

**ITEM 3**  
**INCORRECT REDUCTION CLAIM**  
**PROPOSED DECISION**

Former Education Code Section 72246 (Renumbered as 76355)<sup>1</sup>  
Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1); and  
Statutes 1987, Chapter 1118 (AB 2336)

*Health Fee Elimination*

Fiscal Years 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007

10-4206-I-35

San Mateo County Community College District, Claimant

---

**TABLE OF CONTENTS**

**Exhibit A**

Incorrect Reduction Claim (IRC), filed November 29, 2010 ..... 1-156

**Exhibit B**

State Controller’s Office (Controller’s) Late Comments on the IRC, filed December 2, 2014  
..... 1-148

**Exhibit C**

Draft Proposed Decision, issued March 17, 2017 ..... 1-40

**Exhibit D**

Controller’s Comments on the Draft Proposed Decision, filed March 24, 2017..... 1-6

**Exhibit E**

Claimant’s Comments on the Draft Proposed Decision, filed April 6, 2017 ..... 1-6

**Exhibit F**

Supporting Documentation ..... 1-410

School Mandated Cost Manual Excerpt Updated December 27, 2005  
(2004-2005 Reimbursement Claims)

OMB Circular A-21 Excerpt

---

<sup>1</sup> Statutes 1993, chapter 8.

# SixTen and Associates

## Mandate Reimbursement Services

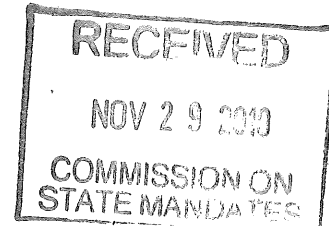
Exhibit A

KEITH B. PETERSEN, President

San Diego  
5252 Balboa Avenue, Suite 900  
San Diego, CA 92117  
Telephone: (858) 514-8605  
Fax: (858) 514-8645  
[www.sixtenandassociates.com](http://www.sixtenandassociates.com)

Sacramento  
3270 Arena Blvd., Suite 400-363  
Sacramento, CA 95834  
Telephone: (916) 419-7093  
Fax: (916) 263-9701  
E-Mail: [kbpsixten@aol.com](mailto:kbpsixten@aol.com)

November 24, 2010



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

RE: Health Fee Elimination #2  
Fiscal Years: 2002-03 through 2006-07  
Incorrect Reduction Claim

Dear Ms. Higashi:

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

Kathy Blackwood, Chief Financial Officer  
San Mateo County Community College District  
3401 CSM Drive  
San Mateo, CA 94402-3651  
Phone: 650-358-6869  
Fax: 650-574-6574  
E-Mail: [blackwoodk@smccd.edu](mailto:blackwoodk@smccd.edu)

Thank-you.

Sincerely,

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

Keith B. Petersen

# COMMISSION ON STATE MANDATES

## 1. INCORRECT REDUCTION CLAIM TITLE

San Mateo County Community College District

1/84, 1118/87 Health Fee Elimination #2

This is the second incorrect reduction claim filed by the District for this mandate program.

## 2. CLAIMANT INFORMATION

Kathy Blackwood, Chief Financial Officer  
San Mateo County Community College District  
3401 CSM Drive  
San Mateo, CA 94402-3651  
Phone: 650-358-6869  
Fax: 650-574-6574  
E-Mail: blackwoodk@smccd.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  
Sacramento, CA 95834  
Voice: (916) 419-7093  
Fax: (916) 263-9701  
E-mail: Kbpsixten@aol.com

## 4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

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

Statutes of 1987, Chapter 1118

For OSM Use Only - ED	
Filing Date:	NOV 29 2010
COMMISSION ON STATE MANDATES	
IRC #:	

## 5. AMOUNT OF INCORRECT REDUCTION

<u>Fiscal Year</u>	<u>Amount of Reduction</u>
2002-03	\$205,050
2003-04	\$ 97,600
2004-05	\$135,148
2005-06	\$143,683
2006-07	\$200,453
TOTAL:	\$781,934

## 6. NOTICE OF NO INTENT TO CONSOLIDATE

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

Sections 7-14 are attached as follows:

7. Written Detailed Narrative:	Pages 1 to 32
8. SCO Results of Review Letters:	Exhibit <u>A</u>
9. Parameters and Guidelines:	Exhibit <u>B</u>
10. SCO Claiming Instructions:	Exhibit <u>C</u>
11. SCO Audit Report:	Exhibit <u>D</u>
12. Chancellor's Letter:	Exhibit <u>E</u>
13. SCO Mandated Cost Manual:	Exhibit <u>F</u>
14. Annual Reimbursement Claims:	Exhibit <u>G</u>

## 15. 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.

Kathy Blackwood, Chief Financial Officer

  
Signature

  
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 **SAN MATEO COUNTY** ) Education Code Section 76355  
20 **Community College District,** )  
21 ) **Health Fee Elimination #2**  
22 )  
23 Claimant. ) Annual Reimbursement Claims:  
24 )  
25 ) Fiscal Year 2002-03  
26 ) Fiscal Year 2003-04  
27 ) Fiscal Year 2004-05  
28 ) Fiscal Year 2005-06  
29 ) Fiscal Year 2006-07  
30 \_\_\_\_\_)

31 INCORRECT REDUCTION CLAIM FILING

32 PART I. AUTHORITY FOR THE CLAIM

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

1 subdivision (d) of Section 17561.” San Mateo County Community College District  
2 (hereafter “District” or “Claimant”) is a school district as defined in Government Code  
3 Section 17519. Title 2, CCR, Section 1185 (a), requires the claimant to file an incorrect  
4 reduction claim with the Commission.

5 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),  
6 requires incorrect reduction claims to be filed no later than three years following the  
7 date of the Controller’s remittance advice notifying the claimant of a reduction. A  
8 Controller’s audit report dated September 23, 2009, has been issued. The audit report  
9 constitutes a demand for repayment and adjudication of the claim. The Claimant also  
10 received five “result of review” letters dated October 28, 2009, reporting the audit  
11 results and amounts due the state and this constitutes a payment adjudication. Copies  
12 of these letters are attached as Exhibit “A.”

13 There is no alternative dispute resolution process available from the Controller’s  
14 office. The audit report transmittal letter states that an incorrect reduction claim should  
15 be filed with the Commission if the claimant disagrees with the findings.

## 16 PART II. SUMMARY OF THE CLAIM

17 The Controller conducted a field audit of the District’s annual reimbursement  
18 claims for the actual costs of complying with the legislatively mandated Health Fee  
19 Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and  
20 Chapter 1118, Statutes of 1987) for the period of July 1, 2002, through June 30, 2007.  
21 As a result of the audit, the Controller determined that \$781,934 of the claimed costs

Incorrect Reduction Claim of San Mateo County Community College District  
1/84; 1118/87 Health Fee Elimination #2

---

1 were unallowable:

2	Fiscal	Amount	Audit	SCO	Amount Due
3	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u>&lt;State&gt; District</u>
4					
5	2002-03	\$340,276 <sup>1</sup>	\$205,050	\$307,148	<\$171,922>
6	2003-04	\$233,210	\$97,600	\$0	\$135,610
7	2004-05	\$314,446	\$135,148	\$0	\$179,298
8	2005-06	\$350,955 <sup>2</sup>	\$143,683	\$0	\$207,272
9	2006-07	<u>\$394,693</u>	<u>\$200,453</u>	<u>\$0</u>	<u>\$194,240</u>
10	Totals	\$1,633,580	\$781,934	\$307,148	\$544,498

11 The audit report states that the District has been paid \$307,148 for these claims and  
12 concludes that \$544,498 is due to the District.

13 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

14 On September 1, 2005, the District filed an incorrect reduction claim for this  
15 mandate program for FY 1999-00, FY 2000-01, and FY 2001-02, that is pending  
16 Commission action. The District is not aware of any other incorrect reduction claims  
17 having been adjudicated on the specific issues or subject matter raised by this incorrect  
18 reduction claim.

---

<sup>1</sup> The original claim amount was \$341,276. The original claim had erroneously reported a 10% late-filing penalty (\$34,128) due to some contemporaneous confusion regarding a recent change in the Government Code section pertaining to late-filing penalties. The unlimited 10% rate applies only to "initial," that is, new program annual claims, and not to "ongoing" program annual claims as is the case here and the penalty is properly limited by the audit to \$1,000.

<sup>2</sup> \$360,955 less \$10,000 late filing penalty.

1   PART IV. BASIS FOR REIMBURSEMENT

2     1.     Mandate Legislation

3             Chapter 1, Statutes of 1984, 2nd Extraordinary Session, repealed Education  
4     Code Section 72246 and added new Education Code Section 72246, which authorized  
5     community college districts to charge a student health services fee for the purposes of  
6     providing health supervision and services, and operating student health centers. This  
7     statute also required that the scope of student health services provided by any  
8     community college district during the 1983-84 fiscal year be maintained at that level in  
9     the 1984-85 fiscal year and every year thereafter. The provisions of this statute were to  
10    automatically repeal on December 31, 1987.

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

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

20            Chapter 8, Statutes of 1993, repealed Education Code Section 72246, and

1 added Education Code Section 76355<sup>3</sup> containing substantially the same provisions as

---

<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



1 former Section 72246, effective April 15, 1993.

2 Chapter 320, Statutes of 2005, effective January 1, 2006, amended Education  
3 Code Section 76355 to remove the fee exemption for low-income students under  
4 76355(c)(3).

5 2. Test Claim

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

11 On November 20, 1986, the Commission on State Mandates determined that  
12 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon  
13 community college districts by requiring any community college district that provided

---

professionals for athletic events, any deductible portion of accident claims filed for athletic team members, or any other expense that is not available to all students. No student shall be denied a service supported by student health fees on account of participation in athletic programs.

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

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

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

1 student health services for which it was authorized to charge a fee pursuant to former  
2 Section 72246 in the 1983-1984 fiscal year, to maintain student health services at that  
3 level in the 1984-1985 fiscal year and each fiscal year thereafter.

4 On April 27, 1989, the Commission on State Mandates determined that Chapter  
5 1118, Statutes of 1987, amended this requirement to apply to all community college  
6 districts that provided student health services in fiscal year 1986-1987, and required  
7 them to maintain that level of student health services in fiscal year 1987-1988 and each  
8 fiscal year thereafter.

9 3. Parameters and Guidelines

10 On August 27, 1987, the original parameters and guidelines were adopted. On  
11 May 25, 1989, those parameters and guidelines were amended. A copy of the May 25,  
12 1989, parameters and guidelines is attached as Exhibit "B."

13 4. Claiming Instructions

14 The Controller has periodically issued or revised claiming instructions for the  
15 Health Fee Elimination mandate. A copy of the September 2003 revision of the claiming  
16 instructions is attached as Exhibit "C." The September 2003 claiming instructions are  
17 believed to be substantially similar to the version used at the time the claims that are  
18 the subject of this incorrect reduction claim were filed. However, because the  
19 Controller's claim forms and instructions have not been adopted as regulations, they  
20 have no force of law and no effect on the outcome of this claim.

21 PART V. STATE CONTROLLER CLAIM ADJUDICATION

1           The Controller conducted an audit of the District's annual reimbursement claims  
2 for Fiscal Years 2002-03, 2003-04, 2004-05, 2005-06, and 2006-07. The audit  
3 concluded that \$851,646 of the District's costs claimed were allowable, and \$781,934  
4 was unallowable. A copy of the September 23, 2009, audit report is attached as Exhibit  
5 "D."

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

7           By letter dated July 22, 2009, the Controller transmitted a copy of the draft audit  
8 report. The District objected to the proposed adjustments set forth in the draft audit  
9 report by letter dated August 7, 2009. A copy of the District's response is included in  
10 Exhibit "D," the final audit report. The Controller then issued the final audit report on  
11 September 23, 2009, without any substantive changes.

12           PART VII. STATEMENT OF THE ISSUES

13           **Finding 1 - Unallowable services and supplies**

14           The audit report asserts that the District claimed unallowable services and  
15 supplies in the amount of \$61,288 for the audit period consisting of health fair related  
16 expenses and bad debt expense from uncollectible student health services fees.

17           A.    Health Fair Expenses

18           The audit report states that \$7,976 in claimed costs is unallowable because  
19 "[f]ood and promotional item expenditures are not required to maintain health services  
20 at the level that the district provided during fiscal year (FY) 1986-87." The audit report  
21 cites Government Code Section 17514 for the proposition that "mandated costs" are

1 “increased costs that the district is *required* to incur.” The parameters and guidelines  
2 include health fairs as a mandated activity, so the related costs are mandated. The  
3 audit report cites the Controller’s audit authority located at Section 17561 to “reduce  
4 any excessive or unreasonable claim.” Therefore, the issue becomes whether these  
5 required activities are excessive or unreasonable.

6 The audit report does not assert the cost of the promotional items, that average  
7 less than \$2,000 for each fiscal year, is excessive. In fact, the amount disallowed is  
8 less than ten cents per student enrolled. The audit report simply asserts that districts  
9 are not “required” to incur these costs in order “to complete the activity of providing  
10 health information to those who inquire,” without demonstrating that this is true. This  
11 unsupported and subjective determination cannot be the basis for an audit finding of  
12 unallowable costs, particularly because the parameters and guidelines specifically  
13 provide for health fair expenses as reimbursable costs under the Health Fee Elimination  
14 mandate.

15 The audit report enumerates most of the list of information topics for “Health  
16 Talks or Fairs-Information” from page 3 of the parameters and guidelines, but the audit  
17 report enumeration stops after “smoking” and does not include the “etc.,” which means  
18 any content limitation suggested by the audit report is misrepresentative of the  
19 parameters and guidelines. Complete or not, the enumeration just describes the  
20 content of the health fair presentation and is not determinative of the issue of  
21 reasonableness of the promotional costs, or any other supply or equipment cost. The

1 purpose of health fairs is to effectively communicate health information to the student  
2 population in general, which requires that the students attend the health fair. The  
3 promotional materials are intended to promote attendance at the health fair. The audit  
4 report has stated no basis for evaluating the methods that the District has determined  
5 are needed to accomplish this goal. Therefore, the Controller has no basis for stating  
6 that the expenses identified are not reimbursable

7 Section V of the parameters and guidelines lists health fairs as a reimbursable  
8 activity. The audit report misconstrues the list of health fair subject matter as a basis to  
9 disallow the cost of the promotional items because these items are not listed. These  
10 promotional items are supplies that were properly claimed by the District as “a direct  
11 cost of the mandate” as required by the parameters and guidelines (Part VI. B. 2.). The  
12 parameters and guidelines do not dictate any particular health fair related expenses as  
13 reimbursable or non-reimbursable. All current period reasonable expenses related to  
14 health fairs are reimbursable so long as the claimant provided health fairs in the base  
15 year.

