

# SixTen and Associates

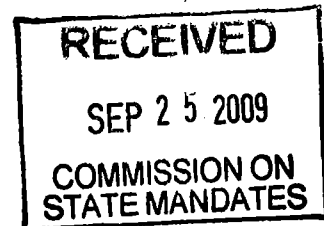
## Mandate Reimbursement Services

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September 24, 2009

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



RE: Long Beach Community College District  
Health Fee Elimination  
Fiscal Years: 2003-04 through 2005-06  
Incorrect Reduction Claim

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for Long Beach 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:

Ann-Marie Gabel, Vice-President Administrative Services  
Long Beach Community College District  
4901 East Carson Street  
Long Beach, CA 90808

Thank-you.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith B. Petersen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Keith B. Petersen

# COMMISSION ON STATE MANDATES

## 1. INCORRECT REDUCTION CLAIM TITLE

1/84, 1118/87 Health Fee Elimination

## 2. CLAIMANT INFORMATION

Long Beach Community College District

Ann-Marie Gabel, Vice-President  
Administrative Services  
Long Beach Community College District  
4901 East Carson Street  
Long Beach, CA 90808  
Phone: 562-938-4406  
Fax: 562-429-0278  
E-Mail: agabel@lbcc.edu

## 3. CLAIMANT REPRESENTATIVE INFORMATION

Claimant designates the following person to act as its sole representative in this incorrect reduction claim. All correspondence and communications regarding this claim shall be forwarded to this representative. Any change in representation must be authorized by the claimant in writing, and sent to the Commission on State Mandates.

Keith B. Petersen, President  
SixTen and Associates  
3270 Arena Blvd., Suite 400-363  
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Filing Date:

**RECEIVED**

SEP 25 2009

COMMISSION ON  
STATE MANDATES

IRC #:

09-4206-F-22

## 4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

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

## 5. AMOUNT OF INCORRECT REDUCTION

<u>Fiscal Year</u>	<u>Amount of Reduction</u>
2003-04	\$216,957
2004-05	\$163,350
2005-06	\$296,420
<b>TOTAL:</b>	<b>\$676,727</b>

## 6. NOTICE OF NO INTENT TO CONSOLIDATE

This claim is not being filed with the intent to consolidate on behalf of other claimants.

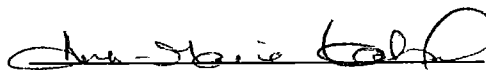
Sections 7-13 are attached as follows:

<b>7. Written Detailed Narrative:</b>	Pages 1 to 20
<b>8. SCO Results of Review Letters:</b>	Exhibit <u>A</u>
<b>9. Parameters and Guidelines:</b>	Exhibit <u>B</u>
<b>10. SCO Claiming Instructions:</b>	Exhibit <u>C</u>
<b>11. SCO Audit Report:</b>	Exhibit <u>D</u>
<b>12. SCO Mandated Cost Manual:</b>	Exhibit <u>E</u>
<b>13. Annual Reimbursement Claims:</b>	Exhibit <u>F</u>

## 14. CLAIM CERTIFICATION

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to Government Code section 17561. This incorrect reduction claim is filed pursuant to Government Code section 17551, subdivision (d). 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.

Ann-Marie Gabel, Vice-President  
Administrative Services

  
Signature

9/2/09  
Date

1 Claim Prepared by:  
2 Keith B. Petersen  
3 SixTen and Associates  
4 3270 Arena Blvd. Suite 400-363  
5 Sacramento, CA 95834  
6 Voice: (916) 419-7093  
7 Fax: (916) 263-9701  
8 E-mail: kbpsixten@aol.com  
9

10 BEFORE THE  
11 COMMISSION ON STATE MANDATES  
12 STATE OF CALIFORNIA

13 INCORRECT REDUCTION CLAIM OF: )

14 ) No. CSM \_\_\_\_\_  
15 )

16 ) Chapter 1, Statutes of 1984, 2nd E.S.  
17 ) Chapter 1118, Statutes of 1987  
18 )

19 **LONG BEACH**  
20 **Community College District,**

19 ) Education Code Section 76355  
20 )

21 ) **Health Fee Elimination**  
22 )

23 Claimant. )  
24 )

23 ) Annual Reimbursement Claims:  
24 )

25 ) Fiscal Year 2003-04  
26 )

26 ) Fiscal Year 2004-05  
27 )

27 ) Fiscal Year 2005-06  
28 )  
29 \_\_\_\_\_ )  
30

30 INCORRECT REDUCTION CLAIM FILING

31 PART I. AUTHORITY FOR THE CLAIM

32 The Commission on State Mandates has the authority pursuant to Government  
33 Code Section 17551(d) to "hear and decide upon a claim by a local agency or school  
34 district filed on or after January 1, 1985, that the Controller has incorrectly reduced  
35 payments to the local agency or school district pursuant to paragraph (2) of subdivision  
36 (d) of Section 17561." Long Beach Community College District (hereinafter "District" or

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

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1 "Claimant") is a school district as defined in Government Code Section 17519.<sup>1</sup> Title 2,  
2 California Code of Regulations (CCR), Section 1185(a), requires claimants to file an  
3 incorrect reduction claim with the Commission.

4 This Incorrect Reduction Claim is timely filed. Title 2, CCR, Section 1185(b),  
5 requires incorrect reduction claims to be filed no later than three years following the  
6 date of the Controller's "written notice of adjustment notifying the claimant of a  
7 reduction." A Controller's audit report dated June 26, 2009, has been issued. The audit  
8 report constitutes a demand for repayment and adjudication of the claim. The Claimant  
9 also received three "result of review" letters dated July 5, 2009. Copies of these letters  
10 are attached as Exhibit "A."

11 There is no alternative dispute resolution process available from the Controller's  
12 office. The audit report states that an Incorrect Reduction Claim should be filed with the  
13 Commission if the claimant disagrees with the findings.

14 PART II. SUMMARY OF THE CLAIM

15 The Controller conducted a field audit of the District's annual reimbursement  
16 claims for the actual costs of complying with the legislatively mandated Health Fee  
17 Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and  
18 Chapter 1118, Statutes of 1987) for the period of July 1, 2003 through June 30, 2006.

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<sup>1</sup> Government Code Section 17519, added by Chapter 1459, Statutes of 1984:

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

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

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1 As a result of the audit, the Controller determined that \$676,727 of the claimed costs  
2 were unallowable:

3	Fiscal	Amount	Audit	SCO	Amount Due
4	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u>&lt;State&gt; District</u>
5	2003-04	\$267,154	\$216,957	\$0	\$50,197
6	2004-05	\$305,960	\$163,350	\$0	\$142,610
7	2005-06	<u>\$296,420<sup>2</sup></u>	<u>\$296,420</u>	<u>\$0</u>	<u>\$0</u>
8	Totals	\$869,534	\$676,727	\$0	\$192,807

9 Since the District has not been paid for these claims, the audit report concludes that  
10 \$192,807 is due to the District.

11 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

12 On September 1, 2005, the District filed an incorrect reduction claim for this  
13 mandate program for fiscal years 2001-02 and 2002-03. The District is not aware of  
14 any other incorrect reduction claims having been adjudicated on the specific issues or  
15 subject matter raised by this incorrect reduction claim.

16 PART IV. BASIS FOR REIMBURSEMENT

17 1. Mandate Legislation

18 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, repealed Education  
19 Code Section 72246 and added new Education Code Section 72246, which authorized  
20 community college districts to charge a student health services fee for the purposes of

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<sup>2</sup> The FY 2005-06 annual claim amount is \$297,420 less a \$1,000 late filing penalty.

Incorrect Reduction Claim of Long Beach Community College District  
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1 providing health supervision and services, and operating student health centers. This  
2 statute also required that the scope of student health services provided by any  
3 community college district during the 1983-84 fiscal year be maintained at that level in  
4 the 1984-85 fiscal year and every year thereafter. The provisions of this statute were to  
5 automatically repeal on December 31, 1987.

6 Chapter 1118, Statutes of 1987, amended Education Code Section 72246 to  
7 require any community college district that provided student health services in fiscal  
8 year 1986-87 to maintain student health services at that level in 1987-88 and each  
9 fiscal year thereafter.

10 Chapter 753, Statutes of 1992, amended Education Code Section 72246 to  
11 increase the maximum fee that community college districts were permitted to charge for  
12 student health services. This statute also provided for future increases in the amount of  
13 the authorized fees that were linked to the Implicit Price Deflator for State and Local  
14 Government Purchase of Goods and Services.

15 Chapter 8, Statutes of 1993, repealed Education Code Section 72246, and  
16 added Education Code Section 76355<sup>3</sup> containing substantially the same provisions as

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<sup>3</sup> Education Code Section 76355, added by Chapter 8, Statutes of 1993,  
effective April 15, 1993, as last amended by Chapter 758, Statutes of 1995:

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

center or centers, or both.

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

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

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

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

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

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

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

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

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

(f) A district that begins charging a health fee may use funds for startup costs

Incorrect Reduction Claim of Long Beach Community College District  
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1 former Section 72246, effective April 15, 1993. Chapter 320, Statutes of 2005, effective  
2 January 1, 2006, amended Education Code Section 76355 to remove the fee  
3 exemption for low-income students under 76355(c)(3).

4 2. Test Claim

5 On November 27, 1985, Rio Hondo Community College District filed a test claim  
6 alleging that Chapter 1, Statutes of 1984, 2nd Extraordinary Session mandated  
7 increased costs within the meaning of California Constitution Article XIII B, Section 6, by  
8 requiring the provision of student health services that were previously provided at the  
9 discretion of the community college districts.

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

16 At a hearing on April 27, 1989, the Commission on State Mandates determined  
17 that Chapter 1118, Statutes of 1987, amended this requirement to apply to all  
18 community college districts that provided student health services in fiscal year 1986-

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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 Long Beach Community College District  
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1 1987, and required them to maintain that level of student health services in fiscal year  
2 1987-1988 and each fiscal year thereafter.

3 3. Parameters and Guidelines

4 On August 27, 1987, the original parameters and guidelines were adopted. On  
5 May 25, 1989, those parameters and guidelines were amended. A copy of the May 25,  
6 1989, parameters and guidelines is attached as Exhibit "B."

7 4. Claiming Instructions

8 The Controller has periodically issued or revised claiming instructions for the  
9 Health Fee Elimination mandate. A copy of the September 2003 revision of the claiming  
10 instructions is attached as Exhibit "C." The September 2003 claiming instructions are  
11 believed to be substantially similar to the version extant at the time the claims that are  
12 the subject of this Incorrect Reduction Claim were filed. However, because the  
13 Controller's claim forms and instructions have not been adopted as regulations, they  
14 have no force of law and no effect on the outcome of this claim.

15 PART V. STATE CONTROLLER CLAIM ADJUDICATION

16 The Controller conducted an audit of the District's annual reimbursement claims  
17 for fiscal years 2003-04, 2004-05, and 2005-06. The audit concluded that \$192,807 of  
18 the District's costs claimed was allowable, and \$676,727 was unallowable. A copy of  
19 the June 26, 2009, audit report and the District's response is attached as Exhibit "D."

20 PART VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER

21 By letter dated May 8, 2009, the Controller transmitted a copy of his draft audit

1 report. The District objected to the proposed adjustments set forth in the draft audit  
2 report by letter dated May 29, 2009. A copy of District's response is included in Exhibit  
3 "D," the final audit report. The Controller issued the final audit report without making any  
4 substantive changes.

5 PART VII. STATEMENT OF THE ISSUES

6 **Finding 1 - Overstated indirect cost rates**

7 The Controller asserts that the District overstated indirect costs by \$74,504 for  
8 fiscal year 2003-04 because the District's indirect cost rate was not federally approved.

9 Parameters and Guidelines

10 No particular indirect cost rate calculation is required by law. The Controller  
11 insists that the rate be calculated according to the claiming instructions. The  
12 parameters and guidelines state that "[i]ndirect costs *may be claimed* in the manner  
13 described by the State Controller in his claiming instructions." The District claimed these  
14 indirect costs "in the manner" described by the Controller. The correct forms were used  
15 and the claimed amounts were entered at the correct locations. Further, "may" is not  
16 "shall"; the parameters and guidelines do not *require* that indirect costs be claimed in  
17 the manner specified by the Controller. In the audit report, the Controller asserts that  
18 because the parameters and guidelines specifically reference the claiming instructions,  
19 the claiming instructions thereby become authoritative criteria. Since the Controller's  
20 claiming instructions were never adopted as law, or regulations pursuant to the  
21 Administrative Procedure Act, the claiming instructions are a statement of the

Incorrect Reduction Claim of Long Beach Community College District  
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1 Controller's interpretation and not law.

2           The Controller's interpretation of Section VI of the parameters and guidelines  
3 would, in essence, subject claimants to underground rulemaking at the direction of the  
4 Commission. The Controller's claiming instructions are unilaterally created and modified  
5 without public notice or comment. The Commission would violate the Administrative  
6 Procedure Act if it held that the Controller's claiming instructions are enforceable as  
7 standards or regulations. In fact, until 2005, the Controller regularly included a  
8 "forward" in the Mandated Cost Manual for Community Colleges (September 30, 2003  
9 version attached as Exhibit "E") that explicitly stated the claiming instructions were  
10 "issued for the sole purpose of assisting claimants" and "should not be construed in any  
11 manner to be statutes, regulations, or standards."

12           Neither State law nor the parameters and guidelines make compliance with the  
13 Controller's claiming instructions a condition of reimbursement. The District has  
14 followed the parameters and guidelines. The burden of proof is on the Controller to  
15 prove that the product of the District's calculation is unreasonable, not to recalculate the  
16 rate according to its unenforceable ministerial preferences.

17 Prior Year CCFS-311

18           The audit used the most recent CCFS-311 information available for the  
19 calculation of the indirect cost rate. The District used the prior year CCFS-311. The  
20 CCFS-311 is prepared based on annual costs from the prior fiscal year for use in the  
21 current budget year. While the audit report is correct that there is "no mandate-related

1 authoritative criteria” supporting the District’s method, there is also none that supports  
2 the Controller’s method. As a practical matter, the CCFS-311 for the current year is  
3 often not available at the time that mandate reimbursement claims are due. Therefore,  
4 the District is unable to rely on that data and must determine its indirect cost rates  
5 based on the prior year CCFS-311.

6 The audit report asserts that the Controller’s use of the most recent CCFS-311 is  
7 supported by the need to claim only actual costs. However, this is inconsistent with the  
8 parameters and guidelines and the Controller’s claiming instructions. The parameters  
9 and guidelines do not specify any particular method of calculating indirect costs, nor do  
10 they require any particular source for the data used in the computation. The Controller’s  
11 claiming instructions, while not enforceable, are also silent as to whether the prior or  
12 current year CCFS-311 should be used in the FAM-29C methodology. Additionally, the  
13 claiming instructions for some mandate programs accept the use of a federally  
14 approved rate or a flat 7% rate, which has no relationship at all to actual indirect costs  
15 incurred.

