appropriations are available, and
these letters constitute a payment action.

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

¹ Government Code Section 17519, added by Chapter 1459, Statutes of 1984, Section 1:

"School district" means any school district, community college district, or county superintendent of schools."

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

forum was the Commission on State Mandates.

PART II. SUMMARY OF THE CLAIM

The Controller conducted a field audit of District's annual reimbursement claims for the District's actual costs of complying with the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and Chapter 1118, Statutes of 1987) for the period of July 1, 2001 through June 30, 2003. As a result of the audit, the Controller determined that \$610,323 of the claimed costs were unallowable:

Fiscal Year	Amount Claimed	Audit Adjustment	SCO Payments	Amount Due <State> District
2001-02	\$509,850	\$299,174	\$92,835	\$117,841
2002-03	<u>\$620,719</u>	<u>\$311,149</u>	<u>\$ 0</u>	<u>\$309,570</u>
Totals	\$1,130,569	\$610,323	\$92,835	\$427,411

Since the District has been paid \$92,835 for these claims, the audit report concludes that a remaining amount of \$427, 411 should be paid to the District "contingent on available appropriations."

PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

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

PART IV. BASIS FOR REIMBURSEMENT

1. Mandate Legislation

Chapter 1, Statutes of 1984, 2nd Extraordinary Session, repealed Education Code Section 72246 which had authorized community college districts to charge a student health services 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 the scope of health services for which a community college district charged a fee during the 1983-84 fiscal year be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute were to automatically repeal on December 31, 1987.

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 that level in 1987-88 and each fiscal year thereafter.

Chapter 8, Statutes of 1993, Section 29, repealed Education Code Section 72246, effective April 15, 1993. Chapter 8, Statutes of 1993, Section 34, added Education Code Section 76355², containing substantially the same provisions as former

² 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

Incorrect Reduction Claim of San Bernardino Community College District
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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.

(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

Incorrect Reduction Claim of San Bernardino Community College District
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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, 2nd Extraordinary Session, by eliminating the
5 authority to levy a fee and by requiring a maintenance of effort, mandated additional
6 costs by mandating a new program or the higher level of service of an existing program
7 within the meaning of California Constitution Article XIII B, Section 6.

8 On November 20, 1986, the Commission on State Mandates determined that
9 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon
10 community college districts by requiring any community college district, which provided
11 health services for which it was authorized to charge a fee pursuant to former Section
12 72246 in the 1983-1984 fiscal year, to maintain health services at that level in the
13 1984-1985 fiscal year and each fiscal year thereafter.

14 At a hearing on April 27, 1989, the Commission of State Mandates determined
15 that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to
16 apply to all community college districts which provided health services in fiscal year
17 1986-1987 and required them to maintain that level of health services in fiscal year

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 San Bernardino Community College District
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1987-1988 and each fiscal year thereafter.

3. Parameters and Guidelines

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

...

VI. CLAIM PREPARATION

...

B...

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....

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

Incorrect Reduction Claim of San Bernardino Community College District
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1 addition, reimbursement for this mandate received from any
2 source, e.g., federal, state, etc., shall be identified and deducted
3 from this claim. This shall include the amount of \$7.50 per full-time
4 student per semester, \$5.00 per full-time student for summer
5 school, or \$5.00 per full-time student per quarter, as authorized by
6 Education Code section 72246(a). This shall also include
7 payments (fees) received from individuals other than students who
8 are not covered by Education Code Section 72246 for health
9 services.

10 ..."

11 4. Claiming Instructions

12 The Controller has annually issued or revised claiming instructions for the
13 Health Fee Elimination mandate. A copy of the September 1997 revision of the
14 claiming instructions is attached as Exhibit "C." The September 1997 claiming
15 instructions are believed to be, for the purposes and scope of this incorrect reduction
16 claim, substantially similar to the version extant at the time the claims which are the
17 subject of this Incorrect reduction claim were filed. However, since the Controller's
18 claim forms and instructions have not been adopted as regulations, they have no force
19 of law, and, therefore, have no effect on the outcome of this incorrect reduction claim.

20 PART V. STATE CONTROLLER CLAIM ADJUDICATION

21 The Controller conducted an audit of District's annual reimbursement claims for
22 fiscal years 2001-02 and 2002-03. The audit concluded that 46% of the District's
23 costs, as claimed, were allowable. A copy of the November 10, 2004-audit report is
24 attached as Exhibit "D."

1 VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER

2 By letter dated September 30, 2004, the Controller transmitted a copy of its draft
3 audit report. By letter dated October 13, 2004, the District objected to the proposed
4 adjustments set forth in the draft audit report. A copy of District's letter of October 13,
5 2004, is attached as Exhibit "E." The Controller then issued its final audit report without
6 change to the adjustments as stated in the draft audit report.

7 PART VII. STATEMENT OF THE ISSUES

8 **Finding 1: Overstated Health Services**

9 The Controller asserts "overstated health services costs" of \$103,128 for both
10 fiscal years. The audit report states that the "costs are unallowable because the
11 services were not provided in FY 1986-87." The Controller also asserts that the
12 District could not substantiate health services activities from FY 1986-87, and the costs
13 were disallowed because "(f)or auditing purposes, all costs claimed must be traceable
14 to source documents and/or worksheets that show evidence of the validity of such
15 costs."

16 Disallowance Calculation

17 The audit report does not explain how the adjustments were calculated. From
18 one of the Controller's audit workpapers, it appears that the Controller generated the
19 disallowance by first assigning some type of numeric unit of service provided for each
20 health service activity listed in the audit year health services inventories. For each

Incorrect Reduction Claim of San Bernardino Community College District
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1 health service activity, a percentage of the total services was assigned based on the
2 number of units of service for that particular service divided by the total number of
3 services for the audit year. Note that this method assumes that the cost of each type of
4 service is the same, that is, for example, the cost of a cardiogram is the same as the
5 cost of an eye exam.

6 Second, the health services inventory for each of the audit years was compared
7 to the health services inventory for FY 1997-98. Those activities listed for the health
8 services inventory for the audit years which were not also listed for FY 1997-98 were
9 assumed to be new "services not offered in 86/87." Thus, the Controller established FY
10 1997-98 as an alternative base year, contrary to the Education Code and the
parameters and guidelines.

12 Third, the percentage amounts for each of the "new" activities in the audit years
13 (flu shots, Hepatitis B shots, outside lab services, and pap smears) were added to
14 determine a total percentage for each year of unallowable new services. In a similar
15 manner, the Controller identified "unallowable TB services to staff" from this
16 comparison. The percentages for the unallowable "new" services and unallowable
17 "staff" services were added together, generating a total percentage of unallowable
18 services for the entire district, which aggregated to 12.51% for FY 2001-02 and 13.78%
19 for FY 2002-03. These percentages were applied to the total health services costs and
20 yielded disallowances of \$37,318 and \$43,157 for FY 2001-02 and FY 2002-03
21 respectively.

Incorrect Reduction Claim of San Bernardino Community College District
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1 Statutory and Regulatory Requirements

2 Education Code Section 76355, subdivision (e), states:

3 "Any community college district that provided health services in the 1986-87
4 fiscal year shall maintain health services, at the level provided during the 1986-
5 87 fiscal year, and each fiscal year thereafter."

6 The parameters and guidelines state at Part III Eligible Claimants:

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

10 Alternative Base Year

11 There is no choice of the base year for the comparison of services provided.

12 The statutory base year is fiscal year 1986-87 pursuant to Education Code Section
13 76355 and the parameters and guidelines. The Controller utilized the health services
14 inventory for the claim filed for fiscal year 1997-98. Thus, the Controller created an
15 alternate base-year, contrary to the Education Code and the parameters and guidelines
16 which designate 1986-87 as the base year. It appears the presumption was that since
17 fiscal year 1997-98 is closer to 1986-87, it is more "accurate" in terms of services
18 provided. There is no basis in fact or law for the assumption that any particular fiscal
19 year claim health services inventory is more accurate than another. The claimant is
20 responsible for the supporting the accuracy of data in the fiscal year audited, not a prior
21 year past audit. The Controller had ample opportunity to audit the 1986-87 base year,
22 as well as the fiscal year 1997-98 claim chosen by the Controller to use an "alternate"
23 base-year. These years are now beyond the statute of limitations for an audit. While it

Incorrect Reduction Claim of San Bernardino Community College District
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1 is the Controller's expectation that the claimant will bear the burden of documentation
2 of the costs and activities of almost twenty-years past, the burden is actually on the
3 Controller to timely audit those prior period claims.

4 Services Provided vs. Services Rendered

5 The Controller audit findings do not demonstrate if the enumerated services
6 allegedly "not provided" in FY 1986-87 were actually available to students. The
7 Controller has no findings for FY 1986-87, or for the alternative base-year of FY 1997-
8 98 they have chosen. The Controller also misstates the law; there are no specific
9 student health services required for each college district. The parameters and
10 guidelines state that "[o]nly services provided in 1986-87 fiscal year may be claimed."
11 Thus, the requirement is to continue the level of services provided in FY 1986-87, but
12 there is no statewide standard list of types of mandatory services to be provided. In
13 addition, the maintenance of effort mandate requires comparison of the types of
14 services and not the cost of services.

15 The Controller is endeavoring to compare the student health services *rendered*
16 during the fiscal years claimed (audit years) to those services *rendered* during 1986-87
17 fiscal year (the base year). The comparison is intended to determine whether the same
18 or greater level of services are *rendered* in the audit years which may result in some
19 audit year costs being disallowed for being in excess of the mandate. The Controller
20 is requiring claimants to prove that services rendered in the audit years were also
21 rendered in the base year. In order to make this determination, the Controller is

Incorrect Reduction Claim of San Bernardino Community College District
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1 reviewing base year services claimed which are clearly beyond the statute of limitations
2 for audit or record retention.

3 The statutory requirement is that at least the same level of services be *provided*.
4 There is no basis in law or fact which requires the entire variety of health care services
5 *available* each year to actually have been utilized, which is to say *rendered*, each year
6 in order to prove that the same services are *provided*. The District is certifying that the
7 same level of services continues to be available, not that each and every service was
8 rendered each year. In other words, for example, hearing tests may be available every
9 year, but there may be a year in which no hearing tests were required by students.

10 A reasonable person can take notice that incidences of diseases and courses of
11 treatment change over a period of fifteen years. This dynamic perhaps was not
12 anticipated when the parameters and guidelines were adopted about twenty years ago,
13 but the drafting weaknesses cannot be charged to the claimants, it is a Commission-
14 adopted document.

15 District Level Test of Services

16 The Controller states that its review of the student health services provided
17 indicated that *San Bernardino Valley College* "provided" student health services
18 "exceeding" those services provided by the *district* during the base year. This is the
19 wrong standard of review. The comparison of the levels of services available (not
20 rendered) is a *district* level test, not a *college* level test. The Controller's Form HFE 2.1
21 is consistent with the parameters and guidelines which establish the inventory of

Incorrect Reduction Claim of San Bernardino Community College District
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1 student health services as a district-level test, not a particular college within the district.