16 B. Uncollectible Student Health Services Fees

17 The audit report states that \$53,312 in claimed costs are unallowable because  
18 they represent a bad debt expense from uncollectible student health services fees. The  
19 audit report cites Section 17514 to conclude that “[b]ad debt expense is not a cost the  
20 district is *required* to incur.” As a practical matter, college districts do not incur this cost  
21 as a discretionary activity, the cost is forced upon the districts by those students who do

1 not pay their fees. The District makes a diligent effort to collect all fees, but at some  
2 point the administrative cost (not a program cost) of collecting a \$13 debt becomes  
3 cost-ineffective.

4 The District reported its gross student health service fee income as revenue and  
5 also its uncollected amounts as an expense, an appropriate application of generally  
6 accepted accounting principles. In the alternative, the District could have reported its  
7 student health service income net of uncollectible amounts, but the net effect to the  
8 general ledger is the same. The audit report asserts that “revenue accounting principles  
9 are irrelevant to mandated cost reimbursement” because the parameters and  
10 guidelines require authorized health services fees (as discussed in Finding 4), rather  
11 than those fees actually collected, to be deducted and thus any uncollectible amounts  
12 are therefore “not relevant.” The Controller policy then is that uncollectible revenues,  
13 either as a reduction of total revenues or as a bad debt expense, does not affect the  
14 calculation of student health service fees offset because “[n]either statutory language  
15 nor the parameters and guidelines include any provision to deduct ‘uncollectible’ fees  
16 from the authorized health service fees.” To the contrary, the District is required to  
17 report either net revenue or gross revenue and bad debt expense for purposes of the  
18 annual CCSF-311 report and for the annual financial statements that are by state law  
19 subject to review and approval by certified public accountants.

20 /

21 /

Incorrect Reduction Claim of San Mateo County Community College District  
 1/84; 1118/87 Health Fee Elimination #2

---

1 **Finding 2 - Overstated indirect costs**

2		Audited	Adjustment	Auditor's
3	<u>Fiscal Year</u>	<u>Rate</u>	<u>Amount</u>	<u>Reason</u>
4	2002-03	30.00%	<\$12,414>	Limited to salary and benefits
5	2003-04	30.00%	<\$ 8,884>	Limited to salary and benefits
6	2004-05	29.25%	< \$ 4,896>	Claiming instructions do not allow federal rate
7	2005-06	31.68%	\$ 5,241	Claiming instructions do not allow federal rate
8	2006-07	33.72%	<u>\$20,062</u>	Claiming instructions do not allow federal rate
9	Total		<\$ 891>	

10 The audit report asserts that the District overstated indirect costs by \$891 for the  
 11 audit period. For FY 2002-03 and FY 2003-04, the audit report concludes that the  
 12 District incorrectly applied the federally approved indirect cost rate to total direct costs  
 13 rather than just salary and benefits. For FY 2004-05, FY 2005-06, and FY 2006-07, the  
 14 auditor recalculated the District's indirect cost rates utilizing the FAM-29C method  
 15 according to the Controller's claiming instructions because the Controller's policy does  
 16 not allow use of a federally approved rate after FY 2003-04.

17 FY 2002-03 and FY 2003-04

18			Claimed		Audited
19	<u>Fiscal Year</u>	<u>Rate</u>	<u>Source</u>	<u>Rate</u>	<u>Difference</u>
20	FY 2002-03	30.00%	Federal	30.00%	Salary and benefits only
21	FY 2003-04	30.00%	Federal	30.00%	Salary and benefits only

22 The audit report accepted the federally approved indirect cost rate reported by

Incorrect Reduction Claim of San Mateo County Community College District  
 1/84; 1118/87 Health Fee Elimination #2

---

1 the District, but asserts that the District overstated indirect costs for FY 2002-03 and FY  
 2 2003-04 by \$21,298 because the District applied its federally approved indirect cost rate  
 3 of 30% to total direct cost, instead of just to the salaries and benefits only. This position  
 4 is apparently based on the conclusion that since the federal rate was calculated using  
 5 salary and benefits only, it can be applied only to salary and benefits. There is no such  
 6 limitation in the parameters and guidelines or the claiming instructions, nor does the  
 7 audit report cite a basis for this restriction of the application of the indirect cost rate only  
 8 to the costs that were the source of the direct cost base.

9 FY 2004-05, FY 2005-06, and FY 2006-07

10		Claimed		Audited	
11	<u>Fiscal Year</u>	<u>Rate</u>	<u>Source</u>	<u>Rate</u>	<u>Source</u>
12					
13	FY 2004-05	30.00%	Federal	29.25%	FAM 29C-with depreciation
14	FY 2005-06	30.00%	Federal	31.68%	FAM 29C-with depreciation
15	FY 2006-07	30.00%	Federal	33.72%	FAM 29C-with depreciation

16 The District continued to use the federally approved cost study rate for FY 2004-  
 17 05, FY 2005-06, and FY 2006-07. Instead, the Controller used the CCFS-311, less  
 18 capital costs, but with audited district financial statement depreciation costs included, to  
 19 calculate the indirect cost rate using its Form FAM-29C method. The audit report states  
 20 that the District’s indirect costs were understated by \$20,407 for FY 2004-05 through  
 21 FY 2006-07.<sup>4</sup> The Controller has decided to discontinue, retroactively to FY 2004-05,

---

<sup>4</sup> The audit report remarks that “[t]he district is contesting an audit adjustment in its favor for these fiscal years.” First, this statement is inaccurate because the



1 the use of federally approved rates. According to the audit report, “[f]or FY 2004-05,  
2 FY 2005-06, and FY 2006-07, the parameters and guidelines and the SCO’s claiming  
3 instructions do not allow the district to use a federally approved rate.”

4 The audit report does not explain how federally approved rates are somehow  
5 unreasonable and unacceptable for FY 2004-05, FY 2005-06 and FY 2006-07, but  
6 reasonable and acceptable for previous years. There is absolutely no basis in law for  
7 the Controller to make this change in policy. There was no amendment to the  
8 parameters and guidelines. It appears that the Controller simply decided to stop  
9 accepting federally approved rates, after years of accepting them, with absolutely no  
10 justification or opportunity for public comment. This is contrary to the Administrative  
11 Procedure Act.

12 No particular indirect cost rate calculation is required by law. The audit report  
13 insists that the rate be calculated “in the manner described” in the claiming instructions.  
14 The parameters and guidelines state that “[I]ndirect costs *may be claimed* in the  
15 manner described by the State Controller in his claiming instructions (emphasis  
16 added).” The District claimed these indirect costs “in the manner” described by the  
17 Controller in that the correct forms were used and the claimed amounts were entered at  
18 the correct locations. Further, “may” is not “shall”; the parameters and guidelines do not

---

adjustment is in the District’s favor only for FY 2005-06 and FY 2006-07, not for FY  
2004-05. Second, the District does not subscribe to the implied philosophy that audit  
findings in contradiction to the parameters and guidelines should be overlooked simply  
because of the result obtained.

1 *require* that indirect costs be claimed in the manner specified by the Controller. The  
2 audit report asserts that because the parameters and guidelines specifically reference  
3 the claiming instructions, the claiming instructions thereby become authoritative criteria.

4 Since the Controller's claiming instructions were never adopted as law, or  
5 regulations pursuant to the Administrative Procedure Act, the claiming instructions are a  
6 statement of the Controller's interpretation and not law. The Controller's interpretation  
7 of Section VI of the parameters and guidelines would, in essence, subject claimants to  
8 underground rulemaking at the Controller's discretion. The Controller's claiming  
9 instructions are unilaterally created and modified without public notice or comment. The  
10 Commission would violate the Administrative Procedure Act if it held that the  
11 Controller's claiming instructions are enforceable as standards or regulations. In fact,  
12 until 2005, the Controller regularly included a "forward" in the Mandated Cost Manual  
13 for Community Colleges (September 30, 2003, version attached as Exhibit "F") that  
14 explicitly stated the claiming instructions are "issued for the sole purpose of assisting  
15 claimants" and "should not be construed in any manner to be statutes, regulations, or  
16 standards."

17 Neither state law nor the parameters and guidelines make compliance with the  
18 Controller's claiming instructions a condition of reimbursement. The District has  
19 followed the parameters and guidelines. The audit report notes that the District did not  
20 request a review of the claiming instructions or amendment of the parameters and  
21 guidelines. There is no requirement that a claimant request such review, even when

Incorrect Reduction Claim of San Mateo County Community College District  
1/84; 1118/87 Health Fee Elimination #2

---

1 the claiming instructions are inconsistent with the parameters and guidelines, because  
2 the claiming instructions are not enforceable regulations. Thus, the fact that no review  
3 was requested is not determinative of the validity or force of the claiming instructions.  
4 Similarly, there is no need for any district to initiate a request to amend the parameters  
5 and guidelines as suggested by the audit report because the parameters and guidelines  
6 do not require claimants to comply with the claiming instructions.

7         The audit report did not conclude that the District's indirect cost rates were  
8 excessive or unreasonable. The Controller is authorized to reduce a claim only if it  
9 determines the claim to be excessive or unreasonable pursuant to Government Code  
10 Section 17561. Here the District used a federally approved indirect cost rate, and the  
11 Controller has disallowed it without a determination of whether the product of the  
12 District's calculation is excessive, unreasonable, or inconsistent with cost accounting  
13 principles. The burden of proof is on the Controller to prove that the product of the  
14 District's calculation is unreasonable, not to recalculate the rate according to its  
15 unenforceable ministerial preferences. The audit report states that the District's  
16 interpretation, that indirect costs may be calculated using any reasonable method, is  
17 invalid because "districts would be allowed to claim indirect costs in whatever manner  
18 they choose." There is no evidence that the Controller's FAM-29C method is more  
19 accurate or reasonable than other methods for calculating indirect costs and the audit  
20 report provides no support for its "recommendation" that only this method should be  
21 used. In fact, the relatively small variance between the claimed rate of 30% and the

1 “allowable” rates calculated by the auditors for FY 2004-05 through FY 2006-07,  
2 ranging from 29.25% to 33.72%, demonstrates that the claimed 30% federal rate is  
3 actually reasonable and not excessive.

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

7 **Finding 3 - Miscellaneous revenue incorrectly reported as authorized health**  
8 **service fees**

9 The District does not dispute this finding.

10 **Finding 4 - Understated authorized health service fees**

11 The audit report concludes that the District understated offsetting revenue by  
12 \$694,471 for the audit period because it claimed only those student health service fees  
13 that were actually charged and collected, rather than those that were “authorized.” The  
14 audit report states that the District “excluded” high school students concurrently enrolled  
15 and students registered only for telecourses and off-campus or weekend classes.<sup>5</sup> The  
16 audit report findings and recommendations regarding enrollment data obtained from the  
17 Chancellor’s Office, the students to be charged, and the amounts to charge these

---

<sup>5</sup> “Excluded students”

These students were not excluded from anything. These students did not pay student health service fees so there are no fees to exclude or include in the total amount of student health service fees actually collected. Nor is there any indication that these students utilized student health services even if proof of use of these services is relevant to the issue of whether fees should be collected from these students.

Incorrect Reduction Claim of San Mateo County Community College District  
1/84; 1118/87 Health Fee Elimination #2

---

1 students are not relevant to the District claimed amounts since the District claimed  
2 actual revenues collected that resulted from the District's policy regarding which  
3 students are to be charged and how much they are to be charged. The District  
4 complied with the parameters and guidelines for the Health Fee Elimination mandate  
5 when it properly reported revenue actually received from student health service fees.

6 Education Code Section 76355

7 The audit report agrees that the District has the discretion to charge, or not to  
8 charge, a student health service fee. Education Code Section 76355, subdivision (a), in  
9 relevant part, provides: "The governing board of a district maintaining a community  
10 college *may require* community college students to pay a fee . . . for health supervision  
11 and services . . . (emphasis added) " There is no requirement that community colleges  
12 levy these fees. The permissive nature of the provision is further illustrated in  
13 subdivision (b) which states "*If*, pursuant to this section, a fee is required, the governing  
14 board of the district shall decide the amount of the fee, *if any*, that a part-time student is  
15 required to pay. *The governing board may decide whether the fee shall be mandatory*  
16 *or optional* (emphasis added)." However, the audit report asserts that claimants must  
17 compute the total discretionary student health service fees collectible based on the  
18 highest "authorized" rate.

19 The audit report does not provide the statutory basis for the calculation of the  
20 "authorized" rate or the source of the legal right of any state entity to "authorize" student  
21 health service fee amounts. There has been no rulemaking or compliance with the

1 Administrative Procedure Act by an “authorizing” state agency. The audit report agrees  
2 that the fee amounts “identified” by the State Chancellor’s office merely informs, by  
3 form letter to the local districts, that the Implicit Price Deflator has increased and that  
4 the districts may increase their student health service fee if the district so chooses. An  
5 example of one such notice is the letter dated March 5, 2001, attached as Exhibit “E.”  
6 While Education Code Section 76355 provides for an increase in the student health  
7 service fee, this authority is not self-implementing, and the Section does not grant the  
8 Chancellor the authority to establish mandatory fee amounts or mandatory fee  
9 increases. No state agency was granted that authority by the Education Code, and no  
10 state agency has exercised its rulemaking authority to establish mandatory fee  
11 amounts. It should be noted that the Chancellor’s letter properly states that increasing  
12 the amount of the fee is at the option of the district, and that the Chancellor is not  
13 asserting that authority.