16 As a practical example of the baselessness of the Controller’s position on prior  
17 year CCFS-311 reports, note that federally approved indirect cost rates are approved  
18 for periods of two to four years. This means the data from which the rates were  
19 calculated can be from three to five years removed from the last fiscal year in which the  
20 federal rate is used. The longstanding practice of the Controller prior to FY 2004-05 had  
21 been to accept federally approved rates. The audit report provides no explanation as to

Incorrect Reduction Claim of Long Beach Community College District  
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1 why using data from prior years to calculate indirect cost rates is acceptable for  
2 federally approved rates but not acceptable for rates derived under its FAM29-C  
3 method.

4 EXCESSIVE OR UNREASONABLE

5 The Controller did not conclude that the District's FY 2003-04 indirect cost rate  
6 was excessive. The Controller is authorized to reduce a claim only if it determines the  
7 claim to be excessive or unreasonable. Here, the District has computed its indirect cost  
8 rates using the CCFS-311 report, and the Controller has disallowed it without a  
9 determination of whether the product of the District's calculation is excessive,  
10 unreasonable, or inconsistent with cost accounting principles.

11 The Controller has the burden to show that the indirect cost rate used by the  
12 District is excessive or unreasonable, pursuant to Government Code Section  
13 17561(d)(2). The audit report never asserts that the indirect cost rate claimed was  
14 excessive, only that it was not federally approved, and the auditors decided to  
15 recalculate the rate using their own preferred method.

16 Neither state law nor the parameters and guidelines make compliance with the  
17 Controller's claiming instructions a condition of reimbursement. The District has  
18 followed the parameters and guidelines. The burden of proof is on the Controller to  
19 prove that the product of the District's calculation is unreasonable, not to recalculate the  
20 rate according to its unenforceable ministerial preferences.

21 /

1 **Finding 2 - Understated authorized health service fees**

2           The audit report concludes that the District understated offsetting revenue by  
3 \$639,989 for the audit period because it claimed student health service fees that were  
4 actually collected, rather than those that were "authorized" as specified in the  
5 Controller's claiming instructions. However, as previously discussed, the Controller's  
6 claiming instructions are not enforceable because they are unilaterally adopted by the  
7 Controller and do not comply with the Administrative Procedure Act. Therefore, they  
8 cannot be the basis of an audit finding. The District complied with the parameters and  
9 guidelines for the Health Fee Elimination mandate when it properly reported revenue  
10 actually received from student health service fees.

11           The audit report states that it used data from the California Community Colleges  
12 Chancellor's Office to calculate health service fees authorized for each of the fiscal  
13 years, without explanation as to how this data, which is "extracted" from data reported  
14 by the District, is more reliable or relevant than the District's own records. However, this  
15 issue is not determinative of the outcome since the proper offset for health service fee  
16 revenue is calculated by fees actually received in accordance with the parameters and  
17 guidelines.

18 Parameters and Guidelines

19           The parameters and guidelines, which control reimbursement under the Health  
20 Fee Elimination mandate, state:

21           Any offsetting savings that the claimant experiences as a direct result of this  
22 statute must be deducted from the costs claimed. In addition, reimbursement for

Incorrect Reduction Claim of Long Beach Community College District  
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1           this mandate received from any source, e.g., federal, state, etc., shall be  
2           identified and deducted from this claim. This shall include the amount of [student  
3           fees] as authorized by Education Code Section 72246(a)<sup>4</sup>.

4           In order for the District to “experience” these “offsetting savings” the District must  
5           actually have collected these fees. Note that the student health fees are named as a  
6           potential source of the reimbursement *received* in the preceding sentence. The use of  
7           the term “any offsetting savings” further illustrates the permissive nature of the fees.  
8           Student fees actually collected must be used to offset costs, but not student fees that  
9           could have been collected and were not. Thus, the Controller’s conclusion is based on  
10          an illogical interpretation of the parameters and guidelines.

11          The audit report claims that the Commission’s intent was for claimed costs to be  
12          reduced by fees authorized, rather than fees received as stated in the parameters and  
13          guidelines. It is true that the Department of Finance proposed, as part of the  
14          amendments that were adopted on May 25, 1989, that a sentence be added to the  
15          offsetting savings section expressly stating that if no health service fee was charged,  
16          the claimant would be required to deduct the amount authorized. However, the  
17          Commission declined to add this requirement and adopted the parameters and  
18          guidelines without this language.

19          The fact that the Commission staff and the California Community College  
20          Chancellors Office agreed with the Department of Finance’s interpretation does not

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<sup>4</sup> Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, and was replaced by Education Code Section 76355.

Incorrect Reduction Claim of Long Beach Community College District  
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1 negate the fact that the Commission adopted parameters and guidelines that *did not*  
2 include the additional language. It would be nonsensical if the Commission held that  
3 every proposal that is discussed was somehow implied into the adopted document,  
4 because the proposals of the various parties are often contradictory. Therefore, it is  
5 evident that the Commission intends the language of the parameters and guidelines to  
6 be construed as written, and only those savings that are *experienced* are to be  
7 deducted.

8 Education Code Section 17556

9 The Controller continues to rely on Education Code Section 17556(d), while  
10 neglecting its context and omitting a crucial clause. Section 17556(d) does specify that  
11 the Commission on State Mandates shall not find costs mandated by the state if the  
12 local agency has the authority to levy fees, but only if those fees are "*sufficient to pay*  
13 *for the mandated program*" (emphasis added). Section 17556 pertains specifically to the  
14 Commission's determination on a test claim, and does not concern the development of  
15 parameters and guidelines or the claiming process. The Commission has already found  
16 state-mandated costs for this program, and the Controller cannot substitute its  
17 judgment for that of the Commission through the audit process.

18 The two court cases the audit report relies upon (*County of Fresno v. California*  
19 (1991) 53 Cal.3d 482 and *Connell v. Santa Margarita* (1997) 59 Cal.App.4th 382) are  
20 similarly misplaced. Both cases concern the approval of a test claim by the  
21 Commission. They do not address the issue of offsetting revenue in the reimbursement



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1 stages, only whether there is fee authority *sufficient to fully fund* the mandate that would  
2 prevent the Commission from finding costs mandated by the state.

3 In *County of Fresno*, the Commission had specifically found that the fee authority  
4 was sufficient to fully fund the test claim activities and denied the test claim. The court  
5 simply agreed to uphold this determination because Government Code Section  
6 17556(d) was consistent with the California Constitution. The Health Fee Elimination  
7 mandate, decided by the Commission, found that the fee authority is not sufficient to  
8 fully fund the mandate. Thus, *County of Fresno* is not applicable because it concerns  
9 the activity of approving or denying a test claim and has no bearing on the annual claim  
10 reimbursement process.

11 Similarly, although a test claim had been approved and parameters and  
12 guidelines were adopted, the court in *Connell* focused its determination on whether the  
13 initial approval of the test claim had been proper. It did not evaluate the parameters and  
14 guidelines or the reimbursement process because it found that the initial approval of the  
15 test claim had been in violation of Section 17556(d).

16 **Statute of Limitations**

17 December 13, 2004	FY 2003-04 claim filed by the District
18 December 13, 2007	FY 2003-04 statute of limitations for audit expires
19 October 16, 2008	Audit entrance conference for all fiscal years

20 This was not an audit finding. The District asserts that the audit of the FY 2003-  
21 04 annual reimbursement claim commenced after the time limitation for audit had

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1 passed. No payment was made to the District for this claim. However, the clause in  
2 Government Code Section 17558.5 that delays the commencement of the time for the  
3 Controller to audit to the date of initial payment is void because it is impermissibly  
4 vague.

5 Applicable Time Limitation for Audit

6 Prior to January 1, 1994, no statute specifically governed the statute of  
7 limitations for audits of mandate reimbursement claims. Statutes of 1993, Chapter 906,  
8 Section 2, operative January 1, 1994, added Government Code Section 17558.5 to  
9 establish for the first time a specific statute of limitations for audit of mandate  
10 reimbursement claims:

11 (a) A reimbursement claim for actual costs filed by a local agency or school  
12 district pursuant to this chapter is subject to audit by the Controller no later than  
13 four years after the end of the calendar year in which the reimbursement claim is  
14 filed or last amended. However, if no funds are appropriated for the program for  
15 the fiscal year for which the claim is made, the time for the Controller to initiate  
16 an audit shall commence to run from the date of initial payment of the claim.

17 Thus, there are two standards. A funded claim is "subject to audit" for four years after  
18 the end of the calendar year in which the claim was filed. An unfunded claim must have  
19 its audit initiated within four years of first payment.

20 Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and  
21 replaced Section 17558.5, changing only the length of the period of limitations:

22 (a) A reimbursement claim for actual costs filed by a local agency or school  
23 district pursuant to this chapter is subject to audit by the Controller no later than  
24 two years after the end of the calendar year in which the reimbursement claim is  
25 filed or last amended. However, if no funds are appropriated for the program for  
26 the fiscal year for which the claim is made, the time for the Controller to initiate

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

---

1 an audit shall commence to run from the date of initial payment of the claim.

2 Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003

3 amended Section 17558.5 to state:

4 (a) A reimbursement claim for actual costs filed by a local agency or school  
5 district pursuant to this chapter is subject to the initiation of an audit by the  
6 Controller no later than three years after the ~~end of the calendar year in which~~  
7 the date that the actual reimbursement claim is filed or last amended, whichever  
8 is later. However, if no funds are appropriated or no payment is made to a  
9 claimant for the program for the fiscal year for which the claim is made filed, the  
10 time for the Controller to initiate an audit shall commence to run from the date of  
11 initial payment of the claim.

12  
13 The annual reimbursement claim for FY 2003-04 is subject to the three-year statute of  
14 limitations established by Chapter 1128, Statutes of 2002 which requires the audit to be  
15 "initiated" within three years of the date the actual claim is filed.

16 The amendment is pertinent because this is the first time that the factual issue of  
17 the date the audit is "initiated" is introduced for mandate programs for which funds are  
18 appropriated. This amendment also means that it is impossible for the claimant to know  
19 when the statute of limitations will expire at the time the claim is filed, which is contrary  
20 to the purpose of a statute of limitations. It allows the Controller's own unilateral delay,  
21 or failure to make payments from funds appropriated for the purpose of paying the  
22 claims, to control the tolling of the statute of limitations, which is also contrary to the  
23 purpose of a statute of limitations.

24 Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005 amended  
25 Section 17558.5 to state:

26 (a) A reimbursement claim for actual costs filed by a local agency or school

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

---

1 district pursuant to this chapter is subject to the initiation of an audit by the  
2 Controller no later than three years after the date that the actual reimbursement  
3 claim is filed or last amended, whichever is later. However, if no funds are  
4 appropriated or no payment is made to a claimant for the program for the fiscal  
5 year for which the claim is filed, the time for the Controller to initiate an audit  
6 shall commence to run from the date of initial payment of the claim. In any case,  
7 an audit shall be completed not later than two years after the date that the audit  
8 is commenced.

9 This amendment has no effect on the FY 2003-04 annual reimbursement claim  
10 because it was effective after the date that claim was filed.

11 Vagueness

12 The version of Section 17558.5 applicable to the FY 2003-04 annual  
13 reimbursement claim provides that the time limitation for audit "shall commence to run  
14 from the date of initial payment" if no payment is made. However, this provision is void  
15 because it is impermissibly vague. At the time a claim is filed, the claimant has no way  
16 of knowing when payment will be made or how long the records applicable to that claim  
17 must be maintained. The current billion-dollar backlog in state mandate payments,  
18 which continues to grow every year, could potentially require claimants to maintain  
19 detailed supporting documentation for decades. Additionally, it is possible for the  
20 Controller to unilaterally extend the audit period by withholding payment or directing  
21 appropriated funds only to those claims that have already been audited.

22 Therefore, the only specific and enforceable time limitation to commence an  
23 audit is three years from the date the claim was filed, and the annual reimbursement  
24 claim for FY 2003-04 was past this time period when the audit was commenced on  
25 October 16, 2008. All adjustments to this fiscal year are void and should be withdrawn.

PART VIII. RELIEF REQUESTED

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

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

19 /

20 /

21 /

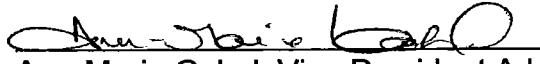
Incorrect Reduction Claim of Long Beach Community College District  
1/84; 1118/87 Health Fee Elimination

---

1 PART IX. CERTIFICATION

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

7 Executed on September 8 2009, at Long Beach, California, by

8   
9 Ann-Marie Gabel, Vice-President Administrative Services  
10 Long Beach Community College District  
11 4901 East Carson Street  
12 Long Beach, CA 90808  
13 Phone: 562-938-4406  
14 Fax: 562-429-0278  
15 E-Mail: agabel@lbcc.edu

16 APPOINTMENT OF REPRESENTATIVE

17 Long Beach Community College District appoints Keith B. Petersen, SixTen and  
18 Associates, as its representative for this incorrect reduction claim.

19  9/8/09  
20 Ann-Marie Gabel, Vice President Administrative Services Date  
21 Long Beach Community College District

22 Attachments:

23 Exhibit "A" "Results of Review" letters dated July 5, 2009  
24 Exhibit "B" Parameters and Guidelines as amended May 25, 1989  
25 Exhibit "C" Controller's Claiming Instructions September 2003  
26 Exhibit "D" Controller's Audit Report and the District's response dated June 26,  
27 2009  
28 Exhibit "E" Controller's Mandated Cost Manual Community Colleges Forward  
29 September 2003 version  
30 Exhibit "F" Annual Reimbursement Claims





JOHN CHIANG  
California State Controller  
Division of Accounting and Reporting  
JULY 3, 2009

CC19250  
00256  
2009/07/05

BOARD OF TRUSTEES  
LONG BEACH COMM COLL DIST  
LOS ANGELES COUNTY  
4901 E CARSON ST  
LONG BEACH CA 90808

RECEIVED  
2009 JUL -9 PM 12:13  
LBOCD  
HUMAN RESOURCES

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2003/2004 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		267,154.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	216,957.00
TOTAL ADJUSTMENTS	-	<u>216,957.00</u>
AMOUNT DUE CLAIMANT		<u><u>\$ 50,197.00</u></u>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

SINCERELY,

*Ginny Brummels*

GINNY BRUMMELS, MANAGER

LOCAL REIMBURSEMENT SECTION  
P.O. BOX 942850 SACRAMENTO, CA 94250-5875





JOHN CHIANG  
California State Controller  
Division of Accounting and Reporting  
JULY 5, 2009

CC19250  
00234  
2009/07/05

BOARD OF TRUSTEES  
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LOS ANGELES COUNTY  
4901 E CARSON ST  
LONG BEACH CA 90808

RECEIVED  
2009 JUL -9 PM 12:13  
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HUMAN RESOURCES

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2004/2005 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		305,960.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	163,350.00
TOTAL ADJUSTMENTS	-	163,350.00
AMOUNT DUE CLAIMANT		\$ 142,610.00

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

SINCERELY,

*Ginny Brummels*  
GINNY BRUMMELS, MANAGER

LOCAL REIMBURSEMENT SECTION  
P.O. BOX 942850 SACRAMENTO, CA 94250-5875



JOHN CHIANG  
California State Controller  
Division of Accounting and Reporting  
JULY 5, 2009

CC19250  
00234  
2009/07/05

BOARD OF TRUSTEES  
LONG BEACH COMM COLL DIST  
LDS ANGELES COUNTY  
4901 E CARSON ST  
LONG BEACH CA 90808

RECEIVED  
2009 JUL -9 PM 12:13  
LBCCD  
HUMAN RESOURCES

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2005/2006 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

297,420.00

AMOUNT CLAIMED

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 296,420.00

LATE CLAIM PENALTY - 1,000.00

297,420.00

TOTAL ADJUSTMENTS

\$ 0.00

AMOUNT DUE CLAIMANT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875.