2 Percentage of Services Rendered

3 The Controller's calculation of the cost of services "not provided" in the base
4 year utilizes extrapolation of facts not reasonably related to the actual cost of those
5 services. Assigning a percentage to the number of services provided does not result
6 in a determination of actual costs, which was the stated scope of the audit. The
7 parameters and guidelines do not allow the claimant to use this method for reporting
8 actual mandate costs. The parameters and guidelines do not allow the Controller to
9 use this technique for the determination of program compliance. Claimants were never
10 on notice that the Controller would be utilizing this technique. The parameters and
11 guidelines require maintenance of effort rather than cost accounting for the services
12 provided. There is no evidence that the cost of the services disallowed by the
13 Controller represent the percentage of activities disallowed. There is no basis to
14 presume that the services disallowed are uniform in cost to the services allowed. The
15 Controller's action lacks factual foundation as well as a legal basis. This is a standard
16 of general application being enforced by the Controller without benefit of the
17 rulemaking procedures required by the Administrative Procedure Act.

18 "New" Services

19 The Controller asserts that the flu shots, Hepatitis B shots, outside lab services,
20 and pap smears provided in the audit years are "new" services because these services
21 were not rendered in the base year. Notwithstanding the previously discussed factual

Incorrect Reduction Claim of San Bernardino Community College District
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1 deficiencies regarding Controller's the lack of findings on FY 1986-87 and the
2 Controller's insistence on auditing services rendered as opposed to services available,
3 the characterization of these services as new services is also incorrect. For example,
4 the District's Form HFE 2.1 submitted for each audited fiscal year accurately reflect
5 that *immunization services* were available in FY1986-87. Hepatitis B vaccinations and
6 flu shots are just a part of the whole scope of *services* which may comprise
7 immunization services.

8 The Controller, as the audit agency proposing the adjustment, has the burden of
9 proving the factual and legal basis for its adjustments. The Controller provides no legal
10 basis to conclude that the absence or inclusion of one specific type of service
constitutes a different level of *service* from year to year.

12 Source Documentation

13 This finding is also based, partially, upon the report's assertion that all costs
14 claimed must be traceable to source documentation that shows evidence of the validity
15 of such costs, that is, there was insufficient source documentation. The Controller's
16 expectation is that the claimant will provide a log of services provided to students. The
17 Education Code and parameters and guidelines do not require the claimant to provide
18 records of the services rendered as a condition of reimbursement, only to certify to the
19 services available. Thus, the Controller is penalizing the claimant for not having
20 documentation which it is not required to maintain.

21 As a factual matter, if the documentation used by the Controller was sufficient for

Incorrect Reduction Claim of San Bernardino Community College District
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1 the Controller to calculate the dollar amount of alleged new services, it is contrary for
2 the Controller to assert that the adjustment is due to insufficient documentation. It
3 would therefore appear that this finding is based upon the wrong standard for review.
4 The Controller, as the audit agency imposing the adjustment, has the burden of proving
5 the factual and legal basis for its adjustments. Instead, the Controller incorrectly
6 audited the services rendered rather than services available to the students; incorrectly
7 used only the services provided at one college when the test is for the entire district;
8 and, incorrectly applied their findings as a percentage reduction in cost without a
9 factual basis to presume that the cost of services disallowed are uniform.

10 Unreasonable or Excessive

None of the adjustments were made because the costs claimed were excessive
12 or unreasonable. The Controller does not assert that the claimed costs were excessive
13 or unreasonable, which is the only mandated cost audit standard in statute
14 (Government Code Section 17561(d) (2)). It would therefore appear that the entire
15 findings are based upon the wrong standard for review. If the Controller wishes to
16 enforce other audit standards for mandated cost reimbursement, the Controller should
17 comply with the Administrative Procedure Act.

18 **Finding 2: Overstated Services and Supplies**

19 The Controller asserts unallowable services and supplies direct costs totaling
20 \$75,670 for both fiscal years. This total amount consists of \$72,554 in "ineligible"

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1 athletic insurance costs and unsupported costs of \$3,116 for services and supplies for
2 both fiscal years.

3 Health Insurance Premium

4 The District pays two types of student insurance premiums. The basic /
5 catastrophic coverage for the general student population, and a separate premium
6 amount for intercollegiate athletes. The Controller's adjustment improperly disallows a
7 portion of the general population premium as somehow being related to intercollegiate
8 athletics. The audit report does not describe how the disallowance was calculated.
9 Regardless, the adjustment is inappropriate since student athletes are part of the
10 student population for purpose of the general student population insurance premium.
11 The insurance premiums for athletes pertains to coverage while participating in
12 intercollegiate sports, not while they are attending class or on campus in their capacity
13 a member of the general student population.

14 Services and Supplies

15 The Controller's audit report does not indicate the costs disallowed or the type of
16 documentation required to support the costs. The Controller asserts unallowable
17 expenses of \$3,116 for both years. The entire basis of the Controller's adjustments is
18 the quantity and quality of District documentation. None of the adjustments were made
19 because the costs claimed were excessive or unreasonable. The District has complied
20 with the parameters and guidelines as it has provided source documents that show
21 evidence of the validity of such costs and their relationship to the state-mandated

Incorrect Reduction Claim of San Bernardino Community College District
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1 program. The Controller did not cite any statutory basis for its audit adjustments.

2 Absent some statutory authorization, another source of authority must be stated by the
3 Controller.

4 **Finding 3 - Overstated Indirect Cost Rates Claimed**

5 The Controller asserts that the district overstated its indirect cost rates and costs
6 in the amount of \$281,494. This finding is based upon the Controller's statement that
7 "(t)he district claimed indirect costs based on an indirect cost rate proposal (IRCP)
8 prepared for each fiscal year by an outside consultant. However, the district did not
9 obtain federal approval for its IRCPs. We calculated indirect cost rates using the
10 methodology allowed by the SCO claiming instructions."

Federal Approval

12 Contrary to the Controller's ministerial preferences, there is no requirement in
13 law that the claimant's indirect cost rate must be "federally" approved. Neither the
14 Commission nor the Controller has ever specified the federal agencies which have the
15 authority to approve indirect cost rates. Further, it should be noted that the Controller
16 did not determine that the District's rate was excessive or unreasonable, just that it
17 wasn't federally approved.

18 CCFS-311

19 In fact, both the District's method and the Controller's method utilized the same
20 source document, the CCFS-311 annual financial and budget report required by the

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1 state. The difference in the claimed and audited methods is in the determination of
2 which of those cost elements are direct costs and which are indirect costs. Indeed,
3 federally "approved" rates which the Controller will accept without further action, are
4 "negotiated" rates calculated by the district and submitted for approval, indicating that
5 the process is not an exact science, but a determination of the relevance and
6 reasonableness of the cost allocation assumptions made for the method used.

7 Regulatory Requirements

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

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

1 Unreasonable or Excessive

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

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

Finding 4 - Understated Authorized Health Fee Revenues Claimed

This finding is based on 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 \$150,031 for the two fiscal years. The Controller alleges that claimants must compute the total student health fees collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

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.*"

Parameters and Guidelines

This Controller states that the "*Parameters and Guidelines* states that health fees authorized by the *Education Code* must be deducted from the costs claimed." The parameters and guidelines do not state this but instead state:

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

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

6 In order for the district to "experience" these "offsetting savings" the district must
7 actually have collected these fees. Student fees actually collected must be used to
8 offset costs, but not student fees that could have been collected and were not. The use
9 of the term "any offsetting savings" further illustrates the permissive nature of the fees.
10 Government Code Section 17514

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

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

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

³ 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 San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 Government Code Section 17556

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

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

9 (d) The local agency or school district has the authority to levy service
10 charges, fees, or assessments sufficient to pay for the mandated program or
11 increased level of service. . . ."

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

19 Student Health Services Fee Amount

20 The Controller asserts that the district should have collected a student health
21 service fee each semester from non-exempt students in the amount of \$9 or \$12,
22 depending whether the student is enrolled full time or part time. Districts receive
23 notice of these fee amounts from the Chancellor of the California Community Colleges.

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

1 An example of one such notice is the letter dated March 5, 2001, attached as Exhibit
2 "F." While Education Code Section 76355 provides for an increase in the student
3 health service fee, it did not grant the Chancellor the authority to establish mandatory
4 fee amounts or mandatory fee increases. No state agency was granted that authority
5 by the Education Code, and no state agency has exercised its rulemaking authority to
6 establish mandatory fees amounts. It should be noted that the Chancellor's letter
7 properly states that increasing the amount of the fee is at the option of the district, and
8 that the Chancellor is not asserting that authority. Therefore, the Controller cannot rely
9 upon the Chancellor's notice as a basis to adjust the claim for "collectible" student
10 health services fees.

Fees Collected vs. Fees Collectible

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

19 Because districts are not required to collect a fee from students for student
20 health services, and if such a fee is collected, the amount is to be determined by the
21 District and not the Controller, the Controller's adjustment is without legal basis. What

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

1 claimants are required by the parameters and guidelines to do is to reduce the amount
2 of their claimed costs by the amount of student health services fee revenue actually
3 received. Therefore, student health fees are merely collectible, they are not
4 mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

5 PART VIII. RELIEF REQUESTED

6 The District filed its annual reimbursement claims within the time limits
7 prescribed by the Government Code. The amounts claimed by the District for
8 reimbursement of the costs of implementing the program imposed by Chapter 1,
9 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code
10 Section 76355 represent the actual costs incurred by the District to carry out this
program. These costs were properly claimed pursuant to the Commission's parameters
12 and guidelines. Reimbursement of these costs is required under Article XIII B, Section
13 6 of the California Constitution. The Controller denied reimbursement without any
14 basis in law or fact. The District has met its burden of going forward on this claim by
15 complying with the requirements of Section 1185, Title 2, California Code of
16 Regulations. Because the Controller has enforced and is seeking to enforce these
17 adjustments without benefit of statute or regulation, the burden of proof is now upon the
18 Controller to establish a legal basis for its actions.

19 The District requests that the Commission make findings of fact and law on each
20 and every adjustment made by the Controller and each and every procedural and
21 jurisdictional issue raised in this claim, and order the Controller to correct its audit

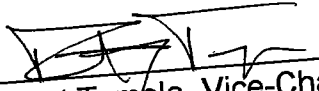
Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

report findings therefrom.

PART IX. CERTIFICATION

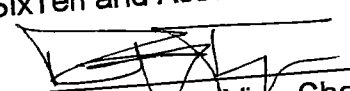
By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief, and that the attached documents are true and correct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

Executed on August 31, at San Bernardino, California, by


Robert Temple, Vice-Chancellor, Fiscal Services
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 94250-5874
Voice: 909-382-4021
Fax: 909-382-0116
E-Mail: btemple@sbccd.cc.ca.us

APPOINTMENT OF REPRESENTATIVE

West Valley-Mission Community College District appoints Keith B. Petersen, SixTen and Associates, as its representative for this incorrect reduction claim.