14 Parameters and Guidelines

15 The parameters and guidelines for the Health Fee Elimination mandate state:

16 Any offsetting savings the claimant experiences as a direct result of this statute  
17 must be deducted from the costs claimed. In addition, reimbursement for this  
18 mandate received from any source, e.g., federal, state, etc., shall be identified  
19 and deducted from this claim. This shall include the amount of \$7.50 per full-  
20 time student per semester, \$5.00 per full-time student for summer school, or  
21 \$5.00 per full-time student per quarter, as authorized by Education Code Section  
22 72246(a)<sup>6</sup>.

---

<sup>6</sup> Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, and was replaced by Education Code Section 76355.

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

5 The audit report claims that the Commission’s intent was for claimed costs to be  
6 reduced by fees authorized, rather than fees actually received as stated in the  
7 parameters and guidelines. It is true that the Department of Finance proposed, as part  
8 of the amendments that were adopted on May 25, 1989, that a sentence be added to  
9 the offsetting savings section expressly stating that if no health service fee was  
10 charged, the claimant would be required to deduct the amount authorized. However, the  
11 Commission declined to add this requirement and adopted the parameters and  
12 guidelines without this language. The fact that the Commission *staff* and the California  
13 Community College Chancellors Office *staff*, at one time in the spectrum of the process,  
14 agreed with the Department of Finance’s interpretation does not negate the fact that the  
15 Commission adopted parameters and guidelines that *did not* include the additional  
16 language. The Commission intends the language of the parameters and guidelines to  
17 be construed as written, and only those savings that are *experienced* are to be  
18 deducted.

19 Notwithstanding, the parameters and guidelines do not “authorize” fees in an  
20 amount larger than \$7.50 per student per semester, consistent with version of  
21 Education Code Section 72246 (76355) extant at the time of the adoption of the

Incorrect Reduction Claim of San Mateo County Community College District  
1/84; 1118/87 Health Fee Elimination #2

---

1 parameters and guidelines, nor do the parameters and guidelines authorize an increase  
2 in “authorized fees” based on a deflator calculation. Strict compliance with the  
3 parameters and guidelines would limit the Controller’s calculation of the “authorized”  
4 offset of program costs by student health services revenues to \$7.50 per student per  
5 semester, which is generally less than the amount actually collected from the students.

6 Government Code Section 17514

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

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

18 There is nothing in the language of the statute regarding the authority to charge a fee,  
19 any nexus of fee revenue to increased cost, nor any language which describes the legal  
20 effect of fees collected. The audit report states that “[I]f the district has authority to  
21 collect fees attributable to health service expenses, then it is not required to *incur a*  
22 *cost.*” This again ignores the fact that Section 76355 makes charging a fee  
23 discretionary, and that fees are revenues and not avoided increased costs.

24 /



1     Government Code Section 17556

2             The audit report relies upon Government Code Section 17556 for the conclusion  
3     that “the Commission on State Mandates shall not find costs mandated by the State if  
4     the school district has the authority to levy fees to pay for the mandated program or  
5     increased level of service.” Government Code Section 17556 as last amended by  
6     Chapter 589, Statutes of 1989, actually states:

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

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

13            The audit report continues to rely upon an incorrect interpretation of Education  
14     Code Section 17556(d), while neglecting its context and omitting a crucial clause.  
15     Section 17556(d) does specify that the Commission on State Mandates shall not find  
16     costs mandated by the state if the local agency has the authority to levy fees, but only if  
17     those fees are “*sufficient to pay for the mandated program* (emphasis added).” Section  
18     17556 pertains specifically to the Commission’s threshold determination on a test claim,  
19     and does not concern the subsequent development of parameters and guidelines or the  
20     claiming process.

21            Section 17556 pertains specifically to the Commission’s determination on a test  
22     claim, and does not concern the development of parameters and guidelines or the  
23     claiming process. The Commission has already found state mandated costs for this  
24     program, and the Controller cannot substitute his judgment for that of the Commission

1 through the audit process. The Controller believes that the district's argument is  
2 "invalid," even in the face of the plain language and context of Section 17556. However,  
3 this belief is supported only by the observation that different districts incur varying costs  
4 under the same mandate program. This is true of every mandate that has been  
5 approved by the Commission, and does not change either the context or plain language  
6 of Section 17556, which specifically states that the fees must be "sufficient to pay for  
7 the mandate program" in order to avoid costs mandated by the state.

8 The two court cases the audit report relies upon (*County of Fresno v. California*  
9 (1991) 53 Cal.3d 482 and *Connell v. Santa Margarita* (1997) 59 Cal.App.4th 382) are  
10 similarly misplaced. Both cases concern the approval of a test claim by the  
11 Commission. They do not address the issue of offsetting revenue in the reimbursement  
12 stages, only whether there is fee authority *sufficient to fully fund* the mandate that would  
13 prevent the Commission from approving the test claim.

14 In *County of Fresno*, the Commission had specifically found that the fee authority  
15 was sufficient to fully fund the test claim activities and denied the test claim. The court  
16 simply agreed to uphold this determination because Government Code Section  
17 17556(d) was consistent with the California Constitution. The Health Fee Elimination  
18 mandate, decided by the Commission, found that the fee authority is not sufficient to  
19 fully fund the mandate. Thus, *County of Fresno* is not applicable because the subject  
20 matter concerns the activity of approving or denying a test claim and has no bearing on  
21 the annual claim reimbursement process.

1           Similarly, although a test claim had been approved and parameters and  
2 guidelines were adopted, the court in *Connell* focused its determination on whether the  
3 initial approval of the test claim had been proper. The court did not evaluate the  
4 parameters and guidelines or the reimbursement process because it found that the  
5 initial approval of the test claim had been in violation of Section 17556(d).

6           In conclusion, the audit report has provided no law or regulation that directly  
7 contradicts the parameters and guidelines which require districts to reduce claimed  
8 costs by the amount of revenue actually received from sources other than mandate  
9 reimbursement. Therefore, the District properly deducted health service fees received  
10 from its annual reimbursement claims and this finding should be withdrawn.

11 **Finding 5 - Understated offsetting savings/reimbursements**

12           The District does not dispute this finding.

13 **Finding 6 - Inaccurate reporting and insufficient documentation of health services**  
14 **provided**

15           There is no fiscal effect from the Finding. The audit report asserts that “[t]he  
16 district did not properly report health services provided and did not maintain sufficient  
17 documentation of health services provided,” but does not identify any related audit  
18 adjustments because the District was not previously informed of these concerns. The  
19 District responded to these assertions regarding the additional services in its reply to  
20 the draft audit report, which is incorporated in this incorrect reduction claim. The  
21 principal point of disagreement is whether the additional services were *available* or

Incorrect Reduction Claim of San Mateo County Community College District  
1/84; 1118/87 Health Fee Elimination #2

---

1 *provided* in the base year. If the Controller's policy is that the same services have to be  
2 *rendered* in the current fiscal year, rather than just *available* to the students, this is an  
3 incorrect application of the parameters and guidelines language.

4 The parameters and guidelines are designed to reimburse the services  
5 "provided" in the current fiscal year that were also "provided" in 1986-87, at current  
6 fiscal year costs. New services are not reimbursable. As a matter of law, Education  
7 Code Section 76355, subdivision (e), requires that "[a]ny community college district that  
8 provided health services in the 1986-87 fiscal year shall maintain health services, at the  
9 level provided during the 1986-87 fiscal year, and each fiscal year thereafter." As a  
10 practical matter and as a matter of logic, for each subsequent fiscal year, this requires  
11 the claimant to actually certify that the base-year services continue to be *available*,  
12 although not necessarily *provided*. The District is certifying that the same level of  
13 services continue to be *available*, not that each and every service was *rendered* each  
14 subsequent year. Thus, the District need not have provided a particular service nor  
15 prove that it was either provided nor not provided, in either the base year or the audit  
16 year, but only that it was available to students at those times. In making the services  
17 *available*, the District is fulfilling its obligations in order to be eligible to claim mandated  
18 costs.

19 Therefore, the audit report incorrectly recommends that the district "report the  
20 level of health services provided" and "the specific health services that it provided  
21 during the claim year" since the mandate is only to make these services available and

1 not to prove the services were actually provided. The audit report incorrectly  
2 recommends that the district maintain “health service records identifying actual services  
3 that it provided” and “records that document the actual time spent and applicable  
4 materials and supplies costs” since the mandate is only to make these services  
5 available not to prove that the services were provided. It is appropriate to identify the  
6 cost of additional services, but there is no parameters and guidelines requirement for  
7 recording actual staff time and materials costs for each type of service, nor does the  
8 accounting system mandated by the Education Code, Title 5, and the Chancellor’s  
9 Office system report this information. Rather, the District has to continue to make the  
10 base-year services available, whether they are rendered or not. For example, hearing  
11 tests may be available every year, but there may be a year in which no hearing tests  
12 were required by students. Of course, if an available service is not provided in the  
13 current year, then there would be no cost incurred to be claimed and the State would  
14 not be reimbursing base-year services not rendered in the current fiscal year. The legal  
15 standard must be services *available*. The same base-year services were *available* to  
16 students in subsequent years, but not all of these may have been *provided*, absent a  
17 student need.

18 **OTHER ISSUES**

19 **Amounts Paid by the State**

20 This issue was not an audit finding. Annual claim payments received from the  
21 state are integral part of the calculation of amounts due the claimant or state as a result

Incorrect Reduction Claim of San Mateo County Community College District  
 1/84; 1118/87 Health Fee Elimination #2

---

1 of the audit. The audit changed the amounts paid for one of the annual claims without  
 2 a finding in the audit report.

3 4 <u>Annual Claim Fiscal Year</u>	Amounts Paid by the State		
	<u>As Claimed</u>	<u>As Audited</u>	<u>Difference</u>
5 2002-03	\$ 0	\$307,148	\$307,148
6 2003-04	\$ 0	\$ 0	\$ 0
7 2004-05	\$ 0	\$ 0	\$ 0
8 2005-06	\$ 0	\$ 0	\$ 0
9 2006-07	\$ 0	\$ 0	\$ 0

10 The audit report indicates on page four that the District received \$307,148 in  
 11 payment on the FY 2002-03 claim. This amount was not included on the District's claim  
 12 form FAM-27 and the District has no contemporaneous Controller's remittance advice  
 13 confirming the payment. The audit report does not include any explanation or  
 14 documentation of the differences in these amounts. Since the amount paid reduces the  
 15 remaining state liability for the claim, any difference constitutes an adjustment that  
 16 should be supported by audit findings. The propriety of this adjustment cannot be  
 17 determined until the Controller states the reason for the changes.

18 **Statute of Limitations for Audit**

19 The District asserts that the audit of the FY 2002-03 and FY 2003-04 annual  
 20 reimbursement claims commenced after the time limitation for audit had passed.

21 Chronology of Claim Action Dates

22 January 12, 2005 FY 2002-03 and FY 2003-04 claims filed by the District

Incorrect Reduction Claim of San Mateo County Community College District  
1/84; 1118/87 Health Fee Elimination #2

---

1 January 12, 2008 FY 2002-03 and FY 2003-04 statute of limitations for audit  
2 expires

3 September 8, 2008 Audit entrance conference for all fiscal years

4 The District's FY 2002-03 and FY 2003-04 claims were mailed to the Controller  
5 on January 12, 2005. The final audit report asserts that initiation of the audit was  
6 proper because the initial payment for the FY 2002-03 claim did not occur until October  
7 24, 2009, and there has been no payment for the FY 2003-04 claim. The audit was  
8 initiated with the entrance conference conducted on September 8, 2008, which is more  
9 than three years after the annual claims were filed. The clause in Government Code  
10 Section 17558.5 that delays the commencement of the time for the Controller to audit to  
11 the date of initial payment is void because it is impermissibly vague.

12 Time Limitation for Audit

13 Prior to January 1, 1994, no statute specifically governed the statute of  
14 limitations for audits of mandate reimbursement claims. Statutes of 1993, Chapter 906,  
15 Section 2, operative January 1, 1994, added Government Code Section 17558.5 to  
16 establish for the first time a specific statute of limitations for audit of mandate  
17 reimbursement claims:

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

24 Thus, there are two standards. A funded claim is "subject to audit" for four years after

Incorrect Reduction Claim of San Mateo County Community College District  
1/84; 1118/87 Health Fee Elimination #2

---

1 the end of the calendar year in which the claim was filed. An unfunded claim must have  
2 its audit initiated within four years of first payment.

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

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

11 Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003,  
12 amended Section 17558.5 to state:

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

21 The amendment is pertinent because this is the first time that the factual issue of the  
22 date the audit is "initiated" is introduced for mandate programs for which funds are  
23 appropriated.

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  
27 district pursuant to this chapter is subject to the initiation of an audit by the  
28 Controller no later than three years after the date that the actual reimbursement  
29 claim is filed or last amended, whichever is later. However, if no funds are



1           appropriated or no payment is made to a claimant for the program for the fiscal  
2           year for which the claim is filed, the time for the Controller to initiate an audit  
3           shall commence to run from the date of initial payment of the claim. In any case,  
4           an audit shall be completed not later than two years after the date that the audit  
5           is commenced.

6           The annual reimbursement claims for FY 2002-03 and FY 2003-04 are subject to this  
7           version of Section 17558.5, which retains the same limitations period as the prior  
8           version, but also adds the requirement that an audit must be completed within two  
9           years of its commencement.

10          Vagueness

11           The version of Section 17558.5 applicable to the FY 2002-03 and FY 2003-04  
12           annual reimbursement claims provides that the time limitation for audit “shall  
13           commence to run from the date of initial payment” if no payment is made. However, this  
14           provision is void because it is impermissibly vague. At the time a claim is filed, the  
15           claimant has no way of knowing when payment will be made or how long the records  
16           applicable to that claim must be maintained. The current \$4 billion backlog in mandate  
17           payments for school and college districts, which continues to grow every year, could  
18           potentially require claimants to maintain detailed supporting documentation for  
19           decades. Additionally, it is possible for the Controller to unilaterally extend the audit  
20           period by withholding payment or directing appropriated funds only to those claims that  
21           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

1 claims for FY 2002-03 and FY 2003-04 were past this time period when the audit was  
2 commenced on September 8, 2008. All adjustments to these fiscal years are void and  
3 should be withdrawn.