SINCERELY,

GINNY BRUMMELS, MANAGER

LOCAL REIMBURSEMENT SECTION  
P O BOX 942850 SACRAMENTO, CA 94250-5875



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

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

I. SUMMARY OF MANDATE

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

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

II. COMMISSION ON STATE MANDATES' DECISION

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

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

III. ELIGIBLE CLAIMANTS

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

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSABLE COSTS

##### A. Scope of Mandate

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

##### B. Reimbursable Activities

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

##### ACCIDENT REPORTS

##### APPOINTMENTS

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

ASSESSMENT, INTERVENTION & COUNSELING

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

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

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

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

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

INSURANCE

On Campus Accident  
Voluntary  
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation  
Pap Smears

PHYSICALS

Employees  
Students  
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

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

PARKING CARDS/ELEVATOR KEYS

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

REFERRALS TO OUTSIDE AGENCIES

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

TESTS

Blood Pressure  
Hearing  
Tuberculosis  
    Reading  
    Information  
Vision  
Glucometer  
Urinalysis

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

MISCELLANEOUS

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

COMMITTEES

Safety  
Environmental  
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety  
Stress Management  
Communication Skills  
Weight Loss  
Assertiveness Skills



## VI. CLAIM PREPARATION

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

### A. Description of Activity

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

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

Claimed costs should be supported by the following information:

#### 1. Employee Salaries and Benefits

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

#### 2. Services and Supplies

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

#### 3. Allowable Overhead Cost

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

## VII. SUPPORTING DATA

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

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

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

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

and

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

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



## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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

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

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

## 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services.

Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

## 7. Reimbursement Limitations

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

## 8. Claiming Forms and Instructions

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

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

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

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

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

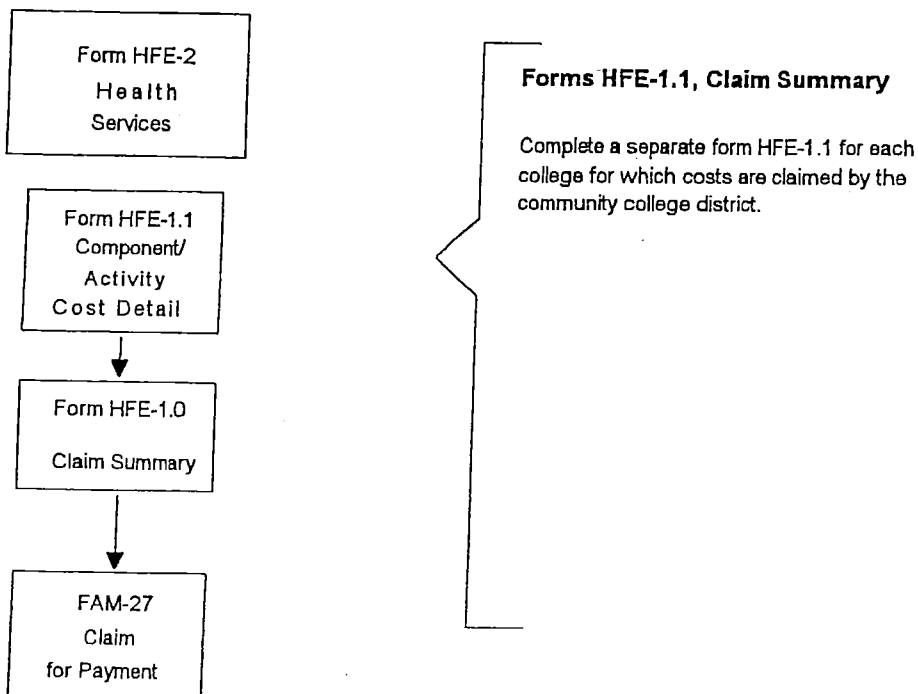
**C. Form HFE-1.0, Claim Summary**

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

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

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

**Illustration of Claim Forms**



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561  <b>HEALTH FEE ELIMINATION</b>	For State Controller Use Only (19) Program Number 00234 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program  <b>234</b>
--	---	---------------------------

L  
A  
B  
E  
L  
  
H  
E  
R  
E

(01) Claimant Identification Number		
(02) Claimant Name		
County of Location		
Street Address or P.O. Box	Suite	
City	State	Zip Code

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

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

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_

E-Mail Address \_\_\_\_\_

<b>Program</b> <b>234</b>	<b>HEALTH FEE ELIMINATION</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
------------------------------	---	------------------------------

- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.1 and enter the amount from line (13).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form HFE-1.1, line (13). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, block (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. Completion of this data block will expedite the payment process.
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. (To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.) Use the following mailing addresses:

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

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

*Address, if delivered by other delivery service:*

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



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

(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.		
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	

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

- (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).

Program <b style="font-size: 24pt;">234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	FORM HFE-1.1
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
---------------	--	--------------------------

(03) Name of College

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

LESS                   SAME                   MORE

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim			
(06) Cost of providing current fiscal year health services in excess of 1986-87			
(07) Cost of providing current fiscal year health services at 1986-87 level [Line (05) - line (06)]			

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

Collection Period	(a) Number of Students Enrolled	(b) Students Exempt per EC 76355(c)(1)	(c) Students Exempt per EC 76355(c)(2)	(d) Students Exempt per EC 76355(c)(3)	(e) Number of Students Subject to Health Fee (a)-(b)-(c)-(d)	(f) Unit Cost Per Student Per EC 76355	(g) Student Health Fees (e) x (f)
1. Per Fall Semester							
2. Per Spring Semester							
3. Per Summer Session							
4. Per First Quarter							
5. Per Second Quarter							
6. Per third Quarter							

(09) Total health fee that could have been collected: The sum of (Line (08)(1)(c) through line (08)(6)(c))

(10) Subtotal [Line (07) - line (09)]

**Cost Reduction**

(11) Less: Offsetting Savings

(12) Less: Other Reimbursements

(13) Total Claimed Amount [Line (10) - (line (11) + line (12))]

Program <b>234</b>	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 (SCO) on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form HFE-1.1 must be filed for a reimbursement claim. Do not complete form HFE-1.1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986-87 fiscal year and continue to provide the same services during the fiscal year of claim.
- (04) Compare the level of services provided during the fiscal year of reimbursement to the 1986-87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditure report authorized by Education Code §76355 and included in the Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5. If the amount of direct costs claimed is different than that shown on the expenditure report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report. For claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, form FAM-29C, or a 7% indirect cost rate.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986-87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05) and the cost of providing current fiscal year services that are in excess of the level provided in the 1986-87 fiscal year line (06).
- (08) Complete columns (a) through (g) to provide details on the number of students enrolled, the number of students exempt per EC Section 76355(c)(1), (2), and (3), and the amount of health service fees that could have been collected. After 05/01/01, the student fees for health supervision and services are \$12.00 per semester, \$9.00 for summer school, and \$9 for each quarter.
- (09) Enter the sum of student health fees that could have been collected, other than exempt students.
- (10) Enter the difference of the cost of providing health services at the 1986-87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a detailed schedule of savings with the claim.
- (12) Enter the total of other reimbursements received from any source, (i.e., federal, other state programs, etc.) Submit a detailed schedule of reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986-87 Health Service Cost excluding Student Health Fees.

**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
- Bandaids
- Booklets/Pamphlets
- Dressing Change
- Rest
- Suture Removal
- Temperature
- Weigh
- Information
- Report/Form
- Wart Removal
- Others, list

**Committees**

- Safety
- Environmental
- Disaster Planning





# **LONG BEACH COMMUNITY COLLEGE DISTRICT**

Audit Report

## **HEALTH FEE ELIMINATION PROGRAM**

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

*July 1, 2003, through June 30, 2006*



**JOHN CHIANG**  
California State Controller

June 2009



JOHN CHIANG  
California State Controller

June 26, 2009

Mark Bowen, President  
Board of Trustees  
Long Beach Community College District  
4901 East Carson Street  
Long Beach, CA 90808

Dear Mr. Oakley:

The State Controller's Office audited the costs claimed by the Long Beach Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session; and Chapter 1118, Statutes of 1987) for the period of July 1, 2003, through June 30, 2006.

The district claimed \$869,534 (\$870,534 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$192,807 is allowable and \$676,727 is unallowable. The costs are unallowable because the district claimed ineligible costs and understated revenues. The State made no payment to the district. The State will pay allowable costs claimed that exceed the amount paid, totaling \$192,807, 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 (CSM). 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 CSM's Web site link at [www.csm.ca.gov/docs/IRCForm.pdf](http://www.csm.ca.gov/docs/IRCForm.pdf).

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

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

JVB/sk

cc: Eloy O. Oakley, Superintendent/President  
Long Beach Community College District  
Robert Rapoza, Internal Audit Manager  
Long Beach Community College District  
Linda Roseth, Senior Administrative Assistant/Mandated Cost Specialist  
Long Beach Community College District  
Kuldeep Kaur, Specialist  
Fiscal Planning and Administration  
California Community Colleges Chancellor's Office  
Jeannie Oropeza, Program Budget Manager  
Education Systems Unit  
Department of Finance

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the Long Beach Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session; and Chapter 1118, Statutes of 1987) for the period of July 1, 2003, through June 30, 2006.

The district claimed \$869,534 (\$870,534 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$192,807 is allowable and \$676,727 is unallowable. The costs are unallowable because the district claimed ineligible costs and understated revenues. The State made no payment to the district. The State will pay allowable costs claimed that exceed the amount paid, totaling \$192,807, contingent upon available appropriations.

## Background

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

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

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

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

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted parameters and guidelines on August 27, 1987, and amended them on May 25, 1989. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist school districts in claiming mandated program 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, 2003, through June 30, 2006.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by generally accepted government auditing standards. However, the district declined our request.

**Conclusion**

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

For the audit period, Long Beach Community College District claimed \$869,534 (\$870,534 less a \$1,000 penalty for filing a late claim) for costs of the Health Fee Elimination Program. Our audit disclosed that \$192,807 is allowable and \$676,727 is unallowable.

The State made no payment to the district. Our audit disclosed that \$192,807 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$192,807, contingent upon available appropriations.

**Views of  
Responsible  
Official**

We issued a draft audit report on May 8, 2009. Ann-Marie Gabel, Vice-President, Administrative Services, responded by letter dated May 29, 2009 (Attachment), disagreeing with the audit results. This final audit report includes the district's response.

**Restricted Use**

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

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

June 26, 2009

## Schedule 1— Summary of Program Costs July 1, 2003, through June 30, 2006

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits	\$ 365,310	\$ 365,310	\$ —	
Services and supplies	94,308	94,308	—	
Total direct costs	459,618	459,618	—	
Indirect costs	152,639	78,135	(74,504)	Finding 1
Total direct and indirect costs	612,257	537,753	(74,504)	
Less authorized health fees	(344,231)	(486,684)	(142,453)	Finding 2
Subtotal	268,026	51,069	(216,957)	
Less offsetting savings/reimbursements	(872)	(872)	—	
Less late filing penalty	—	—	—	
Total program costs	<u>\$ 267,154</u>	50,197	<u>\$ (216,957)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 50,197</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries and benefits	\$ 341,421	\$ 341,421	\$ —	
Services and supplies	97,746	97,746	—	
Total direct costs	439,167	439,167	—	
Indirect costs	141,983	141,983	—	
Total direct and indirect costs	581,150	581,150	—	
Less authorized health fees	(274,352)	(437,702)	(163,350)	Finding 2
Subtotal	306,798	143,448	(163,350)	
Less offsetting savings/reimbursements	(838)	(838)	—	
Less late filing penalty	—	—	—	
Total program costs	<u>\$ 305,960</u>	142,610	<u>\$ (163,350)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 142,610</u>		



**Schedule 1 (continued)**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries and benefits	\$ 346,620	\$ 346,620	\$ —	
Services and supplies	104,892	104,892	—	
Total direct costs	451,512	451,512	—	
Indirect costs	152,882	152,882	—	
Total direct and indirect costs	604,394	604,394	—	
Less authorized health fees	(305,891)	(640,077)	(334,186)	Finding 2
Subtotal	298,503	(35,683)	(334,186)	
Less offsetting savings/reimbursements	(1,083)	(1,083)	—	
Less late filing penalty	(1,000)	(1,000)	—	
Adjustment to eliminate negative balance	—	37,766	37,766	
Total program costs	<u>\$ 296,420</u>	—	<u>\$ (296,420)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>Summary: July 1, 2003, through June 30, 2006</u>				
Direct costs:				
Salaries and benefits	\$ 1,053,351	\$ 1,053,351	\$ —	
Services and supplies	296,946	296,946	—	
Total direct costs	1,350,297	1,350,297	—	
Indirect costs	447,504	373,000	(74,504)	
Total direct and indirect costs	1,797,801	1,723,297	(74,504)	
Less authorized health fees	(924,474)	(1,564,463)	(639,989)	
Subtotal	873,327	158,834	(714,493)	
Less offsetting savings/reimbursements	(2,793)	(2,793)	—	
Less late filing penalty	(1,000)	(1,000)	—	
Adjustment to eliminate negative balance	—	37,766	37,766	
Total program costs	<u>\$ 869,534</u>	192,807	<u>\$ (676,727)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 192,807</u>		

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

# Findings and Recommendations

**FINDING 1—  
Overstated indirect  
cost rates**

The district claimed unallowable indirect costs totaling \$74,504 for fiscal year (FY) 2003-04. The costs are unallowable because the district overstated its indirect cost rate. A similar issue was noted in Finding 2 of the SCO audit report dated October 5, 2005. That report covered the period from July 1, 2000, through June 30, 2003.

For FY 2003-04, the district claimed indirect costs based on an indirect cost rate prepared using the principles of Title 2, *Code of Federal Regulations*, Part 220 (Office of Management and Budget [OMB] Circular A-21). However, the district used expenditures from the prior year's CCFS-311 to prepare the indirect cost rate in that fiscal year. The district indicated that it used the most current data available to prepare its ICRP and believes that federal approval was not necessary.