Robert Temple, Vice-Chancellor, Fiscal Services
San Bernardino Community College District

AUGUST 31, 2005
Date

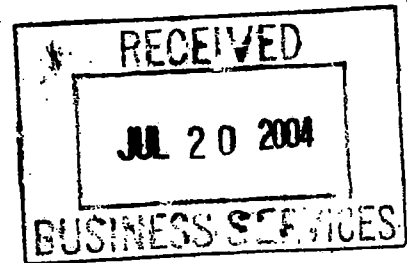
Attachments:
Exhibit "A"
Exhibit "B"
Exhibit "C"
Exhibit "D"
Exhibit "E"
Exhibit "F"

SCO Legal Counsel's Letter dated July 15, 2004
Parameters and Guidelines as amended May 25, 1989
Controller's Claiming Instructions September 1997
SCO Audit Report dated November 10, 2004
Claimant's Letter dated October 13, 2004
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.

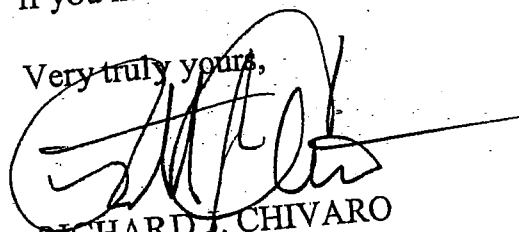
The Controller's informal audit review process was established to resolve factual disputes where no other forum for resolution, other than a judicial proceeding, is available.

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
Mido1 - 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.

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

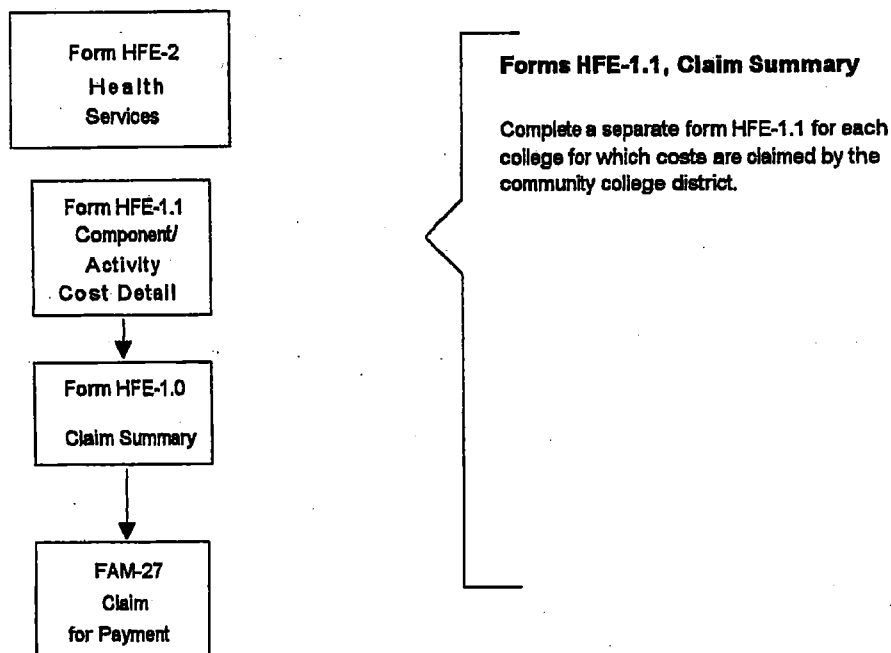
This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy 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

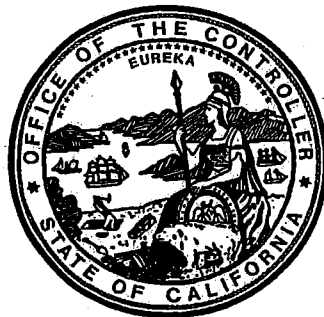
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

Audit Report

HEALTH FEE ELIMINATION PROGRAM

**Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987**

July 1, 2001, through June 30, 2003



STEVE WESTLY
California State Controller

November 2004



STEVE WESTLY
California State Controller

November 10, 2004

Donald F. Averill, Ed.D., Chancellor
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408

Dear Dr. Averill:

The State Controller's Office audited the claims filed by the San Bernardino Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003.

The district claimed \$1,130,569 for the mandated program. Our audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred because the district claimed ineligible costs, overstated indirect costs, and understated revenue offsets. The State paid the district \$92,835. The State will pay allowable costs claimed that exceed the amount paid, totaling \$427,411, contingent upon available appropriations.

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 (Guidebook link), and obtain IRC forms by telephone at (916) 323-3562 or by e-mail at csminfo@csm.ca.gov.

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

Sincerely,

Vincent P. Brown

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/jj

cc: (See page 2)

Spano

November 10, 2004

-2-

Dr. Donald F. Averill

cc: Robert Temple, Vice Chancellor
Fiscal Services
San Bernardino Community College District
Ed Monroe, Program Assistant
Fiscal Accountability Section
Chancellor's Office
California Community Colleges
Jeannie Oropeza, Program Budget Manager
Education Systems Unit
Department of Finance
Charles Pillsbury, School Apportionment Specialist
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the San Bernardino Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session (E.S.), and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. The last day of fieldwork was August 16, 2004.

The district claimed \$1,130,569 for the mandated program. The audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred because the district claimed ineligible costs, overstated indirect costs, and understated revenue offsets. The State paid the district \$92,835. The State will pay allowable costs claimed that exceed the amount paid, totaling \$427,411, contingent upon available appropriations.

Background

Education Code Section 72246 (repealed by Chapter 1, Statutes of 1984, 2nd E.S.) authorizes community college districts to charge a health fee for 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 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 fee as specified.

Education Code Section 72246 (amended by Chapter 1118, Statutes of 1987) requires any community college district that provided health services in FY 1986-97 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, 2nd E.S., imposed a "new program" upon community college districts, by requiring any community college district that provided health services for which it was authorized to charge a fee pursuant to former *Education Code* Section 72246 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 applies to all community college districts that levied a health services fee in FY 1983-84, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the FY 1983-84 level.

On April 27, 1989, 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, and required 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. COSM adopted *Parameters and Guidelines* on August 27, 1987, and last amended it on May 25, 1989. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and 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, not funded by another source, and 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* Section 17558.5. We did not audit the district's financial statements. Our audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed 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.

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 San Bernardino Community College District claimed \$1,130,569 for Health Fee Elimination Program costs. Our audit disclosed that \$520,246 is allowable and \$610,323 is unallowable.

For FY 2001-02, the State paid the district \$92,835. Our audit disclosed that \$210,676 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$117,841, contingent upon available appropriations.

For FY 2002-03, the district received no payment. Our audit disclosed that \$309,570 is allowable. The State will pay allowable costs claimed, totaling \$309,570, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on September 30, 2004. Robert Temple, Vice Chancellor, responded by letter dated October 13, 2004, disagreeing with the audit results. The final audit report includes the district's response (Attachment).

Restricted Use

This report is solely for the information and use of the San Bernardino Community College District, 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 Adjustments	Reference ¹
July 1, 2001, through June 30, 2002				
Health services costs:	\$ 367,585	\$ 326,196	\$ (41,389)	Finding 1
Salaries	54,560	54,560	—	
Benefits	123,819	86,471	(37,348)	Finding 2
Services and supplies	210,961	88,166	(122,795)	Finding 3
Indirect costs	756,925	555,393	(201,532)	
Total health services costs	(2,564)	(2,564)	—	
Less cost of services in excess of FY 1986-87 services	754,361	552,829	(201,532)	
Subtotals	(231,122)	(328,764)	(97,642)	Finding 4
Less authorized health fees	523,239	224,065	(299,174)	
Subtotals	(13,389)	(13,389)	—	
Less offsetting savings/reimbursements	\$ 509,850	210,676	\$ (299,174)	
Total program costs		(92,835)		
Less amount paid by the State		\$ 117,841		
Allowable costs claimed in excess of (less than) amount paid				
July 1, 2002, through June 30, 2003				
Health services costs:	\$ 402,669	\$ 340,930	\$ (61,739)	Finding 1
Salaries	59,734	59,734	—	
Benefits	159,834	121,512	(38,322)	Finding 2
Services and supplies	249,766	91,067	(158,699)	Finding 3
Indirect costs	872,003	613,243	(258,760)	
Total health services costs	—	—	—	
Less cost of services in excess of FY 1986-87 services	872,003	613,243	(258,760)	
Subtotals	(234,810)	(287,199)	(52,389)	Finding 4
Less authorized health fees	637,193	326,044	(311,149)	
Subtotals	(16,474)	(16,474)	—	
Less offsetting savings/reimbursements	\$ 620,719	309,570	\$ (311,149)	
Total program costs		—		
Less amount paid by the State		\$ 309,570		
Allowable costs claimed in excess of (less than) amount paid				

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>Summary: July 1, 2001, through June 30, 2003</u>				
Health services costs:	\$ 770,254	\$ 667,126	\$ (103,128)	Finding 1
Salaries	114,294	114,294	—	
Benefits	283,653	207,983	(75,670)	Finding 2
Services and supplies	460,727	179,233	(281,494)	Finding 3
Indirect costs	1,628,928	1,168,636	(460,292)	
Total health services costs	(2,564)	(2,564)	—	
Less cost of services in excess of FY 1986-87 services	1,626,364	1,166,072	(460,292)	
Subtotals	(465,932)	(615,963)	(150,031)	Finding 4
Less authorized health fees	1,160,432	550,109	(610,323)	
Subtotals	(29,863)	(29,863)	—	
Less offsetting savings/reimbursements	\$1,130,569	520,246	\$ (610,323)	
Total program costs		(92,835)		
Less amount paid by the State		\$ 427,411		
Allowable costs claimed in excess of (less than) amount paid				

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Overstated health services

The district overstated health services costs by \$103,128 for the audit period.

The costs are unallowable because the services were not provided in FY 1986-87. These costs include flu shots, hepatitis shots, pap smears, and outside laboratory services for San Bernardino Valley College, and flu shots, hepatitis shots, outside laboratory services, and marriage therapy for Crafton Hills College.

A summary of the adjustment is as follows:

	Fiscal Year		Total
	2001-02	2002-03	
San Bernardino Valley College	\$ (20,673)	\$ (29,847)	\$ (50,520)
Crafton Hills College	(20,716)	(31,892)	(52,608)
Audit adjustment	<u>\$ (41,389)</u>	<u>\$ (61,739)</u>	<u>\$ (103,128)</u>

Parameters and Guidelines specifies that community college districts shall only be reimbursed the costs of health services provided to the extent they were provided by the district in FY 1986-87.

Recommendation

We recommend that the district ensure it only claims costs of health services that were provided by the district in FY 1986-87.

District's Response

The State Controller alleges overstated audit period costs for certain health services which were "not provided" in Fiscal Year 1986-87. The State Controller states that "*Parameters and Guidelines* specifies that community college districts shall only be reimbursed the costs of the health services provided to the extent they were provided by the district in FY 1986-87."

The parameters and guidelines also state at Part 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 the mandate are eligible to claim reimbursement of those costs."

Education Code section 76355, subdivision (e), states:

"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."

The State Controller, as the audit agency proposing the adjustment, has the burden of proving the factual and legal basis for its adjustments. The State Controller audit findings do not demonstrate if the enumerated services allegedly "not provided" in Fiscal Year 1986-87 were indeed actually available. It would therefore appear that this finding is based upon the wrong standard for review.

In addition, the State Controller's calculation of the cost of services "not provided" utilizes extrapolation of facts not reasonably related to the actual cost of those services.