4 PART VIII. RELIEF REQUESTED

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

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

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 November 19 2010, at San Mateo, California, by

8 Kathy Blackwood  
9 Kathy Blackwood, Chief Financial Officer  
10 San Mateo County Community College District  
11 3401 CSM Drive  
12 San Mateo, CA 94402-3651  
13 Phone: 650-358-6869  
14 Fax: 650-574-6574  
15 E-Mail: blackwoodk@smccd.edu

16 APPOINTMENT OF REPRESENTATIVE

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

19 Kathy Blackwood 11/19/10  
20 Kathy Blackwood, Chief Financial Officer Date  
21 San Mateo County Community College District

22 Attachments:

23 Exhibit "A" "Results of Review" letters dated October 28, 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 September 23, 2009, audit report including the August  
27 7, 2009, District response to the July 22, 2009, draft audit report  
28 Exhibit "E" Chancellor's letter of March 5, 2001  
29 Exhibit "F" Controller's Mandated Cost Manual Community Colleges Forward  
30 September 2003 version  
31 Exhibit "G" Annual Reimbursement Claims





JOHN CHIANG  
 California State Controller  
 Division of Accounting and Reporting  
 OCTOBER 28, 2009

CC41100  
 00234  
 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2002/2003 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		341,276.00
TOTAL ADJUSTMENTS (DETAILS BELOW)	-	206,050.00
TOTAL PRIOR PAYMENTS (DETAILS BELOW)		-307,148.00
AMOUNT DUE STATE	\$	<u>171,922.00</u>

PLEASE REMIT A WARRANT IN THE AMOUNT OF \$ 171,922.00 WITHIN 30 DAYS FROM THE DATE OF THIS LETTER, PAYABLE TO THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875 WITH A COPY OF THIS LETTER. FAILURE TO REMIT THE AMOUNT DUE WILL RESULT IN OUR OFFICE PROCEEDING TO OFFSET THE AMOUNT FROM THE NEXT PAYMENTS DUE TO YOUR AGENCY FOR STATE MANDATED COST PROGRAMS.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE ABOVE ADDRESS.

ADJUSTMENT TO CLAIM:			
FIELD AUDIT FINDINGS	-	205,050.00	
LATE CLAIM PENALTY	-	1,000.00	
TOTAL ADJUSTMENTS	-		206,050.00
PRIOR PAYMENTS:			
SCHEDULE NO. MA64136A			
PAID 10-25-2006		-307,148.00	
TOTAL PRIOR PAYMENTS			-307,148.00

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  
 OCTOBER 28, 2009

CC41100  
 00234  
 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

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 233,210.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 97,600.00

TOTAL ADJUSTMENTS - 97,600.00

AMOUNT DUE CLAIMANT \$ 135,610.00

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  
 OCTOBER 28, 2009

CC41100  
 00234  
 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

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 314,446.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 135,148.00

TOTAL ADJUSTMENTS - 135,148.00

AMOUNT DUE CLAIMANT \$ 179,298.00

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  
 OCTOBER 28, 2009

CC41100  
 00234  
 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

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:

AMOUNT CLAIMED		360,955.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	143,683.00
LATE CLAIM PENALTY	-	10,000.00
TOTAL ADJUSTMENTS	-	<u>153,683.00</u>
AMOUNT DUE CLAIMANT		<u><u>\$ 207,272.00</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  
 OCTOBER 28, 2009

CC41100  
 00234  
 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2006/2007 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED 394,693.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 200,453.00

TOTAL ADJUSTMENTS - 200,453.00

AMOUNT DUE CLAIMANT \$ 194,240.00

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



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

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

I. SUMMARY OF MANDATE

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

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

II. COMMISSION ON STATE MANDATES' DECISION

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

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

III. ELIGIBLE CLAIMANTS

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

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSABLE COSTS

##### A. Scope of Mandate

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

##### B. Reimbursable Activities

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

##### ACCIDENT REPORTS

##### APPOINTMENTS

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

ASSESSMENT, INTERVENTION & COUNSELING

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

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

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

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

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

INSURANCE

On Campus Accident  
Voluntary  
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation  
Pap Smears

PHYSICALS

Employees  
Students  
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

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

PARKING CARDS/ELEVATOR KEYS

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

REFERRALS TO OUTSIDE AGENCIES

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

TESTS

Blood Pressure  
Hearing  
Tuberculosis  
Reading  
Information  
Vision  
Glucometer  
Urinalysis

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

MISCELLANEOUS

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

COMMITTEES

Safety  
Environmental  
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety  
Stress Management  
Communication Skills  
Weight Loss  
Assertiveness Skills

## VI. CLAIM PREPARATION

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

### A. Description of Activity

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

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

Claimed costs should be supported by the following information:

#### 1. Employee Salaries and Benefits

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

#### 2. Services and Supplies

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

#### 3. Allowable Overhead Cost

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

## VII. SUPPORTING DATA

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



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

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

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

and

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

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

0350d



## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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

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

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

## 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

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

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

## 7. Reimbursement Limitations

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

## 8. Claiming Forms and Instructions

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

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

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

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

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

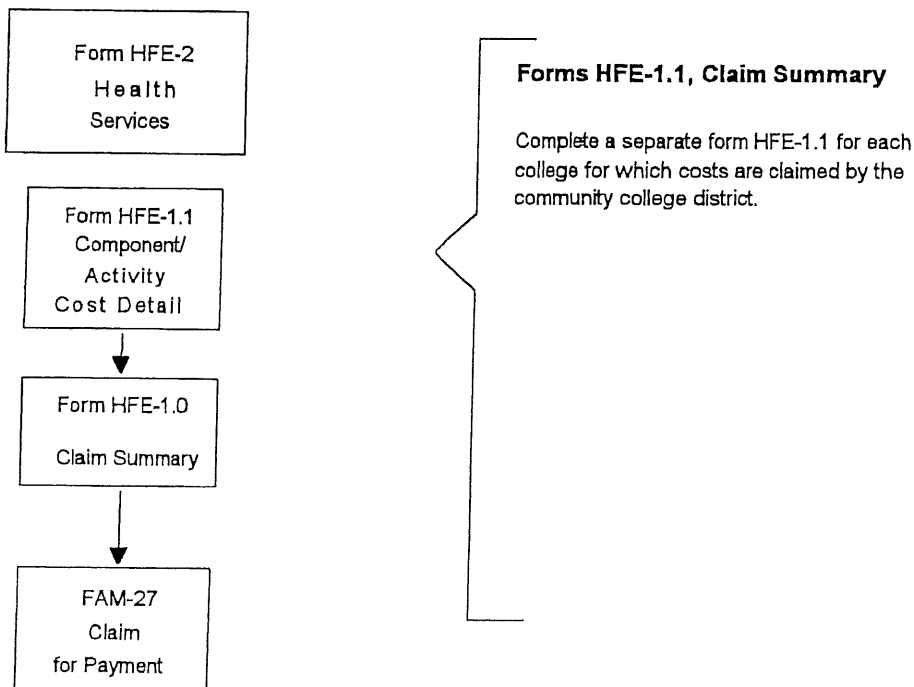
**C. Form HFE-1.0, Claim Summary**

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

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

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

**Illustration of Claim Forms**



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

L A B E L  H E R E	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) HFE-1.0, (04)(b)	
	County of Location	(23)	
	Street Address or P.O. Box	Suite	(24)
	City	State	Zip Code

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
--	--	-----------------

(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>	<b>HEALTH FEE ELIMINATION                  CLAIM SUMMARY                  Instructions</b>	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.

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>	<b>FORM</b> <b>HFE-2</b>
--	-----------------------------

(01) Claimant:	(02) Fiscal Year costs were incurred:
----------------	---------------------------------------

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

**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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>	<b>FORM</b> <b>HFE-2</b>
--	-----------------------------

(01) Claimant:	(02) Fiscal Year costs were incurred:
----------------	---------------------------------------

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



# **SAN MATEO COUNTY 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, 2002, through June 30, 2007*



**JOHN CHIANG**  
California State Controller

September 2009





**JOHN CHIANG**  
California State Controller

September 23, 2009

Karen Schwarz, President  
Board of Trustees  
San Mateo County Community College District  
3401 CSM Drive  
San Mateo, CA 94402

Dear Ms. Schwarz:

The State Controller's Office audited the costs claimed by San Mateo County 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, 2002, through June 30, 2007.

The district claimed \$1,633,580 (\$1,644,580 less an \$11,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$851,646 is allowable and \$781,934 is unallowable. The costs are unallowable because the district claimed unallowable services and supplies, overstated indirect costs, understated authorized health service fees, and understated offsetting savings/reimbursements. The State paid the district \$307,148. Allowable costs claimed exceed the amount paid by \$544,498.

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 the CSM's Web site 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:vb

cc: Ron Galatolo, Chancellor  
San Mateo County Community College District  
Jim Keller, Executive Vice-Chancellor  
San Mateo County Community College District  
Raymond Chow, Controller  
San Mateo County 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

# Contents

## Audit Report

<b>Summary .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Objective, Scope, and Methodology .....</b>	<b>2</b>
<b>Conclusion .....</b>	<b>2</b>
<b>Views of Responsible Official .....</b>	<b>3</b>
<b>Restricted Use .....</b>	<b>3</b>
<b>Schedule 1—Summary of Program Costs.....</b>	<b>4</b>
<b>Findings and Recommendations .....</b>	<b>6</b>
<b>Attachment—District’s Response to Draft Audit Report</b>	

# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by San Mateo County 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, 2002, through June 30, 2007.

The district claimed \$1,633,580 (\$1,644,580 less an \$11,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$851,646 is allowable and \$781,934 is unallowable. The costs are unallowable because the district claimed unallowable services and supplies, overstated indirect costs, understated authorized health service fees, and understated offsetting savings/reimbursements. The State paid the district \$307,148. Allowable costs claimed exceed the amount paid by \$544,498.

## Background

Chapter 1, Statutes of 1984, 2<sup>nd</sup> 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, 2<sup>nd</sup> 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.

**Objective, Scope,  
and Methodology**

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.

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, 2002, through June 30, 2007.

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. Based on its consultant's recommendation, 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, San Mateo County Community College District claimed \$1,633,580 (\$1,644,580 less an \$11,000 penalty for filing late claims) for costs of the Health Fee Elimination Program. Our audit disclosed that \$851,646 is allowable and \$781,934 is unallowable.

For the FY 2002-03 claim, the State paid the district \$307,148. Our audit disclosed that \$135,226 is allowable. The State will offset \$171,922 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2003-04 through FY 2006-07 claims, the State made no payment to the district. Our audit disclosed that \$716,420 is allowable. The State will pay that amount, contingent upon available appropriations.

**Views of  
Responsible  
Official**

We issued a draft audit report on July 22, 2009. Jim Keller, Executive Vice-Chancellor, responded by letter dated August 7, 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 San Mateo County Community College District, the California Community Colleges Chancellor's Office, the California Department of Finance, and the SCO. It is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

September 23, 2009

**Schedule 1—  
Summary of Program Costs  
July 1, 2002, through June 30, 2007**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries	\$ 519,427	\$ 519,427	\$ —	
Benefits	103,896	103,896	—	
Services and supplies	41,381	41,381	—	
Total direct costs	664,704	664,704	—	
Indirect costs	199,411	186,997	(12,414)	Finding 2
Total direct and indirect costs	864,115	851,701	(12,414)	
Less authorized health service fees	(522,839)	(714,435)	(191,596)	Findings 3, 4
Less offsetting savings/reimbursements	—	(1,040)	(1,040)	Finding 5
Less late filing penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 340,276</u>	135,226	<u>\$ (205,050)</u>	
Less amount paid by the State		(307,148)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (171,922)</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries	\$ 445,234	\$ 445,234	\$ —	
Benefits	101,340	101,340	—	
Services and supplies	29,612	27,857	(1,755)	Finding 1
Total direct costs	576,186	574,431	(1,755)	
Indirect costs	172,856	163,972	(8,884)	Finding 2
Total direct and indirect costs	749,042	738,403	(10,639)	
Less authorized health service fees	(515,832)	(590,862)	(75,030)	Findings 3, 4
Less offsetting savings/reimbursements	—	(11,931)	(11,931)	Finding 5
Total program costs	<u>\$ 233,210</u>	135,610	<u>\$ (97,600)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 135,610</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries	\$ 439,929	\$ 439,929	\$ —	
Benefits	103,247	103,247	—	
Services and supplies	67,491	66,413	(1,078)	Finding 1
Total direct costs	610,667	609,589	(1,078)	
Indirect costs	183,201	178,305	(4,896)	Finding 2
Total direct and indirect costs	793,868	787,894	(5,974)	
Less authorized health service fees	(479,422)	(585,142)	(105,720)	Finding 4
Less offsetting savings/reimbursements	—	(23,454)	(23,454)	Finding 5
Total program costs	<u>\$ 314,446</u>	179,298	<u>\$ (135,148)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 179,298</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	\$ 522,997	\$ 522,997	\$ —	
Benefits	109,667	109,667	—	
Services and supplies	98,378	76,154	(22,224)	Finding 1
Total direct costs	731,042	708,818	(22,224)	
Indirect costs	219,313	224,554	5,241	Finding 2
Total direct and indirect costs	950,355	933,372	(16,983)	
Less authorized health service fees	(589,400)	(696,603)	(107,203)	Finding 4
Less offsetting savings/reimbursements	—	(19,497)	(19,497)	Finding 5
Less late filing penalty	(10,000)	(10,000)	—	
Total program costs	<u>\$ 350,955</u>	207,272	<u>\$ (143,683)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 207,272</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs:				
Salaries	\$ 628,774	\$ 628,774	\$ —	
Benefits	116,430	116,430	—	
Services and supplies	122,521	86,290	(36,231)	Finding 1
Total direct costs	867,725	831,494	(36,231)	
Indirect costs	260,318	280,380	20,062	Finding 2
Total direct and indirect costs	1,128,043	1,111,874	(16,169)	
Less authorized health service fees	(733,350)	(899,184)	(165,834)	Finding 4
Less offsetting savings/reimbursements	—	(18,450)	(18,450)	Finding 5
Total program costs	<u>\$ 394,693</u>	194,240	<u>\$ (200,453)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 194,240</u>		
<u>Summary: July 1, 2002, through June 30, 2007</u>				
Direct costs:				
Salaries	\$ 2,556,361	\$ 2,556,361	\$ —	
Benefits	534,580	534,580	—	
Services and supplies	359,383	298,095	(61,288)	
Total direct costs	3,450,324	3,389,036	(61,288)	
Indirect costs	1,035,099	1,034,208	(891)	
Total direct and indirect costs	4,485,423	4,423,244	(62,179)	
Less authorized health service fees	(2,840,843)	(3,486,226)	(645,383)	
Less offsetting savings/reimbursements	—	(74,372)	(74,372)	
Less late filing penalty	(11,000)	(11,000)	—	
Total program costs	<u>\$ 1,633,580</u>	851,646	<u>\$ (781,934)</u>	
Less amount paid by the State		(307,148)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 544,498</u>		

<sup>1</sup> See the Finding and Recommendation section.