State regulations require every college district to complete and file the financial statements on Form CCFS-311 on or before October 15, and the annual audit report on or before December 31. Therefore, data for FY 2003-04 should have been available at year end, as the mandated cost claims were not due until January 15 of the subsequent calendar year.

For FY 2003-04, the SCO's claiming instructions allow the district to use a federally approved rate prepared in accordance with OMB Circular A-21. The district did not obtain federal approval for FY 2003-04. We calculated the allowable indirect cost rate based on the FAM-29C methodology that the parameters and guidelines and the SCO's claiming instructions allow. We applied the allowable indirect cost rate to allowable direct costs according to the SCO's claiming instructions.

The following table summarizes the claimed unallowable indirect cost rate and the resulting audit adjustment:

	Fiscal Year 2003-04
Allowable indirect cost rate	17.00%
Less claimed indirect cost rate	<u>(33.21)%</u>
Overstated indirect cost rate	(16.21)%
Allowable direct costs claimed	<u>× \$459,618</u>
Audit adjustment	<u>\$ (74,504)</u>

The programs parameters and guidelines state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions."

For FY 2003-04, the SCO's claiming instructions 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 [FAM-29C] methodology. . . ."

### Recommendation

We recommend that the district claim indirect costs based on indirect cost rates computed in accordance with the SCO's claiming instructions.

### District's Response

The draft audit report concludes that the District claimed unallowable indirect costs by \$75,504 for fiscal year (FY) 2003-04. The draft audit report states that the District developed the indirect cost rate based on the principles of OMB Circular A-21, but that it was not a cost study approved by the federal government as required by the Controller's claiming instructions. The Controller's claiming instructions state that when claiming indirect costs college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, a rate calculated using form FAM-29C, or a 7% indirect cost rate. However, the Controller's claiming instructions were never adopted as rules or regulations, so they have no force of law.

The parameters and guidelines for the Health Fee Elimination program (as last amended on May 25, 1989), which are the legally enforceable standards for claiming costs, state that: "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." (Emphasis added) Therefore, the parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller. Instead, the burden is on the Controller to show that the indirect cost method used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the Controller wishes to enforce different audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

The draft audit report notes that the District did not use the most recent CCFS-311 information available for the calculation of the indirect cost rate. For each fiscal year, the District used the prior year CCFS-311, prepared based on annual costs from the prior fiscal year for use in the current budget year. The draft audit report asserts that since the CCFS-311 is due to the state by October 15 each year, that district audited annual financial audits (the source of depreciation information for a method used in later fiscal years by the Controller) are due December 31 each year, and that the FY 2003-04 claim was due January 15, 2005, the District had adequate time to utilize the current CCFS-311 report rather than the report from the prior year. The audit report assumes that districts receive the audited prior year financial statements by January 1, which is a conclusion of fact without foundation.

Regardless of the factual issue of when the necessary supporting documentation is available to districts, the audit report does not indicate an enforceable legal requirement to use the most current CCFS-311. In fact, the Controller accepts indirect cost rates based on "old" data. Federally approved indirect cost rates are allowed by the Controller for some mandate programs and some fiscal years. Federally approved rates are approved for periods of two or more years. This means the data from the fiscal year from which the federal rates were calculated would be at least three years prior to the last year in which the federal rate was used.

The draft audit report notes that this same finding was made in the previous audit of this program for prior years at this District. The Controller knows that the District has appealed that audit to the Commission on State Mandates and that the District is therefore neither legally nor practically compelled to alter its position until a final adjudication of this issue.

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

SCO's Comment

The finding and recommendation remain unchanged.

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 interprets "may be claimed" to mean that compliance with the claiming instructions is voluntary. Instead, "may be claimed" 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 states that, "the District used the prior year CCFS-31, prepared based on annual costs from the prior fiscal year for use in the current budget year." Our audit validates this statement; however, no mandate-related authoritative criteria exists to support this methodology. Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. In addition, the parameters and guidelines require the district to report actual costs. For each fiscal year, "actual costs" are costs of the current fiscal year, not costs from a prior fiscal year.

State regulations require every college district to complete and file the financial statements on Form CCFS-311 on or before October 15, and to file the annual audit report on or before December 31. The district had the information on hand or could have obtained it from its external auditors before submitting its claim for reimbursement.

We acknowledge that the CSM has not scheduled a hearing to respond to a prior IRC that the district filed.

**FINDING 2—  
Understated authorized  
health service fees**

The district understated its reported authorized health service fees by \$639,989 during the audit period. It reported actual health service fee revenue that it collected rather than authorized health service fees.

Mandated costs do not include costs that are reimbursable from authorized fees. Government Code section 17514 states that “costs mandated by the state “means 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 the Commission on State Mandates (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.

Education Code section 76335, subdivision (c), states that health fees are authorized for 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. For FY 2003-04, the authorized fees are \$12 per semester, \$9 per summer session, and \$9 per intersession of at least four weeks. For FY 2004-05, the authorized fees are \$13 per semester, \$10 per summer session, and \$10 per intersession of at least four weeks. For FY 2005-06, the authorized fees are \$14 per semester, \$11 per summer session, and \$11 per intersession of at least four weeks. Effective January 1, 2006, Education Code section 76355, subdivision (c), no longer excludes students who have a financial need.

We obtained student enrollment and Board of Governors Grant (BOGG) recipient data from the California Community Colleges Chancellor’s Office (CCCCO). The CCCCCO data is based on student data that the district reported. We calculated total authorized health service fees using the authorized health service fee rates that the CCCCCO identified.

The following table shows the authorized health service fees and audit adjustment revenue:

	Summer	Semester		Total
	Session	Fall	Spring	
FY 2003-04:				
Number of enrolled students	12,602	29,810	28,508	
Less number of BOGG recipients	(4,882)	(11,896)	(11,655)	
Subtotal	7,720	17,914	16,853	
Authorized health service fee rate	× \$ (9.00)	× \$(12.00)	× \$(12.00)	
Authorized health service fees	\$ (69,480)	\$ (214,968)	\$ (202,236)	\$ (486,684)
Less authorized health service fees claimed				344,231
Audit adjustment, FY 2003-04				(142,453)
FY 2004-05:				
Number of enrolled students	13,714	26,392	25,149	
Less number of BOGG recipients	(5,426)	(12,245)	(12,002)	
Subtotal	8,288	14,147	13,147	
Authorized health service fee rate	× \$(10.00)	× \$(13.00)	× \$(13.00)	
Authorized health service fees	\$ (82,880)	\$ (183,911)	\$ (170,911)	(437,702)
Less authorized health service fees claimed				274,352
Audit adjustment, FY 2004-05				(163,350)

	Summer	Semester		Total
	Session	Fall	Spring	
FY 2005-06:				
Number of enrolled students	13,554	25,768	25,970	
Less number of BOGG recipients	<u>(5,629)</u>	<u>(12,245)</u>	<u>—</u>	
Subtotal	7,925	13,523	25,970	
Authorized health service fee rate	<u>× \$(11.00)</u>	<u>× \$(14.00)</u>	<u>× \$(14.00)</u>	
Authorized health service fees	<u>\$ (87,175)</u>	<u>\$ (189,322)</u>	<u>\$ (363,580)</u>	(640,077)
Less authorized health service fees claimed				<u>305,891</u>
Audit adjustment, FY 2005-06				<u>(334,186)</u>
Total audit adjustment				<u>\$ (639,989)</u>

Recommendation

We recommend that the district deduct authorized health service fees from mandate-related costs claimed. To properly calculate authorized health service fees, we recommend that the district identify the number of enrolled students based on CCCC data element STD7, codes A through G. We also recommend that the district identify the number of apprenticeship program enrollees based on data elements SB 23, code 1, and STD7, codes A through G.

In addition, we recommend that the district maintain documentation that identifies the number of students excluded from the health service fee based on Education Code section 76355, subdivision (c)(1). If the district excludes any students from receiving health services, the district should maintain contemporaneous documentation of a district policy that excludes those students and documentation identifying the number of students excluded.

District's Response

The draft audit report states that student health service fee revenue offsets were understated by \$639,989 for the three-year audit period. This adjustment is due to the fact that the District reported actual student health service fees that it collected rather than "authorized" student health service fees that could have been collected. The auditor calculated "authorized" student health service fee revenues, that is, the student health service fees collectible based on the highest student health service fee chargeable, rather than the full-time or part-time student health service fee actually charged to the student and actually collected.

"Authorized" Fee Amount

The draft audit report alleges that claimants must compute the total student health service fees collectible based on the highest "authorized" rate. The draft audit report does not provide the statutory basis for the calculation of the "authorized" rate, nor the source of the legal right of any state entity to "authorize" student health service fee amounts absent rulemaking or compliance with the Administrative Procedure Act by the "authorizing" state agency.

Education Code Section 76355

Education Code Section 76355, subdivision (a), states that “[t]he 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)

Government Code Section 17514

The draft audit report relies upon Government Code Section 17514 for the conclusion that “[t]o the extent that community college districts can charge a fee, they are not required to incur a cost.” First, charging a fee has no relationship to whether costs are incurred to provide the student health services program. Second, Government Code Section 17514, as added by Chapter 1459, Statutes of 1984, actually states:

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

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

Government Code Section 17556

The draft audit report relies upon Government Code Section 17556 for the conclusion that “the Commission on State Mandates (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.” Government Code Section 17556 as last amended by Statutes of 2004, Chapter 895, actually states:

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

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

The draft audit report misrepresents the law. Government Code Section 14556 prohibits the Commission on State Mandates from finding costs subject to reimbursement that is, approving a test claim activity for reimbursement, where the authority exists 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.

### Parameters and Guidelines

The parameters and guidelines, as last amended on May 25, 1989, states, in relevant part: "Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed. . . This shall include the amount of [student fees] as authorized by Education Code Section 72246(a)." The use of the term "any offsetting savings" further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not, because uncollected fees are "offsetting savings" that were not "experienced."

The audit report should be changed to comply with the appropriate application of the parameters and guidelines and the Government Code concerning audits of mandate claims.

### SCO's Comment

The finding and recommendation remain unchanged.

### **"Authorized" Fee Amount**

We agree that community college districts may elect not to levy a health service fee or to levy a fee less than the authorized amount. Regardless of the district's determination to levy or not levy the authorized health service fee, Education Code section 76355, subdivision (a), provides districts the *authority* to levy the fee. The CCCCCO *notifies* districts when the authorized rate increases pursuant to Education Code section 76355, subdivision (a)(2). Therefore, the Administrative Procedures Act is irrelevant.

### **Education Code Section 76355**

Education Code section 76355 (specifically, subdivision (a)) authorizes the health service fee rate. The statutory section also provides the basis for calculating the authorized rate applicable to each fiscal year. The statutory section states:

- (1) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.
- (2) 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).



### Government Code Section 17514

Government Code section 17514 states, “Costs mandated by the state’ means any increased costs which a local agency or school district is *required* [emphasis added] to incur. . . .” The district ignores the direct correlation that if the district has authority to collect fees attributable to health service expenses, then it is not *required* to incur a cost. Therefore, those health service expenses do not meet the statutory definition of mandated costs.

### Government Code Section 17556

The district presents an invalid argument that the statutory language applies only when the fee authority is sufficient to offset the “entire” mandated costs. The CSM recognized that the Health Fee Elimination Program’s costs are not uniform among districts. Districts provided different levels of service in FY 1986-87 (the “base year”). Furthermore, districts provided these services at varying costs. As a result, the fee authority may be sufficient to pay for some districts’ mandated program costs, while it is insufficient to pay the “entire” costs of other districts. Meanwhile, Education Code section 76355 (formerly section 72246) established a uniform health service fee assessment for students statewide. Therefore, the CSM adopted parameters and guidelines that clearly recognize an available funding source by identifying the health service fees as offsetting reimbursements. To the extent that districts have authority to charge a fee, they are not required to incur a cost.

Two court cases addressed the issue of fee authority<sup>1</sup>. Both cases concluded that “costs,” as used in the constitutional provision, exclude “expenses that are recoverable from sources other than taxes.” In both cases, the source other than taxes was fee authority.

<sup>1</sup> *County of Fresno v. California* (1991) 53 Cal. 3d 482; *Connell v. Santa Margarita* (1997) 59 Cal. App. 4<sup>th</sup> 382.

### Parameters and Guidelines

The district incorrectly interprets the parameters and guidelines’ requirement regarding authorized health service fees. The CSM recognized the *availability* of another funding source by including the fees as offsetting savings in the parameters and guidelines. The CSM’s staff analysis of May 25, 1989, states the following regarding the proposed parameters and guidelines amendments that the CSM adopted that day:

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, CSM intended that claimants deduct authorized health service fees from mandate-reimbursable costs claimed. Furthermore, the staff analysis included an attached letter from the CCCCCO dated April 3, 1989. In that letter, the CCCCCO concurred with the DOF and the CSM regarding authorized health service fees.

The CSM did not revise the proposed parameters and guidelines amendments further, as the CSM’s staff concluded that the DOF’s proposed language did not substantively modify the scope of its proposed language. The CSM’s meeting minutes of May 25, 1989, corroborate that the CSM adopted the proposed parameters and guidelines on consent, with no additional discussion. Therefore, no community college districts objected and there was no change to the CSM’s interpretation regarding authorized health service fees.

**OTHER ISSUE—  
Public records request**

The district’s response included a public records request. The district’s response and SCO’s comment are as follows:

District’s Response

The District requests that the Controller provide the District any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period to Finding 1 (indirect cost rate calculation standards) and Finding 2 (calculation of the student health services fees offset).

Government Code section 6253, subdivision (c), requires the state agency that is the subject of the request, within 10 days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of disclosable public records in your possession and promptly notify the requesting party of that determination and the reasons therefore. Also, as required, when so notifying the District, please state the estimated date and time when the records will be made available.

SCO’s Comment

The SCO provided the district the requested records by separate letter dated June 22, 2009.

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

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*Board of Trustees*  
Mark J. Bowen  
Dr. Thomas J. Clark  
Jelliey A. Kellogg  
Doughlas W. Otto  
Roberto Uranga

*Superintendent-President*  
Eloy O. Oakley

Long Beach City College • Long Beach Community College District

4901 East Carson Street • Long Beach, California 90808

CERTIFIED MAIL - #7006 0100 0004 6064 6161

May 29, 2009

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

Re: Chapter 1, Statutes of 1984  
Health Fee Elimination  
Annual Claim Fiscal Years: 2003-04, 2004-05, and 2005-06

Dear Mr. Spano:

This letter is the response of the Long Beach Community College District to the draft audit report for the above referenced program and fiscal years transmitted by the letter from Jeffrey Brownfield, Chief, Division of Audits, State Controller's Office, dated May 8, 2009, and received by the District on May 15, 2009.