SCO's Comment

The finding and recommendation remain unchanged.

In addition to the criteria mentioned above, our position is supported by Parts V and VIII of the *Parameters and Guidelines*. Part V(A)—Scope of Mandate states, "Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in FY 1986-87 may be claimed." Part VIII—Supporting Data states:

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 FY 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 request of the State Controller or his agent.

Throughout the audit fieldwork and up until October 22, 2004 (the date of this response), the district did not provide us with any documentation to substantiate its assertion that the health services in question were provided at the San Bernardino Valley College and/or Crafton Hills College in FY 1986-87.

Furthermore, in an attempt to determine if the health services in question were reported in prior-year mandated cost claims, we asked district personnel to provide the earliest mandated cost claims available. We were given a copy of the FY 1997-98 Health Fee Elimination cost claim. From our review of this claim, we observed that the health services in question were not listed. If the district staff believes information in prior year claims is inaccurate, it has the responsibility to corroborate its position.

**FINDING 2—
Overstated services
and supplies**

The district overstated service and supply costs by \$75,670 because it claimed ineligible athletic insurance costs of \$72,554 and did not support costs of \$3,116.

A summary of the adjustment is as follows:

	Fiscal Year		Total
	2001-02	2002-03	
Athletic insurance costs	\$ (37,348)	\$ (35,206)	\$ (72,554)
Unsupported costs	—	(3,116)	(3,116)
Audit adjustment	<u>\$ (37,348)</u>	<u>\$ (38,322)</u>	<u>\$ (75,670)</u>

Parameters and Guidelines states that community college districts shall be reimbursed only for costs of health services programs that are traceable to supporting documentation showing evidence of the validity of such costs. Also, *Education Code* Section 76355(d) (formerly Section 72246(2)) states that authorized expenditures for health services shall not include the cost of athletic insurance.

Recommendation

We recommend that the district ensure all claimed costs are eligible and supported.

District's Response

The District is still investigating the athletic insurance costs to determine if the amounts reported in the claim related to basic insurance costs for students who also were covered by athletic insurance. However, the final audit report need not be delayed for this work.

SCO's Comment

The finding and recommendation remain unchanged.

The district did not provide any additional information supporting this finding.

The district overstated indirect costs by \$281,494 for the audit period.

**FINDING 3—
Overstated indirect
cost rate claimed**

The district claimed indirect costs based on an indirect cost rate proposal (ICRP) prepared for each fiscal year by an outside consultant. However, the district did not obtain federal approval for its rate. We calculated indirect cost rates using the methodology allowed by the SCO's claiming instructions. The calculated indirect cost rates did not support the indirect cost rates claimed.

A summary of the claimed and audited indirect cost rates is as follows:

	Fiscal Year	
	2001-02	2002-03
Allowable indirect cost rate based on total direct costs	18.87%	17.44%
Claimed indirect cost rate based on total direct costs	38.64%	40.14%

We recalculated indirect costs as follows:

	Fiscal Year		Total
	2001-02	2002-03	
Allowable direct costs claimed	\$ 467,227	\$ 522,176	
Allowable indirect cost rate	x 18.87%	x 17.44%	
Allowable indirect costs	88,166	91,067	
Less claimed indirect costs	(210,961)	(249,766)	
Audit adjustment	\$ (122,795)	\$ (158,699)	\$ (281,494)

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO's claiming instructions.

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 or the alternate methodology using State Controller's Form FAM-29C, which is based on total expenditures as reported in California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311).

Recommendation

We recommend that the district ensure indirect costs claimed are computed using a federally approved rate prepared in accordance with OMB Circular A-21, or the SCO's alternate methodology using Form FAM-29C.

District's Response

The State Controller asserts that the District must obtain federal approval for its indirect cost rate or use a method prescribed by the State 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 State Controller in his claiming instructions." The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller.

The State Controller's claiming instructions for Form HFE-1.1, line (05), 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, from FAM 29C, or a 7% indirect cost rate. The State Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State 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 State Controller wishes to enforce the audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

SCO's Comment

The finding and recommendation remain 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 the *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 or the SCO's alternate methodology using Form FAM-29C. 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 4— Understated authorized health fee revenues claimed

The district understated authorized health fee revenue by \$150,031 for the audit period.

The district reduced claimed costs by actual rather than authorized health fee revenues. Therefore, we recalculated authorized health fee revenues by multiplying student enrollment by term net of allowable health fee exemption by the authorized student health fee. Student enrollment information was obtained from the term unit report, and the student waiver information was obtained from the Board of Governors Grant (BOGG) report.

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

	Summer	Fall	Spring	Total
<u>FY 2000-01</u>				
Student enrollment	9,485	16,519	17,640	
Allowable health fee exemptions	(3,309)	(5,636)	(5,758)	
Subtotals	6,176	10,883	11,882	
Authorized student health fee	x \$ 9	x \$ 12	x \$ 12	
Audited authorized health fee revenues	\$ 55,584	\$ 130,596	\$ 142,584	\$ 328,764
Claimed authorized health fee revenues				(231,122)
Audit adjustment, FY 2000-01				97,642
<u>FY 2001-02</u>				
Student enrollment	3,406	18,176	16,773	
Allowable health fee exemptions	(1,595)	(6,102)	(6,272)	
Subtotal	1,811	12,074	10,501	
Authorized student health fee	x \$ 9	x \$ 12	x \$ 12	
Audited authorized health fee revenues	\$ 16,299	\$ 144,888	\$ 126,012	287,199
Claimed authorized health fee revenues				(234,810)
Audit adjustment, FY 2001-02				52,389
Total audit adjustment				\$ 150,031

Parameters and Guidelines states that health fees authorized by the *Education Code* must be deducted from costs claimed. *Education Code* Section 76355(c) states that health fees are authorized from all students except those 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 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 should ensure that allowable health services program costs are offset by the amount of health service fee revenues authorized by *Education Code*.

District's Response

The State Controller alleges that claimants must compute the total student health fees collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

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)

The State 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.

¹ Former *Education Code* Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by *Education Code* Section 76355.

The State Controller also misconstrues the legal meaning of Government Code Section 17556 which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

Notwithstanding the State Controller's argument for its adjustment, State Controller audit staff stated that they would be providing to the District additional information in support of their health fee calculation before the draft audit report was issued and would allow the District time to respond. This information was not provided to the District and the draft audit report has been issued.

SCO's Comment

The fiscal effect of the finding and recommendation remain unchanged. The language in the draft report relating to the unavailability of the student attendance data has been deleted based on information provided by the district.

We agree that community college districts may choose not to levy a health services fee. This is true even if *Education Code* Section 76355 provides the districts with the authority to levy such fees. However, the effect of not imposing the health services fee is that the related health services costs do not meet the requirement for mandated costs as defined by *Government Code* Section 17514. In simple terms, health services costs recoverable through an authorized fee are not costs that the district is required to incur. Moreover, *Government Code* Section 17556 states that 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.

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



SAN BERNARDINO
COMMUNITY
COLLEGE
DISTRICT

114 South Del Rosa Drive • San Bernardino, CA 92408 • Phone (909) 382-4000
Donald F. Averill, Ed.D., Chancellor

October 13, 2004

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 San Bernardino Community College District to the letter from Vincent P. Brown, Chief Operating Officer, State Controller's Office, dated September 30, 2004, and received by the District on October 6, 2004, which enclosed a draft copy of your audit report of the District's Health Fee Elimination claims for the period of July 1, 2001 through June 30, 2003.

Finding 1 - Overstated Health Services

The State Controller alleges overstated audit period costs for certain health services which were "not provided" in Fiscal Year 1986-87. The State Controller states that "Parameters and Guidelines" specifies that community college districts shall only be reimbursed the costs of the health services provided to the extent they were provided by the district in FY 1986-87."

The parameters and guidelines also state at Part 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 the mandate are eligible to claim reimbursement of those costs."

Education Code section 76355, subdivision (e), states:

"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."

The State Controller, as the audit agency proposing the adjustment, has the burden of proving the factual and legal basis for its adjustments. The State Controller audit findings do not demonstrate if the enumerated services allegedly "not provided" in Fiscal Year 1986-87 were indeed actually available. It would therefore appear that this finding is based upon the wrong standard for review.

In addition, the State Controller's calculation of the cost of services "not provided" utilizes extrapolation of facts not reasonably related to the actual cost of those services.

Finding 2 - Overstated Services and Supplies

The District is still investigating the athletic insurance costs to determine if the amounts reported in the claim related to basic insurance costs for students who also were covered by athletic insurance. However, the final audit report need not be delayed for this work.

Finding 3 - Overstated Indirect Cost Rates Claimed

The State Controller asserts that the District must obtain federal approval for its indirect cost rate or use a method prescribed by the State 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 State Controller in his claiming instructions." The parameters and guidelines do not require that indirect costs be claimed in the manner described by the State Controller.

The State Controller's claiming instructions for Form HFE-1.1, line (05), 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, from FAM-29C, or a 7% indirect cost rate. The State Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State 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 State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

Finding 4 - Understated Authorized Health Fee Revenues Claimed

The State Controller alleges that claimants must compute the total student health fees

October 13, 2004

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Jim Spano, Chief

collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

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)

The State 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)¹. 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.

The State Controller also misconstrues the legal meaning of Government Code Section 17556 which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

Notwithstanding the State Controller's argument for its adjustment, State Controller audit staff stated that they would be providing to the District additional information in support of their health fee calculation before the draft audit report was issued and would allow the District time to respond. This information was not provided to the District and

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

October 13, 2004

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Jim Spano, Chief

the draft audit report has been issued.

The District requests that the audit report be changed to comply with the law.

Sincerely,



Robert Temple, Vice Chancellor
Fiscal Services
San Bernardino Community College District

C: Keith Petersen, President, SixTen and Associates

EXHIBIT E



SAN BERNARDINO
COMMUNITY
COLLEGE
DISTRICT

114 South Del Rosa Drive • San Bernardino, CA 92408 • Phone (909) 382-4000

Donald F. Averill, Ed.D., Chancellor

October 13, 2004

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 San Bernardino Community College District to the letter from Vincent P. Brown, Chief Operating Officer, State Controller's Office, dated September 30, 2004, and received by the District on October 6, 2004, which enclosed a draft copy of your audit report of the District's Health Fee Elimination claims for the period of July 1, 2001 through June 30, 2003.

Finding 1 - Overstated Health Services

The State Controller alleges overstated audit period costs for certain health services which were "not provided" in Fiscal Year 1986-87. The State Controller states that "*Parameters and Guidelines* specifies that community college districts shall only be reimbursed the costs of the health services provided to the extent they were provided by the district in FY 1986-87."

The parameters and guidelines also state at Part 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 the mandate are eligible to claim reimbursement of those costs."

Education Code section 76355, subdivision (e), states:

"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."

The State Controller, as the audit agency proposing the adjustment, has the burden of proving the factual and legal basis for its adjustments. The State Controller audit findings do not demonstrate if the enumerated services allegedly "not provided" in Fiscal Year 1986-87 were indeed actually available. It would therefore appear that this finding is based upon the wrong standard for review.