# Findings and Recommendations

**FINDING 1—  
Unallowable services  
and supplies**

The district claimed unallowable services and supplies totaling \$61,288. The district claimed \$7,976 to purchase food for exhibitors who participated in health fairs, to rent a popcorn cart, and to purchase various promotional items (mood lamps, curling ribbons, tattoo bracelets, etc.). In addition, the district claimed \$53,312 that it identified as a bad debt expense. The bad debt expense is related to uncollectible student health fees.

The following table summarizes the audit adjustment:

	Fiscal Year				Total
	2003-04	2004-05	2005-06	2006-07	
Services and supplies	\$ (1,755)	\$ (1,078)	\$ (22,224)	\$ (36,231)	\$ (61,288)

The program’s parameters and guidelines state that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. Government Code section 17514 defines “mandated costs” as any increased costs that the district is *required* to incur. Government Code section 17561 states that the Controller may reduce any excessive or unreasonable claim. Food and promotional item expenditures are not required to maintain health services at the level that the district provided during fiscal year (FY) 1986-87.

The parameters and guidelines require that districts deduct authorized health service fees from health service expenditures claimed. Actual health service fees collected, along with uncollectible health service fees, are not relevant to the district’s mandated cost claim.

Recommendation

We recommend that the district claim only those services and supplies supported by its accounting records and required to maintain health services at the level provided in FY 1986-87.

District’s Response

Health Fair Expenses

The Controller asserts that costs incurred by the District to purchase food for health fair exhibitors, promotional items, and to rent a popcorn cart are unallowable costs because these are not expenditures the District is required to make in order to maintain the base-year level of health services.

The draft audit report cites Government Code Section 17514 as a reason to disallow the health fair costs as not required. This conclusion directly contradicts the parameters and guidelines which include health fairs as reimbursable activities in Section V. Since the Commission has determined that health fair activities are reimbursable, then they are necessary, which invalidates the Controller’s reliance upon Section 17514.

The draft audit report cites Government Code Section 17561 which allows the Controller to audit and reduce any excessive or unreasonable claims. Since the parameters and guidelines allow reimbursement for the health fair activities, the costs associated with the activity cannot be unreasonable per se. The draft audit report concludes that the claimed health fair costs are "not required," thus any health fair cost would be ostensibly excessive. The conclusion is subjective because the Controller has not cited a published standard for the type and scope of allowable health fair activity costs. The audit report makes no factual claims to support the adjustment on the grounds that the claimed costs were excessive. Absent a fact-based finding that the popcorn, for example, was too expensive, or some similar finding, there is no basis for the adjustment on the grounds that the claimed costs were excessive. Because there is no question that the health fair activity is appropriate, and no evidence that the costs were excessive, the adjustment should be withdrawn.

#### Bad Debt Expense

The draft audit report states that the \$53,312 of uncollectible student health fees is not allowable but does not cite a specific code section or portion of the parameters and guidelines in support of this conclusion.

As a matter of generally accepted accounting principles, the District reported its gross student health service fee income as revenue and also its uncollected amounts, an appropriate application of accrual accounting. In the alternative, the District could have reported its student health service income net of uncollectible amounts, but the net effect to the general ledger is the same. Since it is the Controller's policy to offset the total collectible student health services fee against total student health services program costs, the bad debt expense should be allowed since the "collectible" fees make no allowance for fees not actually collected, which is a violation of generally accepted accounting principles.

#### SCO's Comment

Our finding and recommendation are unchanged. Our comments are as follows.

#### **Health Fair Expenses**

The district concludes that we contradicted the parameters and guidelines by citing Government Code section 17514. We disagree. The district did not recognize the correlation between Government Code sections 17514 and 17561. Although the parameters and guidelines identify health fairs as a reimbursable activity, the district essentially asserts that any related expense is reimbursable, regardless of necessity or reasonableness.

The parameters and guidelines identify the reimbursable activity of health talks/fairs for the purpose of providing information on sexually transmitted diseases, drugs, AIDS, child abuse, birth control/family planning, and smoking cessation. The district is not required to purchase exhibitors' food, rent popcorn carts, or purchase promotional items to

complete the activity of providing health information to those who inquire. Therefore, these are not costs the district is *required* to incur (Government Code section 17514), nor are the costs reasonable (Government Code section 17561).

### **Bad Debt Expense**

The district states that the finding does not cite specific criteria. We believe the district's position is incorrect. Our finding cites Government Code section 17514. Bad debt expense is not a cost that the district is *required* to incur.

The district relates generally accepted accounting principles to reimbursable mandated costs. We disagree. The applicable health fee revenue accounting principles are irrelevant to mandated cost reimbursement. The parameters and guidelines require districts to deduct authorized health service fees from allowable mandate-related costs.

The district states, "It is the Controller's policy to offset the total collectible student health services fee against total student health services program costs. . . ." There is no such "policy." We base our audit finding on the parameters and guidelines and applicable statutory requirements.

In addition, the district asserts a violation of generally accepted accounting principles because the required authorized health service fee deduction does not consider uncollected fees. The district did not cite a specific accounting principle or acknowledge a distinction between accounting principles and reimbursable mandated costs. Neither statutory language nor the parameters and guidelines include any provision to deduct "uncollectible" fees from authorized health service fees.

The district is authorized to assess health service fees. The district failed to collect the authorized revenues. However, this does not relieve it from its responsibility to offset those fees from its mandated program claims, nor does it permit the district to claim bad debt expense.

### **FINDING 2— Overstated indirect costs**

The district misstated indirect costs for each fiscal year, resulting in overstated indirect costs by \$891 for the audit period.

The district claimed indirect costs based on a federally approved rate of 30%. The district overstated FY 2002-03 and FY 2003-04 costs because it incorrectly applied the indirect cost rate to total direct costs. The district's federal approval letter states that the approved direct cost base is salaries and benefits only.

For FY 2004-05, FY 2005-06, and FY 2006-07, the parameters and guidelines and the SCO's claiming instructions do not allow the district to use a federally approved rate. We calculated allowable indirect cost rates based on the FAM-29C methodology that the parameters and guidelines and the SCO's claiming instructions allow. We applied the allowable indirect cost rates to allowable direct costs according to the SCO's claiming instructions.

The following table summarizes the audit adjustment:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Allowable salaries and benefits	\$ 623,323	\$ 546,574	\$ —	\$ —	\$ —	
Allowable direct costs	—	—	609,589	708,818	831,494	
Allowable indirect cost rate	× 30.00%	× 30.00%	× 29.25%	× 31.68%	× 33.72%	
Allowable indirect costs	186,997	163,972	178,305	224,554	280,380	
Less indirect costs claimed	(199,411)	(172,856)	(183,201)	(219,313)	(260,318)	
Audit adjustment	\$ (12,414)	\$ (8,884)	\$ (4,896)	\$ 5,241	\$ 20,062	\$ (891)

The program’s parameters and guidelines state:

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

For FY 2002-03 and 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. . . .

For FY 2004-05 forward, the SCO’s claiming instructions state:

A CCD [community college district] may claim indirect costs using the Controller’s methodology (FAM-29C). . . . If specifically allowed by a mandated program’s [parameters and guidelines], a district may alternately choose to claim indirect costs using either (1) a federally approved rate prepared in accordance with Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate.

Recommendation

We recommend that the district claim Health Fee Elimination Program indirect costs based on indirect cost rates computed in accordance with the SCO’s FAM-29C methodology.

District’s Response

Allocation Basis (FY 2002-03 and FY 2003-04)

Although the draft audit report did not disallow the federal indirect cost rate of 30% for the first two fiscal years, the audit does change the total amount of direct costs to which the rate is applied . . . The draft audit report concludes that since the federal rate was calculated using salary and benefits only, that the rate can be applied to salary and benefits only. There is no such limitation in the parameters and guidelines or the claiming instructions, nor does the draft audit report cite a basis for this restriction of the application of the indirect cost rate.

Federal Method Disallowed (FY 2004-05, FY 2005-06, and FY 2006-07)

The Controller asserts that a federally approved rate is not an allowable indirect cost rate methodology for the remaining three fiscal years that are the subject of this audit. According to the draft audit report, “[f]or FY 2004-05, FY 2005-06, and FY 2006-07, the parameters and

guidelines and the SCO's claiming instructions do not allow the district to use a federally approved rate." Instead, the draft audit report substitutes a rate calculated using the FAM-29C methodology.

The substituted methodology is unnecessary because no particular indirect cost rate methodology is required by law. The draft audit report asserts that indirect cost rates should be calculated according to the Controller's claiming instructions. The parameters and guidelines state that "[i]ndirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." (Emphasis added). The Controller misconstrues the plain language of the parameters and guidelines. "May" is not "shall"; the parameters and guidelines do not *require* that indirect costs be claimed in the manner described by the Controller.

In prior years, federally approved indirect cost rates have been accepted by the Controller. The draft audit report contains no explanation as to why suddenly federally approved rates are no longer permissible. There is absolutely no basis in law for the Controller to make this change in policy. There was no amendment to the parameters and guidelines. It appears that the Controller simply decided to stop accepting federally approved rates, after years of accepting them, with absolutely no justification or opportunity for public comment. This is contrary to the Administrative Procedure Act.

#### SCO's Comment

##### **Allocation Basis (FY 2002-03 and FY 2003-04)**

The district implies that it may apply the rate to whatever base it chooses. The district draws a distinction between federal approval of the rate itself versus federal approval of the allocation base. There is no such distinction. The federal approval letter defines both the rate and the applicable base; they are inseparable.

##### **Federal Method Disallowed (FY 2004-05, FY 2005-06, and FY 2006-07)**

The district is contesting an audit adjustment in its favor for these fiscal years. Nevertheless, the district misconstrues the language of the parameters and guidelines. Using the district's interpretation, districts would be allowed to claim indirect costs in whatever manner they choose.

"May be claimed" simply permits the district to claim indirect costs. However, if the district chooses to claim indirect costs, then the parameters and guidelines require that it comply with the SCO's claiming instructions.

For FY 2004-05 forward, the SCO's claiming instructions state:

A CCD may claim indirect costs using the Controller's methodology (FAM-29C), or if specifically allowed by a mandated cost program's P's & G's [parameters and guidelines], a district may choose to claim indirect costs using either (1) a federally approved rate prepared in accordance with the Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate.

The Health Fee Elimination Program’s parameters and guidelines do not specifically allow a federally approved rate. Therefore, the district must prepare its indirect cost rates using the SCO’s FAM-29C methodology.

Neither this district nor any other district requested that the Commission on State Mandates review the SCO’s claiming instructions pursuant to Title 2, California Code of Regulations (CCR), section 1186 (i.e., the district did not exercise its right for public comment). Furthermore, the district may not now request a review of the claiming instructions applicable to the audit period. Title 2, CCR, section 1186, subdivision (j) (2), states, “A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.”

If the district believes that the program’s parameters and guidelines are deficient, it should initiate a request to amend the parameters and guidelines pursuant to Government Code section 17557, subdivision (d). However, any such amendment would not be applicable to this audit period.

**FINDING 3—  
Miscellaneous revenue  
incorrectly reported as  
authorized health  
service fees**

The district incorrectly reported miscellaneous health service fund revenue totaling \$49,088 as authorized health service fees. This amount included gifts/donations, other local income, and incoming transfers. The district’s other local income is attributable to additional fees that the district charges for various health services that it provides. The incoming transfer amounts are transfers between the district’s general fund and its health services fund to cover any health services fund deficits. These transfers do not represent additional revenue to the district.

The following table summarizes the audit adjustment and the adjusted authorized health service fees claimed:

	Fiscal Year		Total
	2002-03	2003-04	
Gifts/donations (Account No. 8821)	\$ —	\$ 700	\$ 700
Other local income (Account No. 8890)	1,040	11,231	12,271
Incoming transfers (Account No. 8980)	4,506	31,611	36,117
Audit adjustment	5,546	43,542	\$ 49,088
Authorized health service fees claimed	(522,839)	(515,832)	
Adjusted authorized health service fees claimed	\$ (517,293)	\$ (472,290)	

The parameters and guidelines state:

Reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim.

The SCO’s claiming instructions direct claimants to separately report authorized health service fees and other reimbursements. Except for incoming transfers, we recognized these revenues in our audit adjustment for understated offsetting savings/reimbursements in Finding 5.

Recommendation

We recommend that the district properly claim revenue as offsetting savings/reimbursements when the revenue is unrelated to the authorized student health fee.

District's Response

The District concurs that the gifts and other local income can be removed from the total amount of student health service fees received and reported on the claim form as offsetting savings or reimbursements which is accomplished by the adjustments described in Finding 5. The District also concurs that the other item in this finding, the Account number 8980 interfund transfers, is not offsetting program income.

SCO's Comment

Our finding and recommendation are unchanged.

**FINDING 4—  
Understated authorized  
health service fees**

The district understated authorized health service fees by \$694,471. The district understated these fees because it reported actual receipts rather than authorized fees. In addition, the district did not charge the health services fee to all eligible students. The district voluntarily excluded high school students concurrently enrolled in 11 units or less and students registered only for telecourses, off-campus classes, or weekend classes.