**Finding 1 - Overstated indirect costs rates**

The draft audit report concludes that the District claimed unallowable indirect costs by \$75,504 for fiscal year (FY) 2003-04. The draft audit report states that the District developed the indirect cost rate based on the principles of OMB Circular A-21, but that it was not a cost study approved by the federal government as required by the Controller's claiming instructions. The Controller's claiming instructions state that when claiming indirect costs college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, a rate calculated using form FAM-29C, or a 7% indirect cost rate. However, the Controller's claiming instructions were never adopted as rules or regulations, so they have no force of law.

The parameters and guidelines for the Health Fee Elimination program (as last amended on May 25, 1989), which are the legally enforceable standards for claiming costs, state

that: "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." (Emphasis added) Therefore, the parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller. Instead, the burden is on the Controller to show that the indirect cost method used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the Controller wishes to enforce different audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

The draft audit report notes that the District did not use the most recent CCFS-311 information available for the calculation of the indirect cost rate. For each fiscal year, the District used the prior year CCFS-311, prepared based on annual costs from the prior fiscal year for use in the current budget year. The draft audit report asserts that since the CCFS-311 is due to the state by October 15 each year, that district audited annual financial audits (the source of depreciation information for a method used in later fiscal years by the Controller) are due December 31 each year, and that the FY 2003-04 claim was due January 15, 2005, the District had adequate time to utilize the current CCFS-311 report rather than the report from the prior year. The audit report assumes that districts receive the audited prior year financial statements by January 1, which is a conclusion of fact without foundation.

Regardless of the factual issue of when the necessary supporting documentation is available to districts, the audit report does not indicate an enforceable legal requirement to use the most current CCFS-311. In fact, the Controller accepts indirect cost rates based on "old" data. Federally approved indirect cost rates are allowed by the Controller for some mandate programs and some fiscal years. Federally approved rates are approved for periods of two or more years. This means the data from the fiscal year from which the federal rates were calculated would be at least three years prior to the last year in which the federal rate is used.

The draft audit report notes that this same finding was made in the previous audit of this program for prior years at this District. The Controller knows that the District has appealed that audit to the Commission on State Mandates and that the District is therefore neither legally nor practically compelled to alter its position until a final adjudication of this issue.

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

#### **Finding 2 - Understated authorized health fee service fees**

The draft audit report states that student health service fee revenue offsets were understated by \$639,989 for the three-year audit period. This adjustment is due to the fact that the District reported actual student health service fees that it collected rather than "authorized" student health service fees the could have been collected. The auditor

calculated "authorized" student health service fee revenues, that is, the student health service fees collectible based on the highest student health service fee chargeable, rather than the full-time or part-time student health service fee actually charged to the student and actually collected.

#### "Authorized" Fee Amount

The draft audit report alleges that claimants must compute the total student health service fees collectible based on the highest "authorized" rate. The draft audit report does not provide the statutory basis for the calculation of the "authorized" rate, nor the source of the legal right of any state entity to "authorize" student health service fee amounts absent rulemaking or compliance with the Administrative Procedure Act by the "authorizing" state agency.

#### Education Code Section 76355

Education Code Section 76355, subdivision (a), states that "[t]he 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)

#### Government Code Section 17514

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

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

Government Code Section 17556

The draft audit report relies upon Government Code Section 17556 for the conclusion that "the Commission on State Mandates (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." Government Code Section 17556 as last amended by Statutes of 2004, Chapter 895, actually states:

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

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

The draft audit report misrepresents the law. Government Code Section 17556 prohibits the Commission on State Mandates from finding costs subject to reimbursement that is, approving a test claim activity for reimbursement, where the authority exists 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.

Parameters and Guidelines

The parameters and guidelines, as last amended on May 25, 1989, state, in relevant part: "Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed . . . This shall include the amount of [student fees] as authorized by Education Code Section 72246(a)." The use of the term "any offsetting savings" further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not, because uncollected fees are "offsetting savings" that were not "experienced."

The audit report should be changed to comply with the appropriate application of the parameters and guidelines and the Government Code concerning audits of mandate claims.

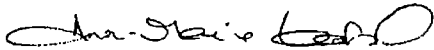
**Public Records Request**

The District requests that the Controller provide the District any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period to Finding 1 (indirect cost rate calculation standards) and Finding 2 (calculation of the student health service fees offset).

Government Code section 6253, subdivision (c), requires the state agency that is the subject of the request, within 10 days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of disclosable public records in your possession and promptly notify the requesting party of that determination and the reasons therefore. Also, as required, when so notifying the District, please state the estimated date and time when the records will be made available.

○ ○ ○

Sincerely,



Ann-Marie Gabel, Vice President, Administrative Services  
Long Beach Community College District

AG:lr

cc: Eloy Oakley, Superintendent-President  
Long Beach Community College District

Keith Peterson, President  
SixTen and Associates



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

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



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# MANDATED COST MANUAL FOR COMMUNITY COLLEGES

STATE OF CALIFORNIA



**STEVE WESTLY**  
STATE CONTROLLER

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## FOREWORD

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controller's Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, unless otherwise specified, these instructions should not be construed in any manner to be statutes, regulations, or standards.

If you have any questions concerning the enclosed material, write to the address below or call the Local Reimbursements Section at (916) 324-5729, or email to [lrsdar@sco.ca.gov](mailto:lrsdar@sco.ca.gov).

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Division of Accounting and Reporting  
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**SECTION 3 State Mandated Cost Programs**

Program Name	Chapter/Statute	Program Number
Absentee Ballots	Ch. 77/78	231
Collective Bargaining	Ch. 961/75	232
Health Benefits for Survivors of Peace Officers and Firefighters	Ch. 1120/96	233
Health Fee Elimination	Ch. 1/84	234
Investment Reports	Ch. 783/95	235
Law Enforcement College Jurisdiction Agreements	Ch. 284/98	212
Law Enforcement Sexual Harassment Training	Ch. 126/93	236
Mandate Reimbursement Process	Ch. 486/75	237
Open Meetings Act /Brown Act Reform	Ch. 641/86	238
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## REIMBURSABLE STATE MANDATED COST PROGRAMS

Claims for the following State mandated cost programs may be filed with the SCO. For your convenience, the programs are listed in alphabetical order by program name. An "X" indicates the fiscal year for which a claim may be filed.

2002-03 Reimburse- ment Claims	2003-04 Estimated Claims	Community College Districts	
x	x	Chapter 77/78	Absentee Ballots
x	x	Chapter 961/75	Collective Bargaining
x	x	Chapter 1120/96	Health Benefits for Survivors of Peace Officers & Firefighters
x	x	Chapter 1/84	Health Fee Elimination
x	x	Chapter 783/95	Investment Reports
x	x	Chapter 284/98	Law Enforcement College Jurisdiction Agreements
x	x	Chapter 126/93	Law Enforcement Sexual Harassment Training
x	x	Chapter 486/75	Mandate Reimbursement Process
x	x	Chapter 641/86	Open Meetings Act/Brown Act Reform
x	x	Chapter 465/76	Peace Officers Procedural Bill of Rights
x	x	Chapter 875/85	Photographic Record of Evidence
x	x	Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers
x	x	Chapter 1249/92	Threats Against Peace Officers

**APPROPRIATIONS FOR THE 2003-04 FISCAL YEAR**

**Source of State Mandated Cost Appropriations**

Schedule	Program	Amount Appropriated
<b>Chapter 379/02, Item 6110-295-0001<sup>1</sup></b>		
(1) Chapter 77/78	Absentee Ballots	\$ 0
(2) Chapter 961/75	Collective Bargaining	0
(3) Chapter 1120/96	Health Benefits for Survivors of Peace Officers and Firefighters	0
(4) Chapter 783/95	Investment Reports	0
(5) Chapter 284/98	Law Enforcement College Jurisdiction Agreements	0
(6) Chapter 126/93	Law Enforcement Sexual Harassment Training	0
(7) Chapter 486/75	Mandate Reimbursement Process	0
(8) Chapter 641/86	Open Meetings Act/Brown Act Reform	0
(9) Chapter 465/76	Peace Officers Procedural Bill of Rights	0
(10) Chapter 875/85	Photographic Record of Evidence	0
(11) Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers	0
(12) Chapter 1249/92	Threats Against Peace Officers	0
<b>Total Appropriations, Item 6110-295-001</b>		<u>\$ 0</u>
<b>Chapter 379/02, Item 6870-295-0001</b>		
(13) Chapter 1/84	Health Fee Elimination	1,000
<b>TOTAL - Funding for the 2003-04 Fiscal Year</b>		<u><u>\$1,000</u></u>

<sup>1</sup> Pursuant to provision 5, "The Controller shall not make any payment from this item to reimburse community college districts for claimed costs of state-mandated education programs. Reimbursements to community college districts for education mandates shall be paid from the appropriate item within the community colleges budget."



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## FILING A CLAIM

### 1. Introduction

The law in the State of California, (Government Code Sections 17500 through 17616), provides for the reimbursement of costs incurred by school districts for costs mandated by the State. Costs mandated by the State means any increased costs which a school district is required to incur after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service of an existing program.

Estimated claims that show costs to be incurred in the current fiscal year and reimbursement claims that detail the costs actually incurred for the prior fiscal year may be filed with the State Controller's Office (SCO). Claims for on-going programs are filed annually by January 15. Claims for new programs are filed within 120 days from the date claiming instructions are issued for the program. A 10 percent penalty, (up to \$1,000 for continuing claims, no limit for initial claims), is assessed for late claims. The SCO may audit the records of any school district to verify the actual amount of mandated costs and may reduce any claim that is excessive or unreasonable.

When a program has been reimbursed for three or more years, the COSM may approve the program for inclusion in the State Mandates Apportionment System (SMAS). For programs included in SMAS, the SCO determines the amount of each claimant's entitlement based on an average of three consecutive fiscal years of actual costs adjusted by any changes in the Implicit Price Deflator (IPD). Claimants with an established entitlement receive an annual apportionment adjusted by any changes in the IPD and, under certain circumstances, by any changes in workload. Claimants with an established entitlement do not file further claims for the program.

The SCO is authorized to make payments for costs of mandated programs from amounts appropriated by the State Budget Act, by the State Mandates Claims Fund, or by specific legislation. In the event the appropriation is insufficient to pay claims in full, claimants will receive prorated payments in proportion to the dollar amount of approved claims for the program. Balances of prorated payments will be made when supplementary funds are made available.

The instructions contained in this manual are intended to provide general guidance for filing a mandated cost claim. Since each mandate is administered separately, it is important to refer to the specific program for information relating to established policies on eligible reimbursable costs.

### 2. Types of Claims

There are three types of claims: Reimbursement, Estimated, and Entitlement. A claimant may file a reimbursement claim for actual mandated costs incurred in the prior fiscal year or may file an estimated claim for mandated costs to be incurred during the current fiscal year. An entitlement claim may be filed for the purpose of establishing a base year entitlement amount for mandated programs included in SMAS. A claimant who has established a base year entitlement for a program would receive an automatic annual payment which is reflective of the current costs for the program.

All claims received by the SCO will be reviewed to verify actual costs. An adjustment of the claim will be made if the amount claimed is determined to be excessive, improper, or unreasonable. The claim must be filed with sufficient documentation to support the costs claimed. The types of documentation required to substantiate a claim are identified in the instructions for the program. The certification of claim, form FAM-27, must be signed and dated by the entity's authorized officer in order for the SCO to make payment on the claim.

**A. Reimbursement Claim**

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a local agency for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim. The claim must include supporting documentation to substantiate the costs claimed.

Initial reimbursement claims are first-time claims for reimbursement of costs for one or more prior fiscal years of a program that was previously unfunded. Claims are due 120 days from the date of issuance of the claiming instructions for the program by the SCO. The first statute that appropriates funds for the mandated program will specify the fiscal years for which costs are eligible for reimbursement.

Annual reimbursement claims must be filed by January 15 following the fiscal year in which costs were incurred for the program. A reimbursement claim must detail the costs actually incurred in the prior fiscal year.

An actual claim for the 2002-03 fiscal year may be filed by January 15, 2004, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. However, initial reimbursement claims will be reduced by a late penalty of 10% with no limitation. In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. Claims filed more than one year after the deadline or without the requested supporting documentation will not be accepted.

**B. Estimated Claim**

An estimated claim is defined in GC Section 17522 as any claim filed with the SCO, during the fiscal year in which the mandated costs are to be incurred by the local agency, against an appropriation made to the SCO for the purpose of paying those costs.

An estimated claim may be filed in conjunction with an initial reimbursement claim, annual reimbursement claim, or at other times for estimated costs to be incurred during the current fiscal year. Annual estimated claims are due January 15 of the fiscal year in which the costs are to be incurred. Initial estimated claims are due on the date specified in the claiming instructions. Timely filed estimated claims are paid before those filed after the deadline.

After receiving payment for an estimated claim, the claimant must file a reimbursement claim by January 15 following the fiscal year in which costs were incurred. If the claimant fails to file a reimbursement claim, monies received for the estimated claims must be returned to the State.

**C. Entitlement Claim**

An entitlement claim is defined in GC Section 17522 as any claim filed by a local agency with the SCO for the sole purpose of establishing or adjusting a base year entitlement for a mandated program that has been included in SMAS. An entitlement claim should not contain nonrecurring or initial start-up costs. There is no statutory deadline for the filing of entitlement claims. However, entitlement claims and supporting documents should be filed by January 15 to permit an orderly processing of claims. When the claims are approved and a base year entitlement amount is determined, the claimant will receive an apportionment reflective of the program's current year costs. School mandates included in SMAS are listed in Section 2, number 6.

Once a mandate has been included in SMAS and the claimant has established a base year entitlement, the claimant will receive automatic payments from the SCO for the mandate. The automatic apportionment is determined by adjusting the claimant's base year entitlement for changes in the implicit price deflator of costs of goods and services to governmental agencies, as determined by the State Department of Finance. For programs approved by the COSM for inclusion in SMAS on or after January 1, 1988, the payment for each year succeeding the three year base period is adjusted according to any changes by both the deflator and average daily attendance. Annual apportionments for programs included in the system are paid on or before November 30 of each year.

A base year entitlement is determined by computing an average of the claimant's costs for any three consecutive years after the program has been approved for the SMAS process. The amount is first adjusted according to any changes in the deflator. The deflator is applied separately to each year's costs for the three years, which comprise the base year. The SCO will perform this computation for each claimant who has filed claims for three consecutive years. If a claimant has incurred costs for three consecutive years but has not filed a claim in each of those years, the claimant may file an entitlement claim, form FAM-43, to establish a base year entitlement. An entitlement claim does not result in the claimant being reimbursed for the costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.

### **3. Minimum Claim Amount**

For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564. The county shall determine if the submission of a combined claim is economically feasible and shall be responsible for disbursing the funds to each special district. Combined claims may be filed only when the county is the fiscal agent for the special districts. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a special district, provides to the county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

GC Section 17564(a) provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (\$1,000), provided that a county superintendent of schools may submit a combined claim on behalf of school districts within their county if the combined claim exceeds \$1,000, even if the individual school district's claim does not each exceed \$1,000. The county superintendent of schools shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school district. These combined claims may be filed only when the county superintendent of schools is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district provides a written notice of its intent to file a separate claim to the county superintendent of schools and to the SCO at least 180 days prior to the deadline for filing the claim.