In addition, the State Controller's calculation of the cost of services "not provided" utilizes extrapolation of facts not reasonably related to the actual cost of those services.

Finding 2 - Overstated Services and Supplies

The District is still investigating the athletic insurance costs to determine if the amounts reported in the claim related to basic insurance costs for students who also were covered by athletic insurance. However, the final audit report need not be delayed for this work.

Finding 3 - Overstated Indirect Cost Rates Claimed

The State Controller asserts that the District must obtain federal approval for its indirect cost rate or use a method prescribed by the State 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 State Controller in his claiming instructions." The parameters and guidelines do not require that indirect costs be claimed in the manner described by the State Controller.

The State Controller's claiming instructions for Form HFE-1.1, line (05), 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, from FAM-29C, or a 7% indirect cost rate. The State Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State 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 State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

Finding 4 - Understated Authorized Health Fee Revenues Claimed

The State Controller alleges that claimants must compute the total student health fees

October 13, 2004

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Jim Spano, Chief

collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

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)

The State 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)¹." 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.

The State Controller also misconstrues the legal meaning of Government Code Section 17556 which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

Notwithstanding the State Controller's argument for its adjustment, State Controller audit staff stated that they would be providing to the District additional information in support of their health fee calculation before the draft audit report was issued and would allow the District time to respond. This information was not provided to the District and

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

October 13, 2004

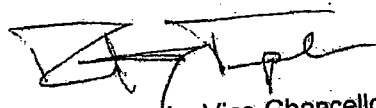
Jim Spano, Chief

4

the draft audit report has been issued.

The District requests that the audit report be changed to comply with the law.

Sincerely,



Robert Temple, Vice Chancellor
Fiscal Services
San Bernardino Community College District

C: Keith Petersen, President, SixTen and Associates

EXHIBIT F

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 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\01StudentHealthFees\011StuHealthFees.doc

EXHIBIT G

State of California

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

School Mandated Cost Manual

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

Reimbursement Claim Data

L
A
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)
Claimant Identification Number:

S36160

(02) Mailing Address:

Claimant Name

San Bernardino Community College District

County of Location

San Bernardino

Street Address

114 S. Del Rosa Drive

City State

San Bernardino CA

Zip Code
92408

Type of Claim

Estimated Claim

(03) Estimated ☒(04) Combined ☐(05) Amended ☐

Reimbursement Claim

(09) Reimbursement ☒(10) Combined ☐(11) Amended ☐Fiscal Year of
Cost

(06) 2002-2003

(12) 2001-2002

Total Claimed
Amount

(07) \$ 550,000

(13) \$ 509,850

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

(14) \$ -

Less: Estimate Claim Payment Received

(15) \$ 92,835

Net Claimed Amount

(16) \$ 417,015

Due from State

(08) \$ 550,000

(17) \$ 417,015

Due to State

(18) \$ -

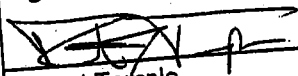
(38) CERTIFICATION OF CLAIM

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



Robert Temple

Type or Print Name

(39) Name of Contact Person or Claim

SixTen and Associates

Date

DECEMBER 27, 2002

Vice Chancellor - Fiscal Affairs

Title

Telephone Number

(858) 514-8605

E-Mail Address

kbpsixten@aol.com

Chapters 1/84 and

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.0**

(01) Claimant: Claimant Name San Bernardino Community College District	(02) Type of Claim:	Fiscal Year
	Reimbursement <input checked="" type="checkbox"/> X 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. San Bernardino Valley College	\$ 300,527.26
2. Crafton Hills College	\$ 209,322.78
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
(04) Total Amount Claimed	\$ 509,850

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

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR
2000-2001**

*For 01-02
CLAIMS*

REFERENCE (CCFS 311)	DESCRIPTION	2000-2001
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	22,718,493
	Instructional Salaries and Benefits	1,472,949
	Instructional Operating Expenses	317,958
	Instructional Support Instructional Salaries and Benefits	17,139
	Auxiliary Operations Instructional Salaries and Benefits	24,526,539
	TOTAL INSTRUCTIONAL COSTS 1	
	Non-Instructional Costs	2,794,284
	Non-Instructional Salaries and Benefits	1,495,214
	Instructional Admin. Salaries and Benefits	217,876
	Instructional Admin. Operating Expenses	86,351
	Auxiliary Classes Non-Inst. Salaries and Benefits	28,626
	Auxiliary Classes Operating Expenses	4,622,351
	TOTAL NON-INSTRUCTIONAL COSTS 2	
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	29,148,890
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	1,351,194
	Instructional Support Services Non Inst. Salaries and Benefits	191,614
	Instructional Support Services Operating Expenses	1,096,212
	Admissions and Records	1,998,881
	Counseling and Guidance	4,364,465
	Other Student Services	9,002,366
	TOTAL DIRECT SUPPORT COSTS 4	
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	38,151,256
	Indirect Support Costs	5,965,189
	Operation and Maintenance of Plant	1,522,230
	Planning and Policy Making	7,254,855
	General Instructional Support Services	14,742,274
	TOTAL INDIRECT SUPPORT COSTS 6	
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	52,893,530
SUPPORT COSTS ALLOCATION RATES		
Indirect Support Costs Allocation Rate =	Total Indirect Support Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	38.64%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	30.88%
Total Support Cost Allocation		69.53%

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY

FORM
HFE-1.1

(01) Claimant:

San Bernardino Community College District

(02) Type of Claim:

Reimbursement ☒Estimated ☐

Fiscal Year

2001-2002

(03) Name of College

San Bernardino Valley 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 38.64%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 318,843	\$ 123,201	\$ 442,044
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ 1,156.00	\$ 447	\$ 1,603
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 317,687	\$ 122,754	\$ 440,441

(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	155	7,598		\$ -		\$ -	\$ -
2. Per spring semester	267	8,071		\$ -		\$ -	\$ -
3. Per summer session	55	4,135		\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee income that <u>has</u> been collected	[Line (8.1g) + (8.2g) +(8.6g)]						\$ 133,625
(10) Sub-total	[Line (07) - line (09)]						\$ 306,816
Cost Reduction							\$ -
(11) Less: Offsetting Savings, if applicable							\$ 6,289
(12) Less: Other Reimbursements, if applicable							
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))]						\$ 300,527

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY

FORM
HFE-1.2

Fiscal Year

(01) Claimant:

(02) Type of Claim:

Reimbursement ☒Estimated ☐

2001-2002

San Bernardino Community College District

Crafton Hills College

(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 of: 38.64%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 227,121	\$ 87,760	\$ 314,881
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ 693.00	\$ 268	\$ 961
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 226,428	\$ 87,492	\$ 313,920

(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	701	3,037		\$ -		\$ -	\$ -
2. Per spring semester	672	3,511		\$ -		\$ -	\$ -
3. Per summer session	21	1,371		\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee income that <u>has</u> been collected	[Line (8.1g) + (8.2g) +(8.6g)]						\$ 97,497
(10) Sub-total	[Line (07) - line (09)]						\$ 216,423
Cost Reduction							\$ -
(11) Less: Offsetting Savings, if applicable							\$ 7,100
7100	[Line (10) - (line (11) + line (12))]						\$ 209,323
(13) Total Amount Claimed							

Chapters 1/84 and 1118/87

SIX TEN & ASSOC.

2002 NOV 21 PM 1:38

San Bernardino Community College District
Mandated Costs - HFE Total Expenses
11/18/2002

Total Expenses
Amounts per General Ledger

Add: Prior Year Expenses

STUDENT Insurance →

CHC	SBVC	District
190,919.49	275,424.87	466,344.36
241.66	-	241.66
35,959.50	43,418.50	79,378.00
<u>227,120.65</u>	<u>318,843.37</u>	<u>545,964.02</u>

Income Offsets Received During 2001-2002

Other Local Revenues
Hepatitis Immunization Fee

5,628.50	4,499.38	10,127.88
1,471.00	1,789.66	3,260.66
<u>7,099.50</u>	<u>6,289.04</u>	<u>13,388.54</u>

✓

✓

**San Bernardino Community College District
HFE Claim - 2001-2002**

Summary of Health Fee Exclusions
that were not performed in base year 1986/87
and are now being performed in 2001-2002.

	San Bernardino Valley College Number	Cost	Crafton Hills College Number	Cost
1. Immunizations (diphtheria/tetanus, measles, rubella, etc. 30 injections at 8.28 each	20	165.60	10	82.80
2. Outside Lab expenses (actual costs) \$6.50 x 80 tests	60	390.00	20	130.00
3. Pap Smear expense (actual costs) \$12.00 per test x 90 tests	50	600.00	40	480.00
Total Costs to be excluded for 2001-2002		<u>1155.60</u>		<u>692.80</u>

Fund: 01 GENERAL FUND Site: 01 SAN BERNARDINO VALLEY COLLEGE

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED YEAR TO DATE	%	PENDING/ENCUMBERED	UNENCUMBERED BALANCE
Fu Ls Si Prog Subj Object Type					
8681.00 STATE MANDATED COST					
01-14-01-8210-0000-8681.00-0000	130,000.00	245,608.16	100.0	0.00	115,608.16-
TOTAL: 8681.00	130,000.00	245,608.16	100.0	0.00	115,608.16-
8876.00 HEALTH SERVICES					
01-00-01-8210-0310-8876.00-0000	127,797.00	133,624.50	100.0	0.00	5,827.50-
TOTAL: 8876.00	127,797.00	133,624.50	100.0	0.00	5,827.50-
8890.00 OTHER LOCAL REVENUES					
01-38-01-8210-0000-8890.00-0000	2,200.00	4,499.38	100.0	0.00	2,299.38-
TOTAL: 8890.00	2,200.00	4,499.38	100.0	0.00	2,299.38-
8896.00 HEPATITIS					
01-38-01-8210-0000-8896.00-0000	1,500.00	1,789.66	100.0	0.00	289.66-
TOTAL: 8896.00	1,500.00	1,789.66	100.0	0.00	289.66-
TOTAL: 8000	261,497.00	385,521.70	100.0	0.00	124,024.70-
1282.00 CERT COORDINATORS					
01-14-01-8210-0000-1282.00-6440	2,640.00	2,640.00	100.0	0.00	0.00
TOTAL: 1282.00	2,640.00	2,640.00	100.0	0.00	0.00
1283.00 CERT NON-MGT. NON-TEACH					
01-14-01-8210-0000-1283.00-6440	84,718.00	89,220.00	100.0	0.00	4,502.00-
TOTAL: 1283.00	84,718.00	89,220.00	100.0	0.00	4,502.00-
1480.00 NONINSTRUCTION HOURLY					
01-14-01-8210-0000-1480.00-6440	0.00	32,629.73	100.0	0.00	32,629.73-
01-00-01-8210-0310-1480.00-6440	55,000.00	59,002.75	100.0	0.00	4,002.75-
TOTAL: 1480.00	55,000.00	91,632.48	100.0	0.00	36,632.48-
1481.00 SUBSTITUTE-NON INSTRUCTION					
01-00-01-8210-0310-1481.00-6440	4,500.00	0.00	0.0	0.00	4,500.00
TOTAL: 1481.00	4,500.00	0.00	0.0	0.00	4,500.00
TOTAL: 1000	146,858.00	183,492.48	100.0	0.00	36,634.48-
2181.00 CLASS UNIT MEMBER NONINSTRUCTI					
01-00-01-8210-0310-2181.00-6440	32,390.00	34,050.00	100.0	0.00	1,660.00-
TOTAL: 2181.00	32,390.00	34,050.00	100.0	0.00	1,660.00-
2384.00 CLASS EMPLOYEE-CONSULTANT					
01-00-01-8210-0310-2384.00-6440	4,950.00	4,440.00	89.6	0.00	510.00
TOTAL: 2384.00	4,950.00	4,440.00	89.6	0.00	510.00