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 shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

For the period July 1, 2002, through December 31, 2005, Education Code section 76355, 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. Effective January 1, 2006, only Education Code section 76355, subdivisions (c)(1) and (2) are applicable.

The California Community Colleges Chancellor's Office (CCCCO) identified the fees authorized by Education Code section 76355, subdivision (a). For FY 2002-03 and FY 2003-04, the authorized fees were \$12 per semester and \$9 per summer session. For FY 2004-05, the authorized fees were \$13 per semester and \$10 per summer session. For FY 2005-06, the authorized fees were \$14 per semester and \$11 per summer session. For FY 2006-07, the authorized fees were \$15 per semester and \$12 per summer session.

We obtained student enrollment and Board of Governors Grant (BOGG) recipient data from the CCCCO. The CCCCO identified enrollment and BOGG recipient data from its management information system (MIS) based on student data that the district reported. CCCCO identified the district's enrollment based on CCCCO's MIS data element STD7, codes A through G. CCCCO eliminated any duplicate students based on their social security numbers. From the district enrollment, CCCCO identified the number of BOGG recipients based on MIS data element SF21, all codes with first letter of B or F. The district does not have an apprenticeship program and it did not identify any students that it excluded from the health service fee pursuant to Education Code section 76355, subdivision (c)(1).

The following table shows the authorized health service fee calculation and audit adjustment:

	Summer Session	Fall Semester	Spring Semester	Total
<u>Fiscal Year 2002-03</u>				
Number of enrolled students	16,756	28,383	28,602	
Less number of BOGG recipients	<u>(2,341)</u>	<u>(4,026)</u>	<u>(4,234)</u>	
Subtotal	14,415	24,357	24,368	
Authorized health fee rate	× \$ (9)	× \$ (12)	× \$ (12)	
Authorized health service fees	<u>\$ (129,735)</u>	<u>\$ (292,284)</u>	<u>\$ (292,416)</u>	\$ (714,435)
Less adjusted authorized health service fees claimed (Finding 3)				<u>517,293</u>
Audit adjustment, FY 2002-03				<u>(197,142)</u>
<u>Fiscal Year 2003-04</u>				
Number of enrolled students	13,003	26,667	26,537	
Less number of BOGG recipients	<u>(2,205)</u>	<u>(5,906)</u>	<u>(6,158)</u>	
Subtotal	10,798	20,761	20,379	
Authorized health fee rate	× \$ (9)	× \$ (12)	× \$ (12)	
Authorized health service fees	<u>\$ (97,182)</u>	<u>\$ (249,132)</u>	<u>\$ (244,548)</u>	(590,862)
Less adjusted authorized health service fees claimed (Finding 3)				<u>472,290</u>
Audit adjustment, FY 2003-04				<u>(118,572)</u>
<u>Fiscal Year 2004-05</u>				
Number of enrolled students	12,937	24,493	26,165	
Less number of BOGG recipients	<u>(3,035)</u>	<u>(6,527)</u>	<u>(6,737)</u>	
Subtotal	9,902	17,966	19,428	
Authorized health fee rate	× \$ (10)	× \$ (13)	× \$ (13)	
Authorized health service fees	<u>\$ (99,020)</u>	<u>\$ (233,558)</u>	<u>\$ (252,564)</u>	(585,142)
Less authorized health service fees claimed				<u>479,422</u>
Audit adjustment, FY 2004-05				<u>(105,720)</u>
<u>Fiscal Year 2005-06</u>				
Number of enrolled students	13,210	24,339	24,815	
Less number of BOGG recipients	<u>(3,407)</u>	<u>(7,099)</u>	<u>—</u>	
Subtotal	9,803	17,240	24,815	
Authorized health fee rate	× \$ (11)	× \$ (14)	× \$ (14)	
Authorized health service fees	<u>\$ (107,833)</u>	<u>\$ (241,360)</u>	<u>\$ (347,410)</u>	(696,603)
Less authorized health service fees claimed				<u>589,400</u>
Audit adjustment, FY 2005-06				<u>(107,203)</u>



	Summer Session	Fall Semester	Spring Semester	Total
<u>Fiscal Year 2006-07</u>				
Number of enrolled students	12,512	24,672	25,264	
Authorized health fee rate	× \$ (12)	× \$ (15)	× \$ (15)	
Authorized health service fees	<u>\$(150,144)</u>	<u>\$(370,080)</u>	<u>\$(378,960)</u>	(899,184)
Less authorized health service fees claimed				<u>733,350</u>
Audit adjustment, FY 2006-07				<u>(165,834)</u>
Total audit adjustment				<u>\$(694,471)</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 CCCCO data element STD7, codes A through G. The district should eliminate duplicate entries for students who attend more than one district college. 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 denies health services to any portion of its student population, it should maintain contemporaneous documentation of a district policy that excludes those students from receiving health services and documentation identifying the number of students excluded.

District’s Response

“Authorized” Fee Amount

The draft audit report asserts 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. The letter from the State Chancellor referenced in the draft audit report merely informs the local districts that the Implicit Price Deflator has increased sufficiently that the districts may increase their student health service fee if the district so chooses. The State Chancellor is not authorized by statute to direct the local districts to increase the student health service fee.

Education Code Section 76355

Education Code Section 76355, subdivision (a)(1), 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...” (Emphasis added). There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states:

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

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. . . .

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 shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.”

The draft audit report misrepresents the law. Government Code Section 17556 prohibits the Commission 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 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).” 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.”

SCO’s Comment

Our finding and recommendation are unchanged. Our comments are as follows:

**“Authorized” Fee Amount**

The district states, “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. . . .” The audit finding specifies Education Code section 76355, subdivision (a), as the statutory basis to calculate authorized health service fees. Our report does not state or infer that any state agency “authorizes” the health service fee amount.

The district also states, “The State Chancellor is not authorized by statute to direct the local districts to increase the student health service fee.” We agree that the CCCCCO is not authorized to direct districts to increase fees. Our finding states that the CCCCCO *identified* the fees authorized by Education Code section 76355, subdivision (a).

#### **Education Code Section 76355**

We agree that community college districts may choose not to levy a health service fee or to levy a fee less than the authorized amount. Regardless of the district’s decision to levy or not levy the authorized health service fee, Education Code section 76355, subdivision (a), provides districts the *authority* to levy the fee.

#### **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. . . .” If the district has authority to collect fees attributable to health service expenses, then it is not *required* to incur a cost. Therefore, mandated costs do not include those health service expenses that may be paid by authorized fees.

#### **Government Code Section 17556**

The district presents an argument that the statutory language applies only when the fee authority is sufficient to offset the “entire” mandated costs. We believe the district’s argument is invalid. 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 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.

The 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, since the CSM’s staff concluded that DOF’s proposed language did not substantively change the scope of staff’s proposed language. The CSM’s meeting minutes of May 25, 1989, show 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.

**FINDING 5—  
Understated offsetting  
savings/reimbursements**

The district understated offsetting savings/reimbursements by \$74,372. The district did not report offsetting savings/reimbursements for gifts/donations and other local income that its accounting records documented. The district recognized other local income because it charged students a separate fee for various health services that it provided.

The following table summarizes the audit adjustment:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Gifts/donations (Account No. 8821)	\$ —	\$ (700)	\$ (5,500)	\$ —	\$ (500)	\$ (6,700)
Other local income (Account No. 8890)	(1,040)	(11,231)	(17,954)	(19,497)	(17,950)	(67,672)
Audit adjustment	<u>\$ (1,040)</u>	<u>\$ (11,931)</u>	<u>\$ (23,454)</u>	<u>\$ (19,497)</u>	<u>\$ (18,450)</u>	<u>\$ (74,372)</u>

The parameters and guidelines state:

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.

Recommendation

We recommend that the district report all offsetting savings/reimbursements on its mandated cost claims.

District's Response

The District concurs with these adjustments to classify the gifts and other local income as offsetting savings or reimbursements for purposes of claim reporting.

SCO's Comment

Our finding and recommendation remain unchanged.

**FINDING 6—  
Inaccurate reporting  
and insufficient  
documentation of health  
services provided**

The district did not properly report health services provided and did not maintain sufficient documentation of health services provided. Our prior audit did not inform the district of these deficiencies; therefore, this audit report does not identify any unallowable costs attributable to these issues.

The district incorrectly reported the level of health services that it provided on mandated claim form HFE-1.1. The form required the district to report whether it provided health services in the claim year that were less than, the same as, or more than the services that it provided in FY 1986-87. For each fiscal year, the district reported that it provided the same level of services that it provided in FY 1986-87. However, the district's health service records show that the district provided more services than it provided in FY 1986-87. The additional services included physical examinations, pap smears, influenza immunizations, and hepatitis B immunizations. On claim form HFE-2, the district did not report that it provided these services in either FY 1986-87 or during the claim year. In addition, the district did not maintain records to document the actual time that employees spent and applicable materials and supplies costs associated with these additional services.

Also, the district did not sufficiently document actual health services that it provided. The district provided health service records that were inconsistent among colleges and fiscal years. The health service records do not identify actual services consistent with the level of detail included in the parameters and guidelines. The district's records either did not identify the services provided or identified the services provided using general, vague descriptions.

The parameters and guidelines identify reimbursable health services and state that the district will be reimbursed only for those services that it provided in FY 1986-87. They also state that the district must support salary and benefit costs claimed with documentation that shows the mandated functions performed. Furthermore, they state:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for 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. . . .

#### Recommendation

We recommend that the district:

- Properly report the level of health services provided (i.e., whether the district provided health services in the claim year that are less than, the same as, or more than the services that it provided in FY 1986-87).
- Properly report the specific health services that it provided during the claim year.
- Maintain health service records identifying actual services that it provided in the same manner that the parameters and guidelines and the SCO's claim forms identify health services.
- Maintain records that document the actual time spent and applicable materials and supplies costs associated with health services exceeding the services that it provided in FY 1986-87.

#### District's Response

The draft audit report asserts that the District did not properly report or document health services provided. The claiming forms require claimants to report services *available*, not the services actually *provided*, each fiscal year. Education Code Section 76355 requires districts that provided student health services programs in FY 1986-87 to maintain that level of service, that is, the Section requires that all of the same services continue to be offered each subsequent fiscal year. Whether these offered services are actually provided in subsequent years depends on whether a student requires the offered service.

The draft audit report identified the following services as in excess of those available in FY 1986-87: physical examinations, pap smears, influenza immunizations, and Hepatitis B immunizations.

- Physical examinations are not listed in the current or base periods as separate activities. However, to the extent that these services were provided by or available from the District staff, or arranging appointments for such examinations were done by or available from District staff, they would not be new services.
- Pap smears are gynecological services which were reported in the current and base periods.

- Immunizations, the labor associated with providing the injection, were provided in the base period. The actual vaccine injected may change from year-to-year, for example, Hepatitis B immunizations were not generally provided to the population in FY 1986-87.

No work papers in support of the draft audit assertion of excess services were provided so the District cannot ascertain whether the number of these services were significant enough to warrant continuous cost accounting for these exceptions, if any.

#### SCO's Comment

Our finding and recommendation are unchanged. The district draws a distinction between "services available," "services provided," and "services offered." Such a distinction is not relevant.

The parameters and guidelines, Section III, Eligible Claimants, states:

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

Section V, subdivision A, Scope of Mandate, states:

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

Section V, subdivision B, Reimbursable Activities, states:

For each eligible claimant, the following cost items are reimbursable to the extent they were *provided* [emphasis added] by the community college district in fiscal year 1986-87.

#### **District Inaccurately Reported Health Services Provided**

Claim form HFE-1.1 directs the claimant to "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." The claimant identifies whether it provided less services, the same services, or more services. For the audit period, the district submitted claim form HFE-1.1 indicating that it provided the same services during each fiscal year compared to FY 1986-87.

On claim form HFE-2, the district identified the services that it provided in FY 1986-87. The district did not identify physical examinations, pap smears, influenza immunizations, and hepatitis B immunizations as services that it provided in FY 1986-87. However, the district's health service records show that the district did provide these services during the audit period. Therefore, the district provided more services than it provided in FY 1986-87 and incorrectly completed claim form HFE-1.1.

Regarding the specific excess services provided, our comments are as follows:

#### *Physical Examinations*

The district states, "Physical examinations are not listed in the current or base periods as separate activities." It is unclear whether the district is either (1) alleging that claim form HFE-2 does not separately list physical examinations as a health service, or (2) confirming that the district did not provide the service in FY 1986-87 and failed to report that it provided the service during the audit period. The district concludes by stating, "To the extent that these services were provided . . . they would not be new services."

Both the parameters and guidelines and claim form HFE-2 separately list physical examinations as a health service. For the audit period, the district did not identify physical examinations as a service that it provided during FY 1986-87. Clearly, if the district did not provide a service during FY 1986-87, but provided it during the audit period, it is a new service.

#### *Pap Smears*

The district states, "Pap smears are gynecological services which were reported in the current and base periods." Both the parameters and guidelines and claim form HFE-2 separately identify pap smears and gynecological services. The district's response confirms that it incorrectly reported services provided.

#### *Immunizations*

The parameters and guidelines identify only three eligible immunizations: diphtheria/tetanus, measles/rubella, and influenza. The district states, "Hepatitis B immunizations were not generally provided to the population in FY 1986-87." This is irrelevant. The district provided Hepatitis B vaccinations during the audit period. Therefore, the district failed to report that it provided more services during the audit period than it provided in FY 1986-87. In addition, the district reported that it provided only measles/rubella immunizations both during the audit period and in FY 1986-87. The district failed to report that it provided influenza immunizations during the audit period.

#### **District Did Not Sufficiently Document Health Services Provided**

In response to our audit issue of inaccurate reporting, the district states, "No work papers in support of the draft audit assertion of excess services were provided so the District cannot ascertain whether the number of these services were significant enough to warrant continuous cost accounting for these exceptions, if any."

We conducted an audit exit conference on June 4, 2009, and discussed all audit issues with district representatives. The district made no request for audit working papers related to this finding. However, the district's



response confirms that its own records are insufficient for the district to identify how frequently it provided the services in question.