### **4. Filing Deadline for Claims**

Initial reimbursement claims (first-time claims) for reimbursement of costs of a previously unfunded mandated program must be filed within 120 days from the date of issuance of the program's claiming instructions by the SCO. If the initial reimbursement claim is filed after the deadline, but within one year of the deadline, the approved claim must be reduced by a 10% penalty. A claim filed more than one year after the deadline cannot be accepted for reimbursement.

Annual reimbursement claims for costs incurred during the previous fiscal year and estimated claims for costs to be incurred during the current fiscal year must be filed with the SCO and postmarked on or before January 15. If the annual or estimated reimbursement claim is filed after the deadline, but within one year of the deadline, the approved claim must be reduced by a 10% late penalty, not to exceed \$1,000. Claims must include supporting data to show how the amount claimed was derived. Without this information, the claim cannot be accepted.

Entitlement claims do not have a filing deadline. However, entitlement claims and supporting documents should be filed by January 15 to permit an orderly processing of claims. Entitlement claims are used to establish a base year entitlement amount for calculating automatic annual payments. Entitlement does not result in the claimant being reimbursed for costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.

## 5. Payment of Claims

In order for the SCO to authorize payment of a claim, the Certification of Claim, form FAM-27, must be properly filled out, signed, and dated by the entity's authorized officer.

Reimbursement and estimated claims are paid within 60 days of the filing deadline for the claim. A claimant is entitled to receive accrued interest at the pooled money investment account rate if the payment was made more than 60 days after the claim filing deadline or the actual date of claim receipt, whichever is later. For an initial claim, interest begins to accrue when the payment is made more than 365 days after the adoption of the program's statewide cost estimate. The SCO may withhold up to 20 percent of the amount of an initial claim until the claim is audited to verify the actual amount of the mandated costs. The 20 percent withheld is not subject to accrued interest.

In the event the amount appropriated by the Legislature is insufficient to pay the approved amount in full for a program, claimants will receive a prorated payment in proportion to the amount of approved claims timely filed and on hand at the time of proration.

The SCO reports the amounts of insufficient appropriations to the State Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, this information is transmitted to the COSM which will include these amounts in its report to assure that an appropriation sufficient to pay the claims is included in the next local government claims bill or other appropriation bills. When the supplementary funds are made available, the balance of the claims will be paid.

Unless specified in the statutes, regulations, or parameters and guidelines, the determination of allowable and unallowable costs for mandates is based on the Parameters and Guidelines adopted by the COSM. The determination of allowable reimbursable mandated costs for unfunded mandates is made by the COSM. The SCO determines allowable reimbursable costs, subject to amendment by the COSM, for mandates funded by special legislation. Unless specified, allowable costs are those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. In order for costs to be allowable and thus eligible for reimbursement, the costs must meet the following general criteria:

1. The cost is necessary and reasonable for proper and efficient administration of the mandate and not a general expense required to carry out the overall responsibilities of government.
2. The cost is allocable to a particular cost objective identified in the Parameters and Guidelines.
3. The cost is net of any applicable credits that offset or reduce expenses of items allocable to the mandate.

The SCO has identified certain costs that, for the purpose of claiming mandated costs, are unallowable and should not be claimed on the claim forms unless specified as reimbursable under the program. These expenses include, but are not limited to, subscriptions, depreciation, memberships, conferences, workshops general education, and travel costs.

## 6. State Mandates Apportionment System (SMAS)

Chapter 1534, Statutes of 1985, established SMAS, a method of paying certain mandated programs as apportionments. This method is utilized whenever a program has been approved for inclusion in SMAS by the COSM.

When a mandated program has been included in SMAS, the SCO will determine a base year entitlement amount for each school district that has submitted reimbursement claims, (or entitlement claims), for three consecutive fiscal years. A base year entitlement amount is determined by averaging the approved reimbursement claims, (or entitlement claims), for 1982-83, 1983-84, and 1984-85 years or any three consecutive fiscal years thereafter. The amounts are first adjusted by any change in IPD, which is applied separately to each year's costs for the three years

that comprise the base period. The base period means the three fiscal years immediately succeeding the COSM's approval.

Each school district with an established base year entitlement for the program will receive automatic annual payments from the SCO reflective of the program's current year costs. The amount of apportionment is adjusted annually for any change in the IPD. If the mandated program was included in SMAS after January 1, 1988, the annual apportionment is adjusted for any change in both the IPD and workload.

In the event a school district has incurred costs for three consecutive fiscal years but did not file a reimbursement claim in one or more of those fiscal years, the school district may file an entitlement claim for each of those missed years to establish a base year entitlement. An "entitlement claim" means any claim filed by a county with the SCO for the sole purpose of establishing a base year entitlement. A base year entitlement shall not include any nonrecurring or initial start-up costs.

Initial apportionments are made on an individual program basis. After the initial year, all apportionments are made by November 30. The amount to be apportioned is the base year entitlement adjusted by annual changes in the IPD for the cost of goods and services to governmental agencies as determined by the State Department of Finance.

In the event the county determines that the amount of apportionment does not accurately reflect costs incurred to comply with a mandate, the process of adjusting an established base year entitlement upon which the apportionment is based, is set forth in GC Section 17615.8 and requires the approval of the COSM.

School Mandates Included In SMAS

Program Name	Chapter/Statute	Program Number
Immunization Records	Ch. 1176/77	32

Pupil Expulsion Transcripts, program #91, Chapter 1253/75 was removed from SMAS for the 2002-03 fiscal year. This program was consolidated with other mandate programs that are included in Pupil Suspension, Expulsions, and Expulsion Appeals, program #176.

**7. Direct Costs**

A direct cost is a cost that can be identified specifically with a particular program or activity. Each claimed reimbursable cost must be supported by documentation as described in Section 12. Costs that are typically classified as direct costs are:

**(1) Employee Wages, Salaries, and Fringe Benefits**

For each of the mandated activities performed, the claimant must list the names of the employees who worked on the mandate, their job classification, hours worked on the mandate, and rate of pay. The claimant may, in-lieu of reporting actual compensation and fringe benefits, use a productive hourly rate:

**(a) Productive Hourly Rate Options**

A local agency may use one of the following methods to compute productive hourly rates:

- Actual annual productive hours for each employee
- The weighted-average annual productive hours for each job title, or
- 1,800\* annual productive hours for all employees

If actual annual productive hours or weighted-average annual productive hours for each job title is chosen, the claim must include a computation of how these hours were computed.

\* 1,800 annual productive hours excludes the following employee time:

- o Paid holidays
- o Vacation earned
- o Sick leave taken
- o Informal time off
- o Jury duty
- o Military leave taken.

**(b) Compute a Productive Hourly Rate**

1. Compute a productive hourly rate for salaried employees to include actual fringe benefit costs. The methodology for converting a salary to a productive hourly rate is to compute the employee's annual salary and fringe benefits and divide by the annual productive hours.

**Table 1 Productive Hourly Rate, Annual Salary + Benefits Method**

<b>Formula:</b>	<b>Description:</b>
$[(EAS + Benefits) + APH] = PHR$	EAS = Employee's Annual Salary
	APH = Annual Productive Hours
$[(\$26,000 + \$8,099)] + 1,800 \text{ hrs} = 18.94$	PHR = Productive Hourly Rate

- As illustrated in Table 1, if you assume an employee's compensation was \$26,000 and \$8,099 for annual salary and fringe benefits, respectively, using the "Salary + Benefits Method," the productive hourly rate would be \$18.94. To convert a biweekly salary to EAS, multiply the biweekly salary by 26. To convert a monthly salary to EAS, multiply the monthly salary by 12. Use the same methodology to convert other salary periods.
2. A claimant may also compute the productive hourly rate by using the "Percent of Salary Method."

**Table 2 Productive Hourly Rate, Percent of Salary Method**

<b>Example:</b>		
<b>Step 1: Fringe Benefits as a Percent of Salary</b>		<b>Step 2: Productive Hourly Rate</b>
Retirement	15.00 %	<b>Formula:</b> $[(EAS \times (1 + FBR)) + APH] = PHR$  $[(\$26,000 \times (1.3115)) + 1,800] = \$18.94$
Social Security & Medicare	7.65	
Health & Dental Insurance	5.25	
Workers Compensation	3.25	
<b>Total</b>	<b>31.15 %</b>	
<b>Description:</b>		
EAS = Employee's Annual Salary		APH = Annual Productive Hours
FBR = Fringe Benefit Rate		PHR = Productive Hourly Rate

- As illustrated in Table 3, both methods produce the same productive hourly rate.

Reimbursement for personnel services includes, but is not limited to, compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include employer's contributions for social security, pension plans, insurance, workmen's compensation insurance and similar payments. These benefits are eligible for reimbursement as long as they are distributed equitably to all activities. Whether these costs are allowable is based on the following presumptions:

- The amount of compensation is reasonable for the service rendered.
- The compensation paid and benefits received are appropriately authorized by the governing board.
- Amounts charged for personnel services are based on payroll documents that are supported by time and attendance or equivalent records for individual employees.
- The methods used to distribute personnel services should produce an equitable distribution of direct and indirect allowable costs.

For each of the employees included in the claim, the claimant must use reasonable rates and hours in computing the wage cost. If a person of a higher-level job position performs an activity which normally would be performed by a lower-level position, reimbursement for time spent is allowable at the average salary range for the lower-level position. The salary rate of the person at the higher level position may be claimed if it can be shown that it was more cost effective in comparison to the performance by a person at the lower-level position under normal circumstances and conditions. The number of hours charged to an activity should reflect the time expected to complete the activity under normal circumstances and conditions. The numbers of hours in excess of normal expected hours are not reimbursable.

**(c) Calculating an Average Productive Hourly Rate**

In those instances where the claiming instructions allow a unit as a basis of claiming costs, the direct labor component of the unit cost should be expressed as an average productive hourly rate and can be determined as follows:

	<u>Time Spent</u>	<u>Productive Hourly Rate</u>	<u>Total Cost by Employee</u>
Employee A	1.25 hrs	\$6.00	\$7.50
Employee B	0.75 hrs	4.50	3.38
Employee C	3.50 hrs	10.00	35.00
Total	5.50 hrs		\$45.88
Average Productive Hourly Rate is $\$45.88 / 5.50 \text{ hrs.} = \$8.34$			

**(d) Employer's Fringe Benefits Contribution**

A local agency has the option of claiming actual employer's fringe benefit contributions or may compute an average fringe benefit cost for the employee's job classification and claim it as a percentage of direct labor. The same time base should be used for both salary and fringe benefits when computing a percentage. For example, if health and dental insurance payments are made annually, use an annual salary. After the percentage of salary for each fringe benefit is computed, total them.

For example:

<u>Employer's Contribution</u>	<u>% of Salary</u>
Retirement	15.00%
Social Security	7.65%
Health and Dental	5.25%
Insurance	0.75%
Worker's Compensation	0.75%
Total	<u>28.65%</u>

**(e) Materials and Supplies**

Only actual expenses can be claimed for materials and supplies, which were acquired and consumed specifically for the purpose of a mandated program. The claimant must list the materials and supplies that were used to perform the mandated activity, the number of units consumed, the cost per unit, and the total dollar amount claimed. Materials and supplies purchased to perform a particular mandated activity are expected to be reasonable in quality, quantity and cost. Purchases in excess of reasonable quality, quantity and cost are not reimbursable. Materials and supplies withdrawn from inventory and charged to the mandated activity must be based on a recognized method of pricing, consistently applied. Purchases shall be claimed at the actual price after deducting discounts, rebates and allowances received by local agencies.

**(f) Calculating a Unit Cost for Materials and Supplies**

In those instances where the claiming instructions suggest that a unit cost be developed for use as a basis of claiming costs mandated by the State, the materials and supplies component of the unit cost should be expressed as a unit cost of materials and supplies as shown in Table 1 or Table 2:

**Table 1 Calculating A Unit Cost for Materials and Supplies**

<b>Supplies</b>	<u>Cost Per Unit</u>	<u>Amount of Supplies Used Per Activity</u>	<u>Unit Cost of Supplies Per Activity</u>
Paper	0.02	4	\$0.08
Files	0.10	1	0.10
Envelopes	0.03	2	0.06
Photocopies	0.10	4	<u>0.40</u>
			<u>\$0.64</u>



**Table 2 Calculating a Unit Cost for Materials and Supplies**

Supplies	Supplies <u>Used</u>	Unit Cost of Supplies <u>Per Activity</u>
Paper (\$10.00 for 500 sheet ream)	250 Sheets	\$5.00
Files (\$2.50 for box of 25)	10 Folders	1.00
Envelopes (\$3.00 for box of 100)	50 Envelopes	1.50
Photocopies (\$0.05 per copy)	40 Copies	<u>2.00</u>
		<u>\$9.50</u>

If the number of reimbursable instances, is 25, then the unit cost of supplies is \$0.38 per reimbursable instance (\$9.50 / 25).

**(g) Contract Services**

The cost of contract services is allowable if the local agency lacks the staff resources or necessary expertise, or it is economically feasible to hire a contractor to perform the mandated activity. The claimant must give the name of the contractor; explain the reason for having to hire a contractor; describe the mandated activities performed; give the dates when the activities were performed, the number of hours spent performing the mandate, the hourly billing rate, and the total cost. The hourly billing rate shall not exceed the rate specified in the claiming instructions for the mandated program. The contractor's invoice, or statement, which includes an itemized list of costs for activities performed, must accompany the claim.

**(h) Equipment Rental Costs**

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the claiming instructions for the particular mandate. Equipment rentals used solely for the mandate are reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. The claimant must explain the purpose and use for the equipment, the time period for which the equipment was rented and the total cost of the rental. If the equipment is used for purposes other than reimbursable activities, only the prorata portion of the rental costs can be claimed.

**(i) Capital Outlay**

Capital outlays for land, buildings, equipment, furniture and fixtures may be claimed if the claiming instructions specify them as allowable. If they are allowable, the claiming instructions for the program will specify a basis for the reimbursement. If the fixed asset or equipment is also used for purposes other than reimbursable activities for a specific mandate, only the prorata portion of the purchase price used to implement the reimbursable activities can be claimed.

**(j) Travel Expenses**

Travel expenses are normally reimbursable in accordance with travel rules and regulations of the local jurisdiction. For some programs, however, the claiming instructions may specify certain limitations on expenses, or that expenses can only be reimbursed in accordance with the State Board of Control travel standards. When claiming travel expenses, the claimant must explain the purpose of the trip, identify the name and address of the persons incurring the expense, the date and time of departure and return for the trip, description of each expense claimed, the cost of transportation,

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number of private auto mileage traveled, and the cost of tolls and parking with receipts required for charges over \$10.00.