10/22/2002

#J2050

PAGE 2

COMPUTER CONSORTIUM

SAN BERNARDINO COUNTY SCHOOLS

BUDGET SUMMARY REPORT

07/01/2001 TO 06/30/2002

BDX110
health svcs
72 San Bernardino Community Col

Fund: 01 GENERAL FUND

Site: 01 SAN BERNARDINO VALLEY COLLEGE

07/01/2001 TO 06/30/2002

07/01/2001 10:00:00		Site: 01 SAN BERNARDINO VALLEY		UNENCUMBERED %	
01 GENERAL FUND		FUND: 01 GENERAL FUND		BALANCE	
ACCOUNT CLASSIFICATION		EXPENDED/RECEIVED		PENDED/	
Fu Ls Si Prog Subj Object Type		YEAR TO DATE		ENCUMBERED	
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#J2050

CONSORTIUM

SAN BERNARDINO COUNTY SCHOOLS COMPUTER
BUDGET SUMMARY REPORT
05/30/2002

BUDGET SUMMARY
10/01/2001 TO 06/30/2002

BDX110
health svcs
72 San Bernardino Community Col

Fund: 01 GENERAL FUND

51-61

ACCOUNT CLASSIFICATION		WORKING BUDGET	EXPENDED/RECEIVED CURRENT	EXPENDED/RECEIVED YEAR TO DATE	%	PENDING/ENCUMBERED	UNENCUMBERED BALANCE	%
Fund: 01 GENERAL FUND Site: 01 SAN BERNARDINO								
Fu Ls Si Prog Subp Object Type								
=====								
3538.00 SUI OTHER ACADEMIC-N.I. OTHERS								
01-14-01-8210-0000-3538.00-6440	114.00	118.72	100.0	0.00	0.00	4.72-	0	
01-14-01-8210-0310-3538.00-6440	77.00	119.09	100.0	0.00	0.00	42.09-	0	
01-00-01-8210-0310-3538.00-6440	191.00	237.81	100.0	0.00	0.00	46.81-	0	
TOTAL: 3538.00								
3628.00 W/C CLASS/I.A.-NON-INSTR-OTHER								
01-00-01-8210-0310-3628.00-6440	1,020.00	1,020.00	100.0	0.00	0.00	0.00	0	
TOTAL: 3628.00								
3638.00 W/C OTHER ACADEMIC-N.I. -OTHER								
01-14-01-8210-0000-3638.00-6440	1,020.00	1,020.00	100.0	0.00	0.00	0.00	0	
TOTAL: 3638.00								
3928.00 LIFE-CLASS/I.A. NON-INSTR-OTHER								
01-00-01-8210-0310-3928.00-6440	68.00	75.60	100.0	0.00	0.00	7.60-	0	
TOTAL: 3928.00								
3938.00 LIFE-OTHER ACADEMIC N.I. OTHER								
01-14-01-8210-0000-3938.00-6440	76.00	75.60	99.4	0.00	0.00	0.40	0.5	
TOTAL: 3938.00								
3983.00 HHRC-CLASS/I.A.-NON-INS-OTHERS								
01-00-01-8210-0310-3983.00-6440	21.00	20.76	98.8	0.00	0.00	0.24	1.1	
TOTAL: 3983.00								
3985.00 HHRC-OTHER ACADEMIC-N.I.-OTHER								
01-14-01-8210-0000-3985.00-6440	21.00	20.76	98.8	0.00	0.00	0.24	1.1	
TOTAL: 3985.00								
4200.00 BOOK,MAGAZINE&PERIOD-DIST.USE								
01-00-01-8210-0310-4200.00-6440	25,509.00	29,935.16	100.0	0.00	0.00	4,426.16-	0	
TOTAL: 3000								
4210.00 MAGAZINES & SUBSCRIPTIONS								
01-00-01-8210-0310-4210.00-6440	150.00	0.00	0.0	0.00	0.00	0.00	0	
TOTAL: 4200.00								
4400.00 MEDIA AND SOFTWARE-DISTRICT USE								
01-00-01-8210-0310-4400.00-6440	28.00	28.00	100.0	0.00	0.00	0.00	0	
TOTAL: 4210.00								
TOTAL: 4400.00								

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SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM

BUDGET SUMMARY REPORT

07/01/2001 TO 06/30/2002

BDX110
health svs
72 San Bernardino Community Col

Site: 01 SAN BERNARDINO VALLEY COLLEG

Fund: 01 GENERAL FUND

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT YEAR TO DATE	%	PENDING/ENCUMBERED	UNENCUMBERED BALANCE
Fu Ls si Prog Subp Object Type					
=====					
4500.00 NONINSTRUCTIONAL SUPPLIES	3,000.00	2,341.50	78.0	0.00	658.50 21.9
01-00-01-8210-0000-4500.00-6440	2,971.00	2,992.12	100.0	0.00	21.12- .0
01-00-01-8210-0310-4500.00-6440	5,971.00	5,333.62	89.3	0.00	637.38 10.6
TOTAL: 4500.00					
4700.00 FOOD SUPPLIES	25.00	0.00	.0	0.00	25.00 100.0
01-00-01-8210-0310-4700.00-6440	25.00	0.00	.0	0.00	25.00 100.0
TOTAL: 4700.00					
4000	6,324.00	5,361.62	84.7	0.00	962.38 15.2
TOTAL: 4000					
5113.00 INDEPENDENT CONTRACTORS	13,705.00	15,000.00	100.0	0.00	1,295.00- .0
01-00-01-8210-0310-5113.00-6440	13,705.00	15,000.00	100.0	0.00	1,295.00- .0
TOTAL: 5113.00					
5120.00 OTHER CONTRACTS/OUTSIDE SERVIC	660.00	523.48	79.3	0.00	136.52 20.6
01-00-01-8210-0000-5120.00-6440	1,367.00	1,334.70	97.6	0.00	32.30 2.3
01-00-01-8210-0310-5120.00-6440	2,027.00	1,858.18	91.6	0.00	168.82 8.3
TOTAL: 5120.00					
5210.00 PERSONAL MILEAGE	425.00	377.27	88.7	0.00	47.73 11.2
01-00-01-8210-0310-5210.00-6440	425.00	377.27	88.7	0.00	47.73 11.2
TOTAL: 5210.00					
5300.00 POST/DUES/MEMBERSHIPS-DIST.USE	147.00	0.00	.0	0.00	147.00 100.0
01-00-01-8210-0310-5300.00-6440	147.00	0.00	.0	0.00	147.00 100.0
TOTAL: 5300.00					
5310.00 DUES AND MEMBERSHIP	50.00	50.00	100.0	0.00	0.00 .0
01-00-01-8210-0310-5310.00-6440	50.00	50.00	100.0	0.00	0.00 .0
TOTAL: 5310.00					
5640.00 REPAIRS	150.00	115.00	76.6	0.00	35.00 23.3
01-00-01-8210-0310-5640.00-6440	150.00	115.00	76.6	0.00	35.00 23.3
TOTAL: 5640.00					
5000	16,504.00	17,400.45	100.0	0.00	896.45- .0
TOTAL: 5000					
6000	232,935.00	275,424.87	100.0	0.00	42,489.87- .0
TOTAL: 6000					
6400.00 ADDITIONAL/IMPROVED EQUIPMENT	1,340.00	0.00	.0	0.00	1,340.00 100.0
01-00-01-8210-0000-6400.00-6440	1,340.00	0.00	.0	0.00	1,340.00 100.0
TOTAL: 6400.00					
6000	1,340.00	0.00	.0	0.00	1,340.00 100.0
TOTAL: 6000					

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SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM
BUDGET SUMMARY REPORT

07/01/2001 TO 06/30/2002

BDX110
health svcs
72 San Bernardino Community Col

Site: 01 SAN BERNARDINO VALLEY COLLEG

Fund: 01 GENERAL FUND

		EXPENDED/RECEIVED		PENDED/		UNENCUMBERED	
		YEAR TO DATE		ENCUMBERED		BALANCE	
		CURRENT	%				
ACCOUNT CLASSIFICATION							
Fu Ls Si Prog Subp Object Type							
		275,424.87	100.0	0.00		41,149.87-	.0
		275,424.87					
		234,275.00					
TOTAL: 1000-6999							

COMPUTER CONSORTIUM

SAN BERNARDINO COUNTY SCHOOLS COMPUTER
DIRECT SUMMARY REPORT

BUDGET SUMMARY REPORT
07/01/2001 TO 06/30/2002

Health svcs
Bernardino Community Col

site: 02 CRAFTON HILLS COLLEGE

Fund: 01 GENERAL FUND

Fund: 01 GENERAL FUND		Site: 02 CRAPION		UNENCUMBERED BALANCE	
ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED YEAR TO DATE	%	ENCUMBERED	%
21	91,737.00	170,928.84	100.0	0.00	79,191.84-
21	91,737.00	170,928.84	100.0	0.00	79,191.84-
TOTAL: 8681.00					
8681.00 HEALTH SERVICES					
01-00-02-8210-0310-8876.00-0000	91,130.00	97,497.00	100.0	0.00	6,367.00-
TOTAL: 8876.00					
8890.00 OTHER LOCAL REVENUES					
01-38-02-8210-0000-8890.00-0000	4,600.00	5,628.50	100.0	0.00	1,028.50-
TOTAL: 8890.00					
8896.00 HEPATITIS					
01-38-02-8210-0000-8896.00-0000	1,100.00	1,471.00	100.0	0.00	371.00-
TOTAL: 8896.00					
TOTAL: 8000					
1283.00 CERT NON-MGT. NON-TEACH					
01-00-02-8210-0310-1283.00-6440	74,483.00	78,396.00	100.0	0.00	3,913.00-
TOTAL: 1283.00					
1480.00 NONINSTRUCTION HOURLY					
01-14-02-8210-0000-1480.00-6440	39,200.00	39,200.00	100.0	0.00	0.00
01-14-02-8210-0310-1480.00-6440	0.00	383.09	100.0	0.00	383.09-
TOTAL: 1480.00					
1481.00 SUBSTITUTE-NON INSTRUCTION					
01-14-02-8210-0000-1481.00-6440	1,000.00	255.77	25.5	0.00	744.23
TOTAL: 1481.00					
TOTAL: 1000					
2181.00 CLASS UNIT MEMBER NONINSTRUCTI					
01-14-02-8210-0000-2181.00-6440	21,156.00	21,289.84	100.0	0.00	133.84-
01-14-02-8210-0310-2181.00-6440	0.00	814.42	100.0	0.00	814.42-
TOTAL: 2181.00					
2386.00 SUBSTITUTE, NO ADD. COST					
01-14-02-8210-0000-2386.00-6440	6,000.00	4,519.04	75.3	0.00	1,480.96
TOTAL: 2386.00					
TOTAL: 2000					