The district had no additional comments regarding insufficient documentation of health services provided. The parameters and guidelines state that only services provided in FY 1986-87 are eligible for reimbursement. They also state that the district must identify the mandated functions performed. We continue to recommend that the district maintain health service records identifying actual services that it provided in the same manner that the parameters and guidelines and the SCO's claim forms identify those services. If the district is unable to validate that it has claimed costs for services that are reimbursable under the mandated program, the SCO will conclude that the entire claim is unallowable.

## OTHER ISSUES

The district's response included other comments related to the mandated cost claims. The district's comments and SCO's responses are presented below.

## Statute of Limitations

The district's response included comments related to the statute of limitations applicable to the district's FY 2002-03 and FY 2003-04 mandated cost claims. The district's comment and SCO's response are as follows:

### District's Comment

The District's (FY) 2002-03 and FY 2003-04 claims were mailed to the Controller on January 12, 2005. According to Government Code Section 17558.5, the Controller has three years to commence an audit of claims filed after January 1, 2005. The entrance conference date for the audit was September 8, 2008, which is after the three-year period to commence the audit expired. Therefore, the proposed audit adjustments for FY 2002-03 and FY 2003-04 are barred by the statute of limitations set forth in Government Code Section 17558.5.

### SCO's Response

Our findings and recommendations are unchanged. The district paraphrased only a portion of Government Code section 17558.5, subdivision (a), which states:

*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 [emphasis added].*

For its FY 2002-03 claim, the district received its initial payment on October 25, 2006. Pursuant to the above statutory language, the SCO had until October 24, 2009, to initiate an audit of this claim. For its FY 2003-04 claim, the district received no payment. Pursuant to the same

statutory language, the SCO's time to initiate an audit has not yet commenced. Therefore, the SCO properly initiated its audit within the statutory time allowed.

## **Public Records Request**

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

### District's Comment

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 2 (indirect cost rate calculation standards) and Finding 4 (calculation of the student health services fees offset).

### SCO's Comment

The SCO provided the district the requested records by separate letter dated August 24, 2009.

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

---



SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT

Associate Chancellor

Cañada College, Redwood City  
College of San Mateo, San Mateo  
Skyline College, San Bruno

August 7, 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, 2<sup>nd</sup> E. S.  
Chapter 1118, Statutes of 1987  
Health Fee Elimination Program  
Annual Claim Fiscal Years: 2002-03 through 2006-07  
San Mateo County Community College District

Dear Mr. Spano:

This letter is the response of the San Mateo County Community College District to the draft audit report for the above referenced program and fiscal years transmitted by the letter from Jeffrey V. Brownfield, Chief, Division of Audits, State Controller's Office, dated July 22, 2009, and received by the District on July 27, 2009.

**Finding 1 - Unallowable services and supplies**

The draft audit report concludes that \$61,288 of the District's claimed costs are unallowable services and supplies. This adjustment includes \$7,976 in unallowable health fair expenses and \$53,312 in uncollectible student health fees referred to as bad debt expenses.

Health Fair Expenses

The Controller asserts that costs incurred by the District to purchase food for health fair exhibitors, promotional items, and to rent a popcorn cart are unallowable costs because these are not expenditures the District is required to make in order to maintain the base-year level of health services.

3401 CSM DRIVE, SAN MATEO, CALIFORNIA 94402-3699 ✦ V:(650) 358-6790 F:(650) 574-6574

Business Services ✦ Compensation & Employee Management System ✦ Facilities ✦ Purchasing ✦ Payroll

The draft audit report cites Government Code Section 17514 as a reason to disallow the health fair costs as not required. This conclusion directly contradicts the parameters and guidelines which include health fairs as reimbursable activities in Section V. Since the Commission has determined that health fair activities are reimbursable, then they are necessary, which invalidates the Controller's reliance upon Section 17514.

The draft audit report cites Government Code Section 17561 which allows the Controller to audit and reduce any excessive or unreasonable claims. Since the parameters and guidelines allow reimbursement for the health fair activities, the costs associated with the activity cannot be unreasonable per se. The draft audit report concludes that the claimed health fair costs are "not required," thus any health fair cost would be ostensibly excessive. The conclusion is subjective because the Controller has not cited a published standard for the type and scope of allowable health fair activity costs. The audit report makes no factual claims to support the adjustment on the grounds that the claimed costs were excessive. Absent a fact-based finding that the popcorn, for example, was too expensive, or some similar finding, there is no basis for the adjustment on the grounds that the claimed costs were excessive. Because there is no question that the health fair activity is appropriate, and no evidence that the costs were excessive, the adjustment should be withdrawn.

#### Bad Debt Expense

The draft audit report states that the \$53,312 of uncollectible student health fees is not allowable but does not cite a specific code section or portion of the parameters and guidelines in support of this conclusion.

As a matter of generally accepted accounting principles, the District reported its gross student health service fee income as revenue and also its uncollected amounts, an appropriate application of accrual accounting. In the alternative, the District could have reported its student health service income net of uncollectible amounts, but the net effect to the general ledger is the same. Since it is the Controller's policy to offset the total collectible student health services fee against total student health services program costs, the bad debt expense should be allowed since the "collectible" fees make no allowance for fees not actually collected, which is a violation of generally accepted accounting principles.

#### **Finding 2 - Overstated indirect costs**

The District utilized a federally approved indirect cost rate of 30% for each of the five years that are the subject of the audit report. The Controller did not adjust this rate for FY 2002-03 and FY 2003-04. For FY 2004-05, FY 2005-06, and FY 2006-07, the draft audit report adjusts the claimed rate by substituting an audited rate calculated according to the Controller's FAM-29C methodology.  
Allocation Basis (FY 2002-03 and FY 2003-04)

Although the draft audit report did not disallow the federal indirect cost rate of 30% for the first two fiscal years, the audit does change the total amount of direct costs to which the rate is applied, thus resulting in reductions of \$12,414 and \$8,884, for FY 2002-03 and FY 2003-04, respectively. The draft audit report concludes that since the federal rate was calculated using salary and benefits only, that the rate can be applied to salary and benefits only. There is no such limitation in the parameters and guidelines or the claiming instructions, nor does the draft audit report cite a basis for this restriction of the application of the indirect cost rate.

Federal Method Disallowed (FY 2004-05, FY 2005-06, and FY 2006-07)

The Controller asserts that a federally approved rate is not an allowable indirect cost rate methodology for the remaining three fiscal years that are the subject of this audit. According to the draft audit report, "[f]or FY 2004-05, FY 2005-06, and FY 2006-07, the parameters and guidelines and the SCO's claiming instructions do not allow the district to use a federally approved rate." Instead, the draft audit report substitutes a rate calculated using the FAM-29C methodology.

The substituted methodology is unnecessary because no particular indirect cost rate methodology is required by law. The draft audit report asserts that indirect cost rates should be calculated according to the Controller's claiming instructions. The parameters and guidelines state that "[i]ndirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." (Emphasis added). The Controller misconstrues the plain language of the parameters and guidelines. "May" is not "shall"; the parameters and guidelines do not *require* that indirect costs be claimed in the manner described by the Controller.

In prior years, federally approved indirect cost rates have been accepted by the Controller. The draft audit report contains no explanation as to why suddenly federally approved rates are no longer permissible. There is absolutely no basis in law for the Controller to make this change in policy. There was no amendment to the parameters and guidelines. It appears that the Controller simply decided to stop accepting federally approved rates, after years of accepting them, with absolutely no justification or opportunity for public comment. This is contrary to the Administrative Procedure Act.

**Finding 3 - Miscellaneous revenue incorrectly reported as authorized health service fees**

The District concurs that the gifts and other local income can be removed from the total amount of student health service fees received and reported on the claim form as offsetting savings or reimbursements which is accomplished by the adjustments described in Finding 5. The District also concurs that the other item

in this finding, the Account number 8980 interfund transfers, is not offsetting program income.

#### **Finding 4 - Understated authorized health service fees**

The draft audit report states that student health service fee revenue offsets were understated by \$694,471 for the audit period. This adjustment is due to the fact that the District reported the 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 asserts 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. The letter from the State Chancellor referenced in the draft audit report merely informs the local districts that the Implicit Price Deflator has increased sufficiently that the districts may increase their student health service fee if the district so chooses. The State Chancellor is not authorized by statute to direct the local districts to increase the student health service fee.

##### Education Code Section 76355

Education Code Section 76355, subdivision (a)(1), 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 . . ." (Emphasis added). There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states:

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

##### 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 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 2006, Chapter 538, 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 any one of the following: . . .

(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 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 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)." 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.

#### **Finding 5 - Understated offsetting savings/reimbursements**

The District concurs with these adjustments to classify the gifts and other local income as offsetting savings or reimbursements for purposes of claim reporting.

#### **Finding 6 - Inaccurate reporting and insufficient documentation of health services provided**

The draft audit report asserts that the District did not properly report or document health services provided. The claiming forms require claimants to report services *available*, not the services actually *provided*, each fiscal year. Education Code Section 76355 requires districts that provided student health services programs in FY 1986-87 to maintain that level of service, that is, the Section requires that all of the same services continue to be offered each subsequent fiscal year. Whether these offered services are actually provided in subsequent years depends on whether a student requires the offered service.

The draft audit report identified the following services as in excess of those available in FY 1986-87: physical examinations, pap smears, influenza immunizations, and Hepatitis B immunizations:

- Physical examinations are not listed in the current or base periods as separate activities. However, to the extent that these services were provided by or available from the District staff, or arranging appointments for such examinations were done by or available from District staff, they would not be new services.
- Pap smears are gynecological services which were reported in the current and base periods.
- Immunizations, the labor associated with providing the injection, were provided in the base period. The actual vaccine injected may change from year-to-year, for example, Hepatitis B immunizations were not generally provided to the population in FY 1986-87.

No work papers in support of the draft audit assertion of excess services were provided so the District cannot ascertain whether the number of these services were significant enough to warrant continuous cost accounting for these exceptions, if any.

**Statute of Limitations**

The District's (FY) 2002-03 and FY 2003-04 claims were mailed to the Controller on January 12, 2005. According to Government Code Section 17558.5, the Controller has three years to commence an audit of claims filed after January 1, 2005. The entrance conference date for the audit was September 8, 2008, which is after the three-year period to commence the audit expired. Therefore, the proposed audit adjustments for FY 2002-03 and FY 2003-04 are barred by the statute of limitations set forth in Government Code Section 17558.5.

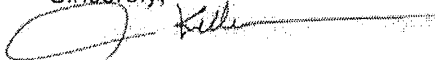
The audit report should be changed to exclude findings for the FY 2002-03 and FY 2003-04 annual claims.

**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 2 (indirect cost rate calculation standards) and Finding 4 (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 ten 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,



Jim Keller, Executive Vice-Chancellor  
San Mateo County Community College District

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

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

S08-MCC-041



**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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



March 5, 2001

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

From: Thomas J. Nussbaum  
Chancellor

Subject: Student Health Fee Increase

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

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

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

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

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

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

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

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

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

I:\Fisc\FiscUnit\01StudentHealthFees\011StuHealthFees.doc



## FOREWORD

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

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

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

Prepared by the State Controller's Office  
Updated September 30, 2003





Fiscal Year

2002 - 2003

# SixTen and Associates

## Mandate Reimbursement Services

---

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

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

January 12, 2005

Claim File Copy

CERTIFIED MAIL # 7003 1010 0003 2876 5476

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  
San Mateo County Community College District CC41100

Dear Ms. Brummels:

Enclosed please find the original claim and extra copy of the FAM-27 for San Mateo County Community College District's reimbursement claim listed below:

486/75	Mandated Reimbursement Process	2002-2003
486/75	Mandated Reimbursement Process	2003-2004
1/84	Health Fee Elimination	2002-2003
1/84	Health Fee Elimination	2003-2004
641/86	Open Meetings/Brown Act Reform	2002-2003

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

Sincerely,



Keith B. Petersen

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>		For State Controller Use only	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">234</span>
(19) Program Number 00234 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___			
(01) Claimant Identification Number: <span style="float: right;">CC41100</span>	<b>Reimbursement Claim Data</b>		
(02) Claimant Name San Mateo County Community College District	(22) HFE-1.0, (04)(b)	341,276	
County of Location San Mateo	(23)		
Street Address 3401 CSM Drive	(24)		
City State Zip Code San Mateo CA 94402	(25)		
<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	
	(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)
<b>Fiscal Year of Cost</b>	(06)	(12) 2002-2003	(29)
<b>Total Claimed Amount</b>	(07)	(13) \$ 341,276	(30)
<b>Less: 10% Late Penalty</b>		(14) \$ 34,128	(31)
<b>Less: Prior Claim Payment Received</b>		(15) \$ -	(32)
<b>Net Claimed Amount</b>		(16) \$ 307,149	(33)
<b>Due from State</b>	(08)	(17) \$ 307,149	(34)
<b>Due to State</b>		(18)	(35)
<b>(37) CERTIFICATION OF CLAIM</b>			
In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.			
I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.			
The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.			
Signature of Authorized Officer (USE BLUE INK) 		Date 1/10/05	
Kathy Blackwood Type or Print Name		Chief Financial Officer 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:  San Mateo County Community College District	(02) Type of Claim: <table style="width: 100%; border: none;"> <tr> <td style="padding: 2px;">Reimbursement</td> <td style="text-align: center; padding: 2px;"><input checked="" type="checkbox"/></td> <td style="padding: 2px;">Fiscal Year</td> </tr> <tr> <td style="padding: 2px;">Estimated</td> <td style="text-align: center; padding: 2px;"><input type="checkbox"/></td> <td style="padding: 2px;">2002-2003</td> </tr> </table>	Reimbursement	<input checked="" type="checkbox"/>	Fiscal Year	Estimated	<input type="checkbox"/>	2002-2003
Reimbursement	<input checked="" type="checkbox"/>	Fiscal Year					
Estimated	<input type="checkbox"/>	2002-2003					

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

(a) Name of College	(b) Claimed Amount
1. College of San Mateo	\$264,410.90
2. Canada College	\$ 32,113.30
3. Skyline College	\$ 44,752.00
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)]	\$ 341,276
----------------------------------	---	------------

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #:

DATE: March 11, 2003

INSTITUTION:  
San Mateo County Community College District  
3401 CSM Drive

FILING REF.: The preceding  
Agreement was dated  
February 4, 1999

San Mateo CA 94402

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES\*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/03	06/30/08	30.0	On-Campus	All Programs

INACTIVE:

BEGINNING 07/01/08 THIS ORGANIZATION DOES NOT HAVE AWARDS WITH THE FEDERAL GOVERNMENT THAT REIMBURSE FULL INDIRECT COSTS. IF IN THE FUTURE, AN AWARD IS RECEIVED WHICH PROVIDES FOR THE FULL REIMBURSEMENT OF ACTUAL INDIRECT COST, A PROVISIONAL RATE WILL BE ESTABLISHED AT THAT TIME.