**(k) Documentation**

It is the responsibility of the claimant to make available to the SCO, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, contracts, canceled warrants, equipment usage records, land deeds, receipts, employee time sheets, agency travel guidelines, inventory records, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

**8. Indirect Costs**

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

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

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

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

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

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified

as indirect costs are: Planning, Policy Making and Coordination, Fiscal Operations, Human Resources Management, Management Information Systems, Other General Institutional Support Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employees performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Development, Staff Diversity, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher indirect cost percentage if the college can support its allocation basis.

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

Table 4 Indirect Cost Rate for Community Colleges

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 and Instructional Governance	6000					
Academic Administration	6010	2,941,386	105,348	2,836,038	0	2,836,038
Course and Curriculum Develop.	6020	21,595	0	21,595	0	21,595
Academic/Faculty Senate	6030					
Other Instructional Administration & Instructional Governance	6090					
Instructional Support Services	6100					
Learning Center	6110	22,737	863	21,874	0	21,874
Library	6120	518,220	2,591	515,629	0	515,629
Media	6130	522,530	115,710	406,820	0	406,820
Museums and Galleries	6140	0	0	0	0	0
Academic Information Systems and Tech.	6150					
Other Instructional Support Services	6190					
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300					
Counseling and Guidance	6310					
Matriculation and Student Assessment	6320					
Transfer Programs	6330					
Career Guidance	6340					
Other Student Counseling and Guidance	6390					
Other Student Services	6400					
Disabled Students Programs & Services	6420					
Subtotal		\$24,201,764	\$1,576,523	\$22,625,241	\$0	\$22,625,241

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES					FORM FAM-29C	
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Extended Opportunity Programs & Services	6430					
Health Services	6440	0	0	0	0	0
Student Personnel Admin.	6450	289,926	12,953	276,973	0	276,973
Financial Aid Administration	6460	391,459	20,724	370,735	0	370,735
Job Placement Services	6470	83,663	0	83,663	0	83,663
Veterans Services	6480	25,427	0	25,427	0	25,427
Miscellaneous Student Services	6490	0	0	0	0	0
Operation & Maintenance of Plant	6500					
Building Maintenance and Repairs	6510	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	6530	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance and Repairs	6550	596,257	70,807	525,450	0	525,450
Utilities	6570	1,236,305	0	1,236,305	0	1,236,305
Other	6590	3,454	3,454	0	0	0
Planning, Policy Making, and Coordination	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	6710	0	0	0	0	0
Fiscal Operations	6720	634,605	17,270	617,335	553,184	(a) 64,151
Human Resources Management	6730					
Noninstructional Staff Benefits & Incentives	6740					
Staff Development	6750					
Staff Diversity	6760					
Logistical Services	6770					
Management Information Systems	6780					
<b>Subtotal</b>		<b>\$30,357,605</b>	<b>\$1,801,898</b>	<b>\$28,555,707</b>	<b>\$1,118,550</b>	<b>\$27,437,157</b>

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C	
(01) Claimant				(02) Period of Claim			
(03) Expenditures by Activity				(04) Allowable Costs			
Activity	EDP	Total	Adjustments	Total	Indirect	Direct	
General Inst. Sup. Serv. (cont.)	6700						
Other General Institutional Support Services	6790						
Community Services	6800						
Community Recreation	6810	703,858	20,509	683,349	0	683,349	
Community Service Classes	6820	423,188	24,826	398,362	0	398,362	
Community Use of Facilities	6830	89,877	10,096	79,781	0	79,781	
Economic Development	6840						
Other Community Svcs. & Economic Development	6890						
Ancillary Services	6900						
Bookstores	6910	0	0	0	0	0	
Child Development Center	6920	89,051	1,206	87,845	0	87,845	
Farm Operations	6930	0	0	0	0	0	
Food Services	6940	0	0	0	0	0	
Parking	6950	420,274	6,857	413,417	0	413,417	
Student Activities	6960	0	0	0	0	0	
Student Housing	6970	0	0	0	0	0	
Other	6990	0	0	0	0	0	
Auxiliary Operations	7000						
Auxiliary Classes	7010	1,124,557	12,401	1,112,156	0	1,112,156	
Other Auxiliary Operations	7090	0	0	0	0	0	
Physical Property Acquisitions	7100	814,318	814,318	0	0	0	
(05) Total		\$34,022,728	\$2,692,111	\$31,330,617	\$1,118,550	\$30,212,067	
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				3,70233%			
(07) Notes							
(a) Mandated Cost activities designated as direct costs per claim instructions.							

**9. Offset Against Mandated Claims**

As noted previously, allowable costs are defined as those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. When all or part of the costs of a mandated program are specifically reimbursable from local assistance revenue sources (e.g., state, federal, foundation, etc.), only that portion of any increased costs payable from school district funds is eligible for reimbursement under the provisions of GC Section 17561.

**Example 1:**

As illustrated in Table 5, this example shows how the "Offset against State Mandated Claims" is determined for school districts receiving block grant revenues not based on a formula allocation. Program costs for each of the situations equals \$100,000.

**Table 5 Offset Against State Mandates, Example 1**

	<b>Program Costs</b>	<b>Actual Local Assistance Revenues</b>	<b>State Mandated Costs</b>	<b>Offset Against State Mandated Claims</b>	<b>Claimable Mandated Costs</b>
1.	\$100,000	\$95,000	\$2,500	\$-0-	\$2,500
2.	100,000	97,000	2,500	-0-	2,500
3.	100,000	98,000	2,500	500	2,000
4.	100,000	100,000	2,500	2,500	-0-
5.	100,000 *	50,000	2,500	1,250	1,250
6.	100,000 *	49,000	2,500	250	2,250

\* School district share is \$50,000 of the program cost.

Numbers (1) through (4), in Table 5, show intended funding at 100% from local assistance revenue sources. Numbers (5) and (6) show cost sharing on a 50/50 basis with the district. In numbers (1) through (6), included in the program costs of \$100,000 are state mandated costs of \$2,500. The offset against state mandated claims is the amount of actual local assistance revenues which exceeds the difference between program costs and state mandated costs. This offset cannot exceed the amount of state mandated costs.

In (1), local assistance revenues were less than expected. Local assistance funding was not in excess of the difference between program costs and state mandated costs. As a result, the offset against state mandated claims is zero and \$2,500 is claimable as mandated costs.

In (4), local assistance revenues were fully realized to cover the entire cost of the program, including the state mandate activity; therefore, the offset against state mandated claims is \$2,500, and claimable costs are \$0.

In (5), the district is sharing 50% of the project cost. Since local assistance revenues of \$50,000 were fully realized, the offset against state mandated claims is \$1,250.

In (6), local assistance revenues were less than the amount expended and the offset against state mandated claims is \$250. Therefore, the claimable mandated costs are \$2,250.

**Example 2:**

As illustrated in Table 6, this example shows how the offset against state mandated claims is determined for school districts receiving special project funds based on approved actual costs. Local assistance revenues for special projects must be applied proportionately to approved costs.

**Table 6 Offset Against State Mandates, Example 2**

	Program Costs	Actual Local Assistance Revenues	State Mandated Costs	Offset Against State Mandated Claims	Claimable Mandated Costs
1.	\$100,000	\$100,000	\$2,500	\$2,500	\$-0-
2.	100,000 **	75,000	2,500	1,875	625
3.	100,000 **	45,000	1,500	1,125	375

\*\* School district share is \$25,000 of the program cost.

In (2), the entire program cost was approved. Since the local assistance revenue source covers 75% of the program cost, it also proportionately covered 75% of the \$2,500 state mandated costs, or \$1,875.

If in (3) local assistance revenues are less than the amount expected because only \$60,000 of the \$100,000 program costs were determined to be valid by the contracting agency, then a proportionate share of state mandated costs is likewise reduced to \$1,500. The offset against state mandated claims is \$1,125. Therefore, the claimable mandated costs are \$375.

**Federal and State Funding Sources**

The listing in Appendix C is not inclusive of all funding sources that should be offset against mandated claims but contains some of the more common ones. State school fund apportionments and federal aid for education, which are based on average daily attendance and are part of the general system of financing public schools as well as block grants which do not provide for specific reimbursement of costs (i.e., allocation formulas not tied to expenditures), should not be included as reimbursements from local assistance revenue sources.

**Governing Authority**

The costs of salaries and expenses of the governing authority, such as the school superintendent and governing board, are not reimbursable. These are costs of general government as described in the Office of Management and Budget Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments".

**10. Notice of Claim Adjustment**

All claims submitted to the SCO are reviewed to determine if the claim was prepared in accordance with the claiming instructions. If any adjustments are made to a claim, the claimant will receive a "Notice of Claim Adjustments" detailing adjustments made by the SCO.

**11. Audit of Costs**

All claims submitted to the State Controller's Office (SCO) are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the SCO's claiming instructions and the Parameters and Guidelines (P's & G's) adopted by the Commission on State Mandates (COSM). If any adjustments are made to a claim, a "Notice of Claim Adjustment" specifying the claim component adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within 30 days after payment of the claim.

Pursuant to Government Code (GC) Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, must be



retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

On-site audits will be conducted by the SCO as deemed necessary. Accordingly, all documentation to support actual costs claimed must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or amended regardless of the year of costs incurred. When no funds are appropriated for initial claims at the time the claim is filed, supporting documents must be retained for three years from the date of initial payment of the claim. Claim documentation shall be made available to the SCO on request.

## 12. Source Documents

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

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

## 13. Claim Forms and Instructions

A claimant may submit a computer generated report in substitution for Form-1 and Form-2, provided the format of the report and data fields contained within the report are identical to the claim forms included with these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file an estimated or reimbursement claim. The SCO will revise the manual and claim forms as necessary.

### A. Form-2, Component/Activity Cost Detail

This form is used to segregate the detail costs by claim component. In some mandates, specific reimbursable activities have been identified for each component. The expenses reported on this form must be supported by the official financial records of the claimant and copies of supporting documentation, as specified in the claiming instructions, must be submitted with the claims. All supporting documents must be retained for a period of not less than three years after the reimbursement claim was filed or last amended.

### B. Form-1, Claim Summary

This form is used to summarize direct costs by component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from Form-2 and are carried forward to form FAM-27.

Community colleges have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21) or form FAM-29C.

### C. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized officer of the county. All applicable information from Form-1 must be carried forward onto this form in order for the SCO to process the claim for payment. An original and one copy of the FAM-27 is required.

Claims should be rounded to the nearest dollar. Submit a signed original and one copy of form FAM-27, Claim for Payment, and all other forms and supporting documents (**To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.**) Use the following mailing addresses:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
Other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## 14. RETENTION OF CLAIMING INSTRUCTIONS

For your convenience, the revised claiming instructions in this package have been arranged in alphabetical order by program name. These revisions should be inserted in the School Mandated Cost Manual and the old forms they replace should be removed. The instructions should then be retained permanently for future reference, and the forms should be duplicated to meet your filing requirements. Annually, updated forms and any other information or instructions claimants may need to file claims, as well as instructions and forms for all new programs released throughout the year will be placed on the SCO's web site at [www.sco.ca.gov/ard/local/locrim/index/shtml](http://www.sco.ca.gov/ard/local/locrim/index/shtml).

If you have any questions concerning mandated cost reimbursements, please write to us at the address listed for filing claims, send e-mail to [lrsdar@sco.ca.gov](mailto:lrsdar@sco.ca.gov), or call the Local Reimbursements Section at (916) 324-5729.

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the SCO's claiming instructions and the COSM's P's and G's. If any adjustments are made to a claim, a "Notice of Claim Adjustment" specifying the claim component adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within 30 days after payment of the claim.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a school district is subject to audit by the State Controller no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and shall be made available to the SCO on request.



Fiscal Year

2003 - 2004

# SixTen and Associates

## Mandate Reimbursement Services

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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

December 13, 2004

CERTIFIED MAIL # 7003 1010 0003 2876 7418

Ms. Virginia Brummels, Section Manager  
Local Reimbursement Section  
Division of Accounting and Reporting  
Office of the State Controller  
P.O. Box 942850  
Sacramento, CA 94250

Claim File Copy

Dear Ms. Brummels:

Re: Annual Reimbursement Claim  
Long Beach Community College District CC19250

Enclosed please find the original claim and an extra copy of the FAM-27 for Long Beach Community College District's reimbursement claim listed below:

1/84	Health Fee Elimination	2003-2004
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If you have any questions regarding these claims, please contact me at (858) 514-8605.

Sincerely,



Keith B. Petersen

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

For State Controller Use only

(19) Program Number 00234  
(20) Date Filed \_\_\_/\_\_\_/\_\_\_  
(21) LRS Input \_\_\_/\_\_\_/\_\_\_

**Program**  
**234**

LABELLER	(01) Claimant Identification Number: <span style="float: right;">CC19250</span>		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name <span style="float: right;">Long Beach Community College District</span>		(22) HFE-1.0, (04)(b)	267,154
	(03) County of Location <span style="float: right;">Los Angeles</span>		(23)	
	(04) Street Address <span style="float: right;">4901 East Carson Street</span>		(24)	
	(05) City Long Beach	(06) State CA	(07) Zip Code 90808	(25)

Type of Claim	Estimated Claim	Reimbursement Claim	
(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)	
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)	
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)	
(06) Fiscal Year of Cost <span style="float: right;">2004-2005</span>	(12) Fiscal Year of Cost <span style="float: right;">2003-2004</span>	(29)	
(07) Total Claimed Amount \$ <span style="float: right;">293,000</span>	(13) Total Reimbursed Amount \$ <span style="float: right;">267,154</span>	(30)	
Less: 10% Late Penalty	(14)	(31)	
Less: Prior Claim Payment Received	(15)	(32)	
Net Claimed Amount	(16)	(33)	
(08) Due from State \$ <span style="float: right;">293,000</span>	(17) Due from State \$ <span style="float: right;">267,154</span>	(34)	
Due to State	(18)	(35)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK) Date

*Irma Ramos* 12-7-04

Irma Ramos Administrative Dean, Human Resources

Type or Print Name Title

(38) Name of Contact Person for Claim Telephone Number: (858) 514-8605

SixTen and Associates E-mail Address: kbpsixten@aol.com

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
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(01) Claimant:  Long Beach Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2003-2004
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**(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)**

(a) Name of College	(b) Claimed Amount
1. Long Beach City College	\$267,153.53
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)] <b>\$ 267,154</b>

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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(01) Claimant: Long Beach Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2003-2004
---	--	--------------------------

(03) Name of College: Long Beach City College

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

LESS                       SAME                       MORE

	Direct Cost	Indirect Cost of: 33.21%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 459,618	\$ 152,639	\$ 612,257
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 459,618	\$ 152,639	\$ 612,257

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

Collection Period	(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:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 344,231
(10) Subtotal	[Line (07) - line (09)]	\$ 268,026

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 872.00
	[Line (10) - (line (11) + line (12))]
	\$ 267,154