10/22/2002

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SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM

BUDGET SUMMARY REPORT

07/01/2001 TO 06/30/2002

BDX110

health svs

72 San Bernardino Community Col

Site: 02 CRAFTON HILLS COLLEGE

Fund: 01 GENERAL FUND

ACCOUNT CLASSIFICATION		EXPENDED/RECEIVED		PENDING/		UNENCUMBERED	
Fu	LS Si Prog Subp Object Type	CURRENT	YEAR TO DATE	%	ENCUMBERED	BALANCE	%
3180.00	STRS OTHER ACADEMIC-N.I.-OTHERS	2,214.01	2,214.01	100.0	0.00	2,214.01	.0
01-14-02-8210-0000-3180.00-6440		6,467.66	6,467.66	100.0	0.00	322.66	.0
01-14-02-8210-0310-3180.00-6440		8,681.67	8,681.67	100.0	0.00	2,536.67	.0
TOTAL: 3180.00							
3328.00	OASDI CLASS/I.A.-NON-INSTR OTHER	1,275.90	1,275.90	38.7	0.00	2,018.10	61.2
01-14-02-8210-0000-3328.00-6440		1,275.90	1,275.90	38.7	0.00	2,018.10	61.2
TOTAL: 3328.00							
3346.00	MEDICARE NON-INSTRUCTIONAL	941.57	941.57	100.0	0.00	91.57	.0
01-14-02-8210-0000-3346.00-6440		941.57	941.57	100.0	0.00	91.57	.0
TOTAL: 3346.00							
3360.00	PARS-NON-INSTRUCTIONAL	118.93	118.93	27.0	0.00	320.07	72.9
01-14-02-8210-0000-3360.00-6440		118.93	118.93	27.0	0.00	320.07	72.9
TOTAL: 3360.00							
3421.00	DENTAL CLASS/I.A. NON-INSTRUCT	489.42	489.42	74.9	0.00	163.58	25.0
01-14-02-8210-0000-3421.00-6440		489.42	489.42	74.9	0.00	163.58	25.0
TOTAL: 3421.00							
3424.00	HEALTH NET-CLASS/I.A. NON-INSTR	3,771.81	3,771.81	75.0	0.00	1,257.19	24.9
01-14-02-8210-0000-3424.00-6440		3,771.81	3,771.81	75.0	0.00	1,257.19	24.9
TOTAL: 3424.00							
3431.00	HLTHNET-POS-OTHER ACADEM-NONINS	6,551.40	6,551.40	100.0	0.00	1,236.40	.0
01-00-02-8210-0310-3431.00-6440		6,551.40	6,551.40	100.0	0.00	1,236.40	.0
TOTAL: 3431.00							
3434.00	DENTAL-OTHER ACADEM-NON-INSTRU	652.56	652.56	99.9	0.00	0.44	.0
01-00-02-8210-0310-3434.00-6440		652.56	652.56	99.9	0.00	0.44	.0
TOTAL: 3434.00							
3528.00	SUI CLASS/I.A. NON-INSTR OTHER	35.23	35.23	97.8	0.00	0.77	2.1
01-14-02-8210-0000-3528.00-6440		35.23	35.23	97.8	0.00	0.77	2.1
TOTAL: 3528.00							
3538.00	SUI OTHER ACADEMIC-N.I. OTHERS	51.75	51.75	100.0	0.00	11.75	.0
01-14-02-8210-0000-3538.00-6440		100.81	100.81	100.0	0.00	3.81	.0
01-00-02-8210-0310-3538.00-6440		152.56	152.56	100.0	0.00	15.56	.0
TOTAL: 3538.00							
3628.00	W/C CLASS/I.A.-NON-INSTR-OTHER	765.00	765.00	75.0	0.00	255.00	25.0
01-14-02-8210-0000-3628.00-6440		765.00	765.00	75.0	0.00	255.00	25.0
TOTAL: 3628.00							

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SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM
BUDGET SUMMARY REPORT

07/01/2001 TO 06/30/2002

BDX110
health svcs
72 San Bernardino Community Col

Site: 02 CRAFTON HILLS COLLEGE

Fund: 01 GENERAL FUND

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	PENDING/ENCUMBERED	UNENCUMBERED BALANCE	%
Fu Ls Si Prog Subp Object Type							
3638.00 W/C OTHER ACADEMIC-N.I. -OTHER	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	.0
01-00-02-8210-0310-3638.00-6440	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	.0
TOTAL: 3638.00						11.30	16.7
3928.00 LIFE-CLASS/I.A. NON-INST-OTHER	68.00	56.70	56.70	83.3	0.00	11.30	16.7
01-14-02-8210-0000-3928.00-6440	68.00	56.70	56.70	83.3	0.00	11.30	16.7
TOTAL: 3928.00						0.40	.5
3938.00 LIFE-OTHER ACADEMIC N.I. OTHER	76.00	75.60	75.60	99.4	0.00	0.40	.5
01-00-02-8210-0310-3938.00-6440	76.00	75.60	75.60	99.4	0.00	0.40	.5
TOTAL: 3938.00						5.43	25.8
3983.00 HIRC-CLASS/I.A. NON-INS-OTHERS	21.00	15.57	15.57	74.1	0.00	5.43	25.8
01-14-02-8210-0000-3983.00-6440	21.00	15.57	15.57	74.1	0.00	5.43	25.8
TOTAL: 3983.00						0.24	1.1
3985.00 HIRC-OTHER ACADEMIC-N.I. -OTHER	21.00	20.76	20.76	98.8	0.00	0.24	1.1
01-00-02-8210-0310-3985.00-6440	21.00	20.76	20.76	98.8	0.00	0.24	1.1
TOTAL: 3985.00						152.32	.6
TOTAL: 3000	24,777.00	24,624.68	24,624.68	99.3		17.09	100.0
4200.00 BOOK,MAGAZINE&PERIOD-DIST.USE	17.09	0.00	0.00	.0	0.00	17.09	100.0
01-00-02-8210-0310-4200.00-6440	17.09	0.00	0.00	.0	0.00	17.09	100.0
TOTAL: 4200.00						0.00	.0
4210.00 MAGAZINES & SUBSCRIPTIONS	13.50	13.50	13.50	100.0	0.00	57.20	46.7
01-38-02-8210-0000-4210.00-6440	124.00	66.80	66.80	53.8	0.00	57.20	41.6
01-00-02-8210-0310-4210.00-6440	137.50	80.30	80.30	58.4	0.00	0.00	.0
TOTAL: 4210.00						0.00	.0
4220.00 REFERENCE BOOKS	49.64	49.64	49.64	100.0	0.00	27.31	2.5
01-38-02-8210-0000-4220.00-6440	1,075.85	1,048.54	1,048.54	97.4	0.00	27.31	2.4
01-00-02-8210-0310-4220.00-6440	1,125.49	1,098.18	1,098.18	97.5	0.00	11.28	100.0
TOTAL: 4220.00						11.28	100.0
4400.00 MEDIA AND SOFTWARE-DISTRCT USE	11.28	0.00	0.00	.0	0.00	0.30-	.0
01-00-02-8210-0310-4400.00-6440	11.28	0.00	0.00	.0	0.00	13.65	5.1
TOTAL: 4400.00						13.35	4.2
4440.00 MEDIA	47.00	47.30	47.30	100.0	0.00	0.30-	.0
01-38-02-8210-0000-4440.00-6440	263.93	250.28	250.28	94.8	0.00	13.65	5.1
01-00-02-8210-0310-4440.00-6440	310.93	297.58	297.58	95.7	0.00	13.35	4.2
TOTAL: 4440.00							

BDX110
health svcs
72 San Bernardino Community Col

Fund: 01 GENERAL FUND

Site: 02 CRAFTON HILLS COLLEGE

#J2050

10/22/2002

SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM

BUDGET SUMMARY REPORT

07/01/2001 TO 06/30/2002

PAGE 9

ACCOUNT CLASSIFICATION		WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	PENDING/ENCUMBERED	BALANCE	UNENCUMBERED %
Fu	LS Si Prog Subp Object Type							
4500.00	NONINSTRUCTIONAL SUPPLIES	2,876.96	2,638.19	2,638.19	91.7	0.00	238.77	8.2
01-14-02-8210-0000-4500.00-6440		3,550.24	3,789.61	3,789.61	100.0	0.00	239.37	.0
01-38-02-8210-0000-4500.00-6440		470.85	545.26	545.26	100.0	0.00	74.41	.0
01-00-02-8210-0310-4500.00-6440		6,898.05	6,973.06	6,973.06	100.0	0.00	75.01	.0
TOTAL: 4500.00		8,500.34	8,449.12	8,449.12	99.3	0.00	51.22	.0
TOTAL: 4000								
5113.00	INDEPENDENT CONTRACTORS	500.00	500.00	500.00	100.0	0.00	0.00	.0
01-00-02-8210-0310-5113.00-6440		500.00	500.00	500.00	100.0	0.00	0.00	.0
TOTAL: 5113.00								
5200.00	TRAVEL & CONFERENCE EXPENSES	358.02	358.02	358.02	100.0	0.00	0.00	.0
01-38-02-8210-0000-5200.00-6440		358.02	358.02	358.02	100.0	0.00	0.00	.0
TOTAL: 5200.00								
5310.00	DUES AND MEMBERSHIP	35.37	35.37	35.37	100.0	0.00	0.00	.0
01-38-02-8210-0000-5310.00-6440		409.00	409.00	409.00	100.0	0.00	0.00	.0
01-00-02-8210-0310-5310.00-6440		444.37	444.37	444.37	100.0	0.00	0.00	.0
TOTAL: 5310.00								
5536.00	HAZARDOUS MATERIALS	432.00	432.00	432.00	100.0	0.00	0.00	.0
01-38-02-8210-0000-5536.00-6440		432.00	432.00	432.00	100.0	0.00	0.00	.0
TOTAL: 5536.00								
5540.00	TELEPHONE	253.00	0.00	0.00	.0	0.00	253.00	100.0
01-00-02-8210-0310-5540.00-6570		253.00	0.00	0.00	.0	0.00	253.00	100.0
TOTAL: 5540.00								
5640.00	REPAIRS	183.95	183.95	183.95	100.0	0.00	0.00	.0
01-38-02-8210-0000-5640.00-6440		183.95	183.95	183.95	100.0	0.00	0.00	.0
TOTAL: 5640.00								
5809.00	OTHER EXPENSES & FEES	150.00	170.00	170.00	100.0	0.00	20.00	.0
01-38-02-8210-0000-5809.00-6440		195.00	194.82	194.82	99.9	0.00	0.18	.0
01-00-02-8210-0310-5809.00-6440		345.00	364.82	364.82	100.0	0.00	19.82	.0
TOTAL: 5809.00		2,516.34	2,283.16	2,283.16	90.7	0.00	233.18	9.2
TOTAL: 5000		177,632.68	180,215.12	180,215.12	100.0	0.00	2,582.44	.0
TOTAL: 1000-5999								
6400.00	ADDITIONAL/IMPROVED EQUIPMENT	2,042.33	1,952.36	1,952.36	95.5	0.00	89.97	4.4
01-14-02-8210-0000-6400.00-6440		880.28	754.82	754.82	85.7	0.00	125.46	14.2
01-38-02-8210-0000-6400.00-6440								

SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM
BUDGET SUMMARY REPORT
07/01/2001 TO 06/30/2002

BDX110
health svcs
72 San Bernardino Community Col

Site: 02 CRAFTON HILLS COLLEGE

Fund: 01 GENERAL FUND

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	ENCUMBERED	PENDED/	UNENCUMBERED BALANCE	%
Fu Ls Si Prog Subp Object Type								
TOTAL: 6400.00	2,922.61	2,707.18	2,707.18	92.6	0.00		215.43	7.3
6410.00 ADDL EQUIP-\$1,000 OR MORE								
01-14-02-8210-0000-6410.00-6440	8,011.71	7,997.19	7,997.19	99.8	0.00		14.52	.1
TOTAL: 6410.00	8,011.71	7,997.19	7,997.19	99.8	0.00		14.52	.1
TOTAL: 6000	10,934.32	10,704.37	10,704.37	97.8	0.00		229.95	2.
TOTAL: 1000-6999	188,567.00	190,919.49	190,919.49	100.0	0.00		2,352.49-	.0

10/22/2002

#J2050

PAGE 12

SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM
BUDGET SUMMARY REPORT

07/01/2001 TO 06/30/2002

BDX110
health svcs
72 San Bernardino Community Col

Site: 25 CHC PRIOR YEAR FUNDING

Fund: 01 GENERAL FUND

ACCOUNT CLASSIFICATION		WORKING BUDGET	EXPENDED/RECEIVED CURRENT YEAR TO DATE	% ENCUMBERED	PENED/ ENCUMBERED	UNENCUMBERED BALANCE	%
Fu	LS Si Prog Subp Object Type						
4500.00	NONINSTRUCTIONAL SUPPLIES	411.00	241.66	58.7	0.00	169.34	41.2
01-14-25-8210-0000-4500.00-6440		411.00	241.66	58.7	0.00	169.34	41.2
TOTAL: 4500.00		411.00	241.66	58.7	0.00	169.34	41.2
TOTAL: 4000					0.00	0.00	.0
5809.00	OTHER EXPENSES & FEES	0.00	0.00	.0	0.00	0.00	.0
01-14-25-8210-0000-5809.00-0000		0.00	0.00	.0	0.00	0.00	.0
TOTAL: 5809.00		0.00	0.00	.0	0.00	0.00	.0
TOTAL: 5000		411.00	241.66	58.7	0.00	169.34	41.2
TOTAL: 1000-5999							

State of California

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

**FORM
HFE-2.1**

(01) Claimant

San Bernardino 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

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

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

Child Abuse

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

**FORM
HFE-2.1**

(01) Claimant

San Bernardino 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

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--> Ibuprofen

Parking Cards/Elevator Keys

Tokens
Return Card/Key
Parking Inquiry
Elevator Passes
Temporary Handicapped Parking Permits

X
X
X

X
X
X

X
X
X
X

X
X
X

X
X

X
X
X
X
X
X
X
X
X

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
(01) Claimant San Bernardino 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
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			
Tests			
Blood Pressure		X	X
Hearing		X	X
Tuberculosis			
Reading		X	X
Information		X	X
Vision		X	X
Glucometer		X	X
Urinalysis		X	
Hemoglobin			
EKG			
Strep A Testing		X	X
PG Testing		X	X
Monospot		X	X
Hemacult			X
Others, list			
Miscellaneous			
Absence Excuses/PE Waiver		X	X
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			X
Others, list			
Committees			
Safety		X	X
Environmental		X	X
Disaster Planning		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X

State of California

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

School Mandated Cost Manual

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

029

Claimant Identification Number:

536150

(02) Mailing Address:

Claimant Name
San Bernardino Community College DistrictCounty of Location
San BernardinoStreet Address
114 S. Del Rosa DriveCity
San BernardinoState
CAZip Code
92408

Reimbursement Claim Data

(22) HFE - 1.0, (04)(b) \$ 620,619

(23)

(24)

(25)

(26)

(27)

(28)

(29)

(30)

(31)

(32)

(33)

(34)

(35)

(36)

(37)

Type of Claim

Estimated Claim

(03) Estimated ☒(04) Combined ☐(05) Amended ☐

Reimbursement Claim

(09) Reimbursement ☒(10) Combined ☐(11) Amended ☐Fiscal Year of
Cost

(06) 2003-2004

(12) 2002-2003

Total Claimed
Amount

(07) \$ 620,000

(13) \$ 620,619

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

(14) \$

Less: Estimate Claim Payment Received

(15) \$

Net Claimed Amount

(16) \$ 620,619

Due from State

(08) \$ 620,000

(17) \$ 620,619

Due to State

(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

Robert Temple

Type or Print Name

(39) Name of Contact Person or Claim

Date

1-5-05

Vice Chancellor, Fiscal Services

Title

Telephone Number (858) 514-8605

E-Mail Address kbpsixten@aol.com

SixTen and Associates

Form FAM-27 (Revised 9/01)

Chapters 1/84 and 11

State Controller's Office

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.0**

**(01) Claimant:
Claimant Name**

San Bernardino Community College District

(02) Type of Claim:

Reimbursement

☒

Estimated

Fiscal Year

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. San Bernardino Valley College	\$ 320,529.00
2. Crafton Hills College	\$ 300,089.76
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -

(04) Total Amount Claimed

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

\$ 620,619

Chapters 1/84 and 1118/8

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY

**FORM
HFE-1.1**

(01) Claimant:

(02) Type of Claim:

Fiscal Year

San Bernardino Community College District

Reimbursement ☒Estimated ☐

2002-2003

(03) Name of College

San Bernardino Valley 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: 40.14%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 332,549	\$ 133,485	\$ 466,034
(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)]	\$ 332,549	\$ 133,485	\$ 466,034

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

(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)]							\$ 138,625
(10) Sub-total [Line (07) - line (09)]							\$ 327,309
Cost Reduction							\$ -
(11) Less: Offsetting Savings, if applicable							\$ 6,780
(12) Less: Other Reimbursements, if applicable							
(13) Total Amount Claimed [Line (10) - (line (11) + line (12))]							\$ 320,529

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.2**

(01) Claimant:

San Bernardino Community College District

(02) Type of Claim:

Reimbursement ☒Estimated ☐

Fiscal Year

2002-2003

(03) Name of College

Crafton Hills 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: 40.14%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 289,688	\$ 116,281	\$ 405,969
(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)]	\$ 289,688	\$ 116,281	\$ 405,969

(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)]						\$ 96,185
(10) Sub-total	[Line (07) - line (09)]						\$ 309,784
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							\$ -
7100							\$ 9,694
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))]						\$ 300,090

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR
2001-2002**

For 02-03 claims

REFERENCE (CCFS 311)	DESCRIPTION	2001-2002
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	
	Instructional Salaries and Benefits	24,168,434
	Instructional Operating Expenses	1,504,582
	Instructional Support Instructional Salaries and Benefits	373,853
	Auxiliary Operations Instructional Salaries and Benefits	8,666
	TOTAL INSTRUCTIONAL COSTS 1	26,055,535
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	3,331,636
	Instructional Admin. Salaries and Benefits	1,800,483
	Instructional Admin. Operating Expenses	233,352
	Auxiliary Classes Non-Inst. Salaries and Benefits	80,544
	Auxiliary Classes Operating Expenses	45,852
	TOTAL NON-INSTRUCTIONAL COSTS 2	5,491,867
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	31,547,402
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	1,468,019
	Instructional Support Services Operating Expenses	208,720
	Admissions and Records	1,282,793
	Counseling and Guidance	2,411,255
	Other Student Services	4,539,054
	TOTAL DIRECT SUPPORT COSTS 4	9,909,841
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	41,457,243
	Indirect Support Costs	
	Operation and Maintenance of Plant	7,046,384
	Planning and Policy Making	1,880,271
	General Instructional Support Services	7,715,397
	TOTAL INDIRECT SUPPORT COSTS 6	16,642,052
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	58,099,295
SUPPORT COSTS ALLOCATION RATES		
Indirect Support Costs Allocation Rate =		
	Total Indirect Support Costs (6)	40.14%
	Total Instructional Activity Costs and Direct Support Costs (5)	
Direct Support Costs Allocation Rate =		
	Total Direct Support Costs (4)	31.41%
	Total Instructional Activity Costs (3)	
Total Support Cost Allocation		71.56%

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

**FORM
HFE-2.1**

Claimant

Fiscal Year

San Bernardino 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

Accident Reports

X

X

Appointments

College Physician, surgeon

X

X

Dermatology, Family practice

X

X

Internal Medicine

X

X

Outside Physician

X

X

Dental Services

X

X

Outside Labs, (X-ray, etc.,)

X

Psychologist, full services

Cancel/Change Appointments

X

X

Registered Nurse

X

X

Check Appointments

X

X

Assessment, Intervention and Counseling

Birth Control

X

X

Lab Reports

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

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

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

X

X

Examinations, minor illnesses

Recheck Minor Injury

X

X

Health Talks or Fairs, Information

Sexually Transmitted Disease

X

X

Drugs

X

X

Acquired Immune Deficiency Syndrome

X

X

Child Abuse

X

X

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
Claimant San Bernardino 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
Measles/Rubella			X
Influenza		X	X
Information		X	X
Insurance			
On Campus Accident		X	X
Voluntary		X	X
Insurance Inquiry/Claim Administration		X	X
Laboratory Tests Done			
Inquiry/Interpretation		X	X
Pap Smears			X
Physical Examinations			
Employees			
Students			
Athletes			
Medications			
Antacids		X	X
Antidiarrheal		X	X
Aspirin, Tylenol, etc.,		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X
Ear Drops		X	X
Toothache, oil cloves		X	X
Stingkill		X	X
Midol, Menstrual Cramps		X	X
Other, list---> Ibuprofen			
Parking Cards/Elevator Keys			
Tokens			
Return Card/Key			
Parking Inquiry			
Elevator Passes			
Temporary Handicapped Parking Permits			

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

**FORM
HFE-2.1**

Claimant		Fiscal Year	
San Bernardino 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
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			
Tests			
Blood Pressure		X	X
Hearing		X	X
Tuberculosis			
Reading		X	X
Information		X	X
Vision		X	X
Glucometer		X	X
Urinalysis		X	X
Hemoglobin		X	
EKG			
Strep A Testing		X	X
PG Testing		X	X
Monospot		X	X
Hemacult			X
Others, list			
Miscellaneous			
Absence Excuses/PE Waiver		X	X
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			X
Others, list			
Committees			
Safety		X	X
Environmental		X	X
Disaster Planning		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X

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 20, 2005

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-08

San Bernardino 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 September 15, 2005, the San Bernardino 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", with a stylized, cursive script.

NANCY PATTON
Assistant Executive Director

Enclosure: Incorrect Reduction Claim Filing - (SCO only)

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