LONG BEACH COMMUNITY COLLEGE DISTRICT  
CALCULATION OF INDIRECT COST RATE,  
FISCAL YEAR  
2002-2003

FOR 2003-2004 CLAIMS

REFERENCE (CCFS 311)	DESCRIPTION	2002-2003
<b>INSTRUCTIONAL ACTIVITY</b>		
	Instructional Costs	
	Instructional Salaries and Benefits	44,398,584
	Instructional Operating Expenses	1,795,008
	Instructional Support Instructional Salaries and Benefits	0
	Auxiliary Operations Instructional Salaries and Benefits	0
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>46,193,592</b>
	<b>Non-Instructional Costs</b>	
	Non-Instructional Salaries and Benefits	2,834,609
	Instructional Admin. Salaries and Benefits	2,963,643
	Instructional Admin. Operating Expenses	267,591
	Auxiliary Classes Non-Inst. Salaries and Benefits	0
	Auxiliary Classes Operating Expenses	0
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>6,065,843</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>52,259,435</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	3,148,189
	Instructional Support Services Operating Expenses	223,217
	Admissions and Records	2,058,380
	Counseling and Guidance	5,400,767
	Other Student Services	6,700,227
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>17,530,771</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>	<b>69,790,206</b>
	Indirect Support Costs	
	Operation and Maintenance of Plant	7,598,562
	Planning and Policy Making	4,033,846
	General Instructional Support Services	11,542,031
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>23,174,439</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>	<b>92,964,645</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
Indirect Support Costs Allocation Rate =	Total Indirect Support Costs (6)	33.21%
	Total Instructional Activity Costs and Direct Support Costs (5)	
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4)	33.55%
	Total Instructional Activity Costs (3)	
Total Support Cost Allocation		66.75%

<b>Program</b> <b>029</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>HFE-2</b>
------------------------------	--	-----------------------------

(01) Claimant Long Beach Community College District	(02) Fiscal Year costs were incurred: 2003-2004
--	--

(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		
Dermatology, Family practice		
Internal Medicine		
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.)		
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports	X	X
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service	X	X
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling		
Substance Abuse Identification and Counseling	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems; list		
Examinations, minor illnesses		
Recheck Minor Injury	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



<b>Program</b> <b>029</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>HFE-2</b>
------------------------------	--	-----------------------------

(01) Claimant Long Beach Community College District	(02) Fiscal Year costs were incurred: 2003-2004
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b>		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies	X	X
 <b>Tests</b>		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG		
Strep A Testing	X	X
PG Testing		
Monospot		
Hemacult		
Others, list		
 <b>Miscellaneous</b>		
Absence Excuses/PE Waiver	X	X
Allergy Injections		
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	X
Others, list	X	X
 <b>Committees</b>		
Safety	X	X
Environmental		
Disaster Planning	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X

**Fiscal Year**

**2004 - 2005**

# SixTen and Associates

## Mandate Reimbursement Services

Claim File Copy

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

January 17, 2006

*7005 1870 0006 2586 7085*  
CERTIFIED MAIL #7004 2510 0004 4007 0701

Ms. Virginia Brummels, Section Manager  
Local Reimbursement Section  
Division of Accounting and Reporting  
Office of the State Controller  
P.O. Box 942850  
Sacramento, CA 94250

RE: Annual Reimbursement Claim  
Long Beach Community College District CC19250

Dear Ms. Brummels:

Enclosed please find the original claim and an extra copy of the FAM-27 for Long Beach Community College District's reimbursement claim listed below:

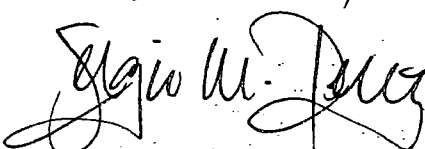
1/84

Health Fee Elimination

2004-2005

If you have any questions regarding this claim, please contact me at (858) 514-8605.

Sincerely,



Sergio M. Perez, Vice-President  
Claims Processing Manager

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

For State Controller Use only  
 (19) Program Number 00234  
 (20) Date Filed \_\_\_/\_\_\_/\_\_\_  
 (21) LRS Input \_\_\_/\_\_\_/\_\_\_

**Program**  
**234**

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(01) Claimant Identification Number: CC 19250		<b>Reimbursement Claim Data</b>	
(02) Claimant Name Long Beach Community College District		(22) HFE-1.0, (04)(b)	305,960
County of Location Los Angeles		(23)	
Street Address 4901 East Carson Street		(24)	
City Long Beach	State CA	Zip Code 90808	(25)

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06) 2005-2006	(12) <del>2004-2005</del>	(30)
Total Claimed Amount	(07) \$ 336,000	(13) \$ 305,960	(31)
Less: 10% Late Penalty		(14) \$ -	(32)
Less: Prior Claim Payment Received		(15) \$ -	(33)
Net Claimed Amount		(16) \$ 305,960	(34)
Due from State	(08) \$ 336,000	(17) \$ 305,960	(35)
Due to State		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK) Date

*Irma Ramos* 1/10/06

---

Irma Ramos Administrative Dean, Human Resources

Type or Print Name Title

(38) Name of Contact Person for Claim

SixTen and Associates Telephone Number: (858) 514-8605

E-mail Address: kbpsixten@aol.com

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

(01) Claimant:  Long Beach Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year	2004-2005
---	--	-------------	-----------

**(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. Long Beach City College	\$305,960.19
2.	
3.	
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<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 305,960
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<b>PROGRAM</b> <b>104</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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(01) Claimant: Long Beach Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year: 2004-2005
---	--	---------------------------

(03) Name of College: Long Beach City College

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

LESS                       SAME                       MORE

	Direct Cost	Indirect Cost of: 32.33%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 439,167	\$ 141,983	\$ 581,150
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 439,167	\$ 141,983	\$ 581,150

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

Collection Period	(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: The sum of (Line (08)(1)(c) through line (08)(6)(c)) \$ 274,352

(10) Subtotal [Line (07) - line (09)] \$ 306,798

**Cost Reduction**

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

(12) Less: Other Reimbursements, if applicable \$ 838.00

(13) Total Amount Claimed [Line (10) - {line (11) + line (12)}] \$ 305,960

<b>Program</b> <b>029</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>HFE-2</b>	
(01) Claimant Long Beach Community College District	(02) Fiscal Year costs were incurred: 2004-2005		
(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			
Dermatology, Family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.,)			
Psychologist, full services	X	X	
Cancel/Change Appointments	X	X	
Registered Nurse	X	X	
Check Appointments	X	X	
Assessment, Intervention and Counseling			
Birth Control	X	X	
Lab Reports	X	X	
Nutrition	X	X	
Test Results, office	X	X	
Venereal Disease	X	X	
Communicable Disease	X	X	
Upper Respiratory Infection	X	X	
Eyes, Nose and Throat	X	X	
Eye/Vision	X	X	
Dermatology/Allergy	X	X	
Gynecology/Pregnancy Service	X	X	
Neuralgic	X	X	
Orthopedic	X	X	
Genito/Urinary	X	X	
Dental	X	X	
Gastro-Intestinal	X	X	
Stress Counseling	X	X	
Crisis Intervention	X	X	
Child Abuse Reporting and Counseling			
Substance Abuse Identification and Counseling	X	X	
Acquired Immune Deficiency Syndrome	X	X	
Eating Disorders	X	X	
Weight Control	X	X	
Personal Hygiene	X	X	
Burnout			
Other Medical Problems; list			
Examinations, minor illnesses	X	X	
Recheck Minor Injury			
Health Talks or Fairs, Information			
Sexually Transmitted Disease	X	X	
Drugs	X	X	
Acquired Immune Deficiency Syndrome	X	X	
Child Abuse			

<b>Program</b> <b>029</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>HFE-2</b>	
(01) Claimant Long Beach Community College District		(02) Fiscal Year costs were incurred: 2004-2005	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning		X	X
Stop Smoking		X	X
Library, Videos and Cassettes		X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
Diphtheria/Tetanus		X	X
Measles/Rubella			
Influenza			
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			
Physical Examinations			
Employees			
Students			
Athletes		X	X
Medications			
Antacids		X	X
Antidiarrheal		X	X
Aspirin, Tylenol, etc.;		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X
Ear Drops			
Toothache, oil cloves		X	X
Stingkill		X	X
Midol, Menstrual Cramps		X	X
Other, list-->		X	X
Parking Cards/Elevator Keys			
Tokens			
Return Card/Key			
Parking Inquiry		X	X
Elevator Passes			
Temporary Handicapped Parking Permits		X	X



**Fiscal Year**

**2005 - 2006**

# Sixten and Associates Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President  
E-Mail: Kbpsixten@aol.com

**San Diego**  
5252 Balboa Avenue, Suite 900  
San Diego, CA 92117  
Telephone: (858) 514-8605  
Fax: (858) 514-8645

**Sacramento**  
3841 North Freeway Blvd., Suite 170  
Sacramento, CA 95834  
Telephone: (916) 565-6104  
Fax: (916) 564-6103

Claim File Copy

June 26, 2007

CERTIFIED MAIL # 7006 3450 0000 3941 8536

Ms. Virginia Brummels, Section Manager  
Local Reimbursement Section  
Division of Accounting and Reporting  
Office of the State Controller  
P.O. Box 942850  
Sacramento, CA 94250

RE: Annual Reimbursement Claim  
Long Beach Community College District CC 19250

Dear Ms. Brummels:

Enclosed please find the original claim and an extra copy of the FAM-27 for Long Beach Community College District's reimbursement claim listed below:

1/84

Health Fee Elimination

2005-2006

If you have any questions regarding this claim, please contact me at (858) 514-8605.

Sincerely,

  
for Keith B. Petersen, President

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

For State Controller's Use only  
(19) Program Number 00234  
(20) Date Filed \_\_\_/\_\_\_/\_\_\_  
(21) LRS Input \_\_\_/\_\_\_/\_\_\_

**Program**  
**234**

LABELE	(01) Claimant Identification Number: CC 19250		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name: Long Beach Community College District			
	County of Location: Los Angeles		(23)	
	Street Address: 4901 East Carson Street		(24)	
	City: Long Beach	State: CA	Zip Code: 90808	(25)

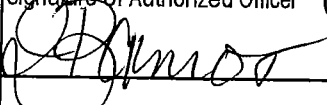
Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06)	(12) 2005-2006	(30)
Total Claimed Amount	(07)	(13) \$ 297,420	(31)
Less: 10% Late Penalty, not to exceed \$1,000		(14) \$ 1,000	(32)
Less: Prior Claim Payment Received		(15) \$ -	(33)
Net Claimed Amount		(16) \$ 296,420	(34)
Due from State	(08)	(17) \$ 296,420	(35)
Due to State		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK)  


Date  
6-15-07

Irma Ramos  
Type or Print Name

Administrative Dean, Human Resources  
Title

Name of Contact Person for Claim  
SixTen and Associates

Telephone Number: (858) 514-8605  
E-mail Address: kbpsixten@aol.com

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

(01) Claimant:  Long Beach Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2005-2006
---	--	------------------------------

**(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. Long Beach City College	\$ 297,420
2.	
3.	
4.	
5.	
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<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 297,420
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<b>PROGRAM</b> <span style="font-size: 2em; font-weight: bold;">34</span>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
--	--	-------------------------------

(01) Claimant: Long Beach Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> <input type="checkbox"/> Estimated <input type="checkbox"/> <input type="checkbox"/>	Fiscal Year 2005-2006
---	--	--------------------------

(03) Name of College: Long Beach City College

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

LESS                       SAME                       MORE

	Direct Cost	Indirect Cost of: 33.86%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 451,512	\$ 152,882	\$ 604,394
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 451,512	\$ 152,882	\$ 604,394

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

Collection Period	(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:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 305,891
(10) Subtotal	[Line (07) - line (09)]	\$ 298,503

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ 1,083
(13) Total Amount Claimed	\$ 297,420

<b>Program</b> <b>234</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant Long Beach Community College District		(02) Fiscal Year costs were incurred: 2005-2006		
(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				
Dermatology, Family practice				
Internal Medicine				
Outside Physician				
Dental Services				
Outside Labs, (X-ray, etc.,)				
Psychologist, full services		X	X	
Cancel/Change Appointments		X	X	
Registered Nurse		X	X	
Check Appointments		X	X	
Assessment, Intervention and Counseling				
Birth Control		X	X	
Lab Reports		X	X	
Nutrition		X	X	
Test Results, office		X	X	
Venereal Disease		X	X	
Communicable Disease		X	X	
Upper Respiratory Infection		X	X	
Eyes, Nose and Throat		X	X	
Eye/Vision		X	X	
Dermatology/Allergy		X	X	
Gynecology/Pregnancy Service		X	X	
Neuralgic		X	X	
Orthopedic		X	X	
Genito/Urinary		X	X	
Dental		X	X	
Gastro-Intestinal		X	X	
Stress Counseling		X	X	
Crisis Intervention		X	X	
Child Abuse Reporting and Counseling				
Substance Abuse Identification and Counseling		X	X	
Acquired Immune Deficiency Syndrome		X	X	
Eating Disorders		X	X	
Weight Control		X	X	
Personal Hygiene		X	X	
Burnout				
Other Medical Problems, list				
Examinations, minor illnesses		X	X	
Recheck Minor Injury				
Health Talks or Fairs, Information		X	X	
Sexually Transmitted Disease		X	X	
Drugs		X	X	
Acquired Immune Deficiency Syndrome		X	X	
Child Abuse				

**Program**  
**234**

**MANDATED COSTS**  
**1/84 HEALTH FEE ELIMINATION**  
**COMPONENT/ACTIVITY COST DETAIL**

**FORM**  
**HFE-2**

(01) Claimant  
Long Beach Community College District

(02) Fiscal Year costs were incurred:  
2005-2006

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

	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning	X	X
Stop Smoking	X	X
Library, Videos and Cassettes	X	X
First Aid, Major Emergencies	X	X
First Aid, Minor Emergencies	X	X
First Aid Kits, Filled	X	X
Immunizations		
Diphtheria/Tetanus	X	X
Measles/Rubella		
Influenza		
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		
Physical Examinations		
Employees		
Students		
Athletes	X	X
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X
Ear Drops		
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps	X	X
Other, list-->	X	X
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry	X	X
Elevator Passes		
Temporary Handicapped Parking Permits	X	X

<b>Program</b> <b>234</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>HFE-2</b>
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(01) Claimant Long Beach Community College District	(02) Fiscal Year costs were incurred: 2005-2006
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b>		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies	X	X
<b>Tests</b>		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG		
Strep A Testing	X	X
PG Testing		
Monospot		
Hemacult		
Others, list		
<b>Miscellaneous</b>		
Absence Excuses/PE Waiver	X	X
Allergy Injections		
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		
Wart Removal	X	X
Others, list	X	X
<b>Committees</b>		
Safety	X	X
Environmental		
Disaster Planning	X	X