\*BASE:

Direct salaries and wages including all fringe benefits.

<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>
------------------------------	--	-------------------------------

(01) Claimant:  San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
---	--	--------------------------

(03) Name of College: College of San Mateo

(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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 381,573	\$ 114,472	\$ 496,045
(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)]	\$ 381,573	\$ 114,472	\$ 496,045

(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))	\$ 231,634
(10) Subtotal	[Line (07) - line (09)]	\$ 264,411

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 264,411

[Line (10) - {line (11) + line (12)}]

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.2</b>
------------------------------	--	-------------------------------

(01) Claimant:  San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2002-2003
---	--	------------------------------

(03) Name of College: Canada 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 105,931	\$ 31,779	\$ 137,710
(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)]	\$ 105,931	\$ 31,779	\$ 137,710

(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)	\$ 105,597
(10) Subtotal	[Line (07) - line (09)]	\$ 32,113

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 32,113



<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.3</b>
------------------------------	--	-------------------------------

(01) Claimant:  San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
---	--	--------------------------

(03) Name of College: Skyline 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 177,200	\$ 53,160	\$ 230,360
(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)]	\$ 177,200	\$ 53,160	\$ 230,360

(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))	\$ 185,608
(10) Subtotal	[Line (07) - line (09)]	\$ 44,752

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 44,752

[Line (10) - {(line (11) + line (12))}]

<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 San Mateo County Community College District	(02) Fiscal Year costs were incurred: 2002-2003		
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim	
Accident Reports	X	X	
Appointments			
College Physician, surgeon			
Dermatology, Family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.,)			
Psychologist, full services			
Cancel/Change Appointments	X	X	
Registered Nurse	X	X	
Check Appointments	X	X	
Assessment, Intervention and Counseling			
Birth Control	X	X	
Lab Reports			
Nutrition	X	X	
Test Results, office			
Venereal Disease			
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			
Orthopedic	X	X	
Genito/Urinary	X	X	
Dental	X	X	
Gastro-Intestinal	X	X	
Stress Counseling	X	X	
Crisis Intervention	X	X	
Child Abuse Reporting and Counseling	X	X	
Substance Abuse Identification and Counseling			
Eating Disorders			
Weight Control	X	X	
Personal Hygiene	X	X	
Burnout	X	X	
Other Medical Problems, list	X	X	
Examinations, minor illnesses			
Recheck Minor Injury	X	X	
Health Talks or Fairs, Information			
Sexually Transmitted Disease	X	X	
Drugs	X	X	
Acquired Immune Deficiency Syndrome	X	X	
Child Abuse			

<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 San Mateo County Community College District		(02) Fiscal Year costs were incurred: 2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes		X	X
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled		X X X	X X X
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		X X X	X X X
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration		X X X	X X X
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-->		X X X X X X X X X X	X X X X X X X X X
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		X	X

<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 San Mateo County Community College District		(02) Fiscal Year costs were incurred: 2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
Tests Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A Testing PG Testing Monospot Hemacult Others, list			
Miscellaneous Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
Committees Safety Environmental Disaster Planning			

Fiscal Year

2003 - 2004

# SixTen and Associates

## Mandate Reimbursement Services

---

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

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

January 12, 2005

Claim File Copy

CERTIFIED MAIL # 7003 1010 0003 2876 5476

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  
San Mateo County Community College District CC41100

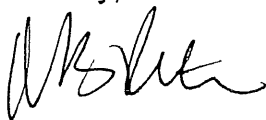
Dear Ms. Brummels:

Enclosed please find the original claim and extra copy of the FAM-27 for San Mateo County Community College District's reimbursement claim listed below:

486/75	Mandated Reimbursement Process	2002-2003
486/75	Mandated Reimbursement Process	2003-2004
1/84	Health Fee Elimination	2002-2003
1/84	Health Fee Elimination	2003-2004
641/86	Open Meetings/Brown Act Reform	2002-2003

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

Sincerely,



Keith B. Petersen

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>	For State Controller Use Only	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">234</span>
	(19) Program Number 00234	
	(20) Date Filed <u>  /  /  </u>	
	(21) LRS Input <u>  /  /  </u>	

L A B E L  H E R E	(01) Claimant Identification Number: <span style="float: right;">CC41100</span>		<b>Reimbursement Claim Data</b>		
	(02) Claimant Name <span style="float: right;">San Mateo County Community College District</span>		(22) HFE-1.0, (04)(b)	233,210	
	County of Location <span style="float: right;">San Mateo</span>		(23)		
	Street Address <span style="float: right;">3401 CSM Drive</span>		(24)		
	City	State	Zip Code	(25)	
	San Mateo	CA	94402		
<b>Type of Claim</b>		<b>Estimated Claim</b>		<b>Reimbursement Claim</b>	
		(03) Estimated	<input checked="" type="checkbox"/>	(09) Reimbursement	<input checked="" type="checkbox"/>
		(04) Combined	<input type="checkbox"/>	(10) Combined	<input type="checkbox"/>
		(05) Amended	<input type="checkbox"/>	(11) Amended	<input type="checkbox"/>
<b>Fiscal Year of Cost</b>		(06) <span style="float: right;">2004-2005</span>	(12) <span style="float: right;">2003-2004</span>	(30)	
<b>Total Claimed Amount</b>		(07) <span style="float: right;">\$ 256,000</span>	(13) <span style="float: right;">\$ 233,210</span>	(31)	
<b>Less: 10% Late Penalty</b>		(14) <span style="float: right;">\$ -</span>	(32)		
<b>Less: Prior Claim Payment Received</b>		(15) <span style="float: right;">\$ -</span>	(33)		
<b>Net Claimed Amount</b>		(16) <span style="float: right;">\$ 233,210</span>	(34)		
<b>Due from State</b>		(08) <span style="float: right;">\$ 256,000</span>	(17) <span style="float: right;">\$ 233,210</span>	(35)	
<b>Due to State</b>		(18)	(36)		

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer (USE BLUE INK) _____ Kathy Blackwood Type or Print Name	Date <span style="font-size: 1.5em; font-family: cursive;">1/10/05</span> _____ Chief Financial Officer 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:  San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> <span style="margin-left: 20px;">Fiscal Year</span> Estimated <input type="checkbox"/> <span style="margin-left: 20px;">2003-2004</span>
---	--

**(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. College of San Mateo	\$188,612.80
2. Canada College	\$ 23,133.10
3. Skyline College	\$ 21,463.90
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>\$ 233,210</b>
----------------------------------	---	-------------------



COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #:

DATE: March 11, 2003

INSTITUTION:  
San Mateo County Community College District  
3401 CSM Drive

FILING REF.: The preceding  
Agreement was dated  
February 4, 1999

San Mateo CA 94402

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES\*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/03	06/30/08	30.0	On-Campus	All Programs

INACTIVE:

BEGINNING 07/01/08 THIS ORGANIZATION DOES NOT HAVE AWARDS WITH THE FEDERAL GOVERNMENT THAT REIMBURSE FULL INDIRECT COSTS. IF IN THE FUTURE, AN AWARD IS RECEIVED WHICH PROVIDES FOR THE FULL REIMBURSEMENT OF ACTUAL INDIRECT COST, A PROVISIONAL RATE WILL BE ESTABLISHED AT THAT TIME.

\*BASE:

Direct salaries and wages including all fringe benefits.

<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>
------------------------------	--	-------------------------------

(01) Claimant:  San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2003-2004
---	--	--------------------------

(03) Name of College: College of San Mateo

(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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 334,606	\$ 100,382	\$ 434,988
(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)]	\$ 334,606	\$ 100,382	\$ 434,988

(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)	\$ 246,375
(10) Subtotal	[Line (07) - line (09)]	\$ 188,613

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]
	\$ 188,613

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.2</b>
------------------------------	--	-------------------------------

(01)	Claimant:  San Mateo County Community College District	(02) Type of Claim:  Reimbursement <input checked="" type="checkbox"/>  Estimated <input type="checkbox"/>	Fiscal Year  2003-2004
------	--	--	------------------------------

(03) Name of College: Canada 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 94,827	\$ 28,448	\$ 123,275
(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)]	\$ 94,827	\$ 28,448	\$ 123,275

(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)) \$ 100,142

(10) Subtotal [Line (07) - line (09)] \$ 23,133

**Cost Reduction**

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

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

(13) Total Amount Claimed [Line (10) - {line (11) + line (12)}] \$ 23,133

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.3</b>
------------------------------	--	-------------------------------

(01)	Claimant:  San Mateo County Community College District	(02) Type of Claim:  Reimbursement <input checked="" type="checkbox"/>  Estimated <input type="checkbox"/>	Fiscal Year  2003-2004
------	--	--	------------------------------

(03) Name of College: Skyline 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 146,753	\$ 44,026	\$ 190,779
(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)]	\$ 146,753	\$ 44,026	\$ 190,779

(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)	\$ 169,315
(10) Subtotal	[Line (07) - line (09)]	\$ 21,464

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	[Line (10) - {line (11) + line (12)}] \$ 21,464

<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 San Mateo County 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			
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports		X	X
Nutrition			
Test Results, office			
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			
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			
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			
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 San Mateo County 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	
Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes		X	X	
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled		X X X	X X X	
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		X X	X X	
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration		X X X	X X X	
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-->		X X X X X X X X X	X X X X X X X X	
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		X	X	

<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 San Mateo County 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
Referrals to Outside Agencies			
Private Medical Doctor		X	X
Health Department		X	X
Clinic		X	X
Dental		X	X
Counseling Centers		X	X
Crisis Centers		X	X
Transitional Living Facilities, battered/homeless women			
Family Planning Facilities		X	X
Other Health Agencies			
Tests			
Blood Pressure		X	X
Hearing		X	X
Tuberculosis			
Reading		X	X
Information		X	X
Vision			
Glucometer			
Urinalysis			
Hemoglobin			
EKG			
Strep A Testing		X	X
PG Testing			
Monospot			
Hemacult			
Others, list			
Miscellaneous			
Absence Excuses/PE Waiver		X	X
Allergy Injections		X	X
Band-aids		X	X
Booklets/Pamphlets		X	X
Dressing Change		X	X
Rest			
Suture Removal		X	X
Temperature		X	X
Weigh		X	X
Information		X	X
Report/Form			
Wart Removal			
Others, list			
Committees			
Safety		X	X
Environmental			
Disaster Planning		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 12, 2006

CERTIFIED MAIL # 7004 2510 0004 4007 0657

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  
San Mateo County Community College District CC41100

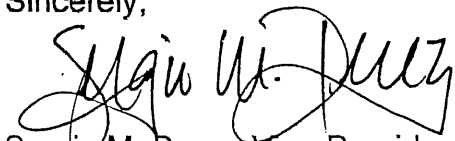
Dear Ms. Brummels:

Enclosed please find the original claims and extra copies of the FAM-27 for San Mateo County Community College District's reimbursement claims listed below:

1/84 Health Fee Elimination 2004-2005

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

Sincerely,



Sergio M. Perez, Vice-President  
Claims Processing Manager

<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>
--	---	-----------------------

LABEL HERE

(01) Claimant Identification Number: CC 41100		<b>Reimbursement Claim Data</b>	
(02) Claimant Name: San Mateo County Community College District		(22) HFE-1.0, (04)(b)	314,446
County of Location: San Mateo		(23)	
Street Address: 3401 CSM Drive		(24)	
City: San Mateo	State: CA	Zip Code: 94402	(25)
<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	(26)
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
<b>Fiscal Year of Cost</b>	(06) 2005-2006	(12) 2004-2005	(30)
<b>Total Claimed Amount</b>	(07) \$ 345,000	(13) \$ 314,446	(31)
<b>Less: 10% Late Penalty</b>		(14) \$ -	(32)
<b>Less: Prior Claim Payment Received</b>		(15) \$ -	(33)
<b>Net Claimed Amount</b>		(16) \$ 314,446	(34)
<b>Due from State</b>	(08) \$ 345,000	(17) \$ 314,446	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer (USE BLUE INK) Date

*Kathy L Blackwood* 1/10/06

---

Kathy Blackwood Chief Financial Officer

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>
--	-------------------------

(01) Claimant:  San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  <input type="checkbox"/> 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. College of San Mateo	\$205,868.57
2. Canada College	\$ 58,247.10
3. Skyline College	\$ 50,330.01
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
<b>(04) Total Amount Claimed</b>	<b>\$ 314,446</b> <small>[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]</small>

<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>
------------------------------	--	-------------------------------

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

(03) Name of College: College of San Mateo

(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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 325,310	\$ 97,593	\$ 422,904
(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)]	\$ 325,310	\$ 97,593	\$ 422,904

(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)	\$ 217,035
(10) Subtotal	[Line (07) - line (09)]	\$ 205,869

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable		\$ -
(12) Less: Other Reimbursements, if applicable		\$ -
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]	\$ 205,869

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.2</b>
------------------------------	--	-------------------------------

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

(03) Name of College: Canada 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 115,568	\$ 34,670	\$ 150,238
(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)]	\$ 115,568	\$ 34,670	\$ 150,238

(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)	\$ 91,991
(10) Subtotal	[Line (07) - line (09)]	\$ 58,247

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 58,247

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.3</b>
------------------------------	--	-------------------------------

(01)	Claimant: San Mateo County Community College Distric	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2004-2005
------	---	--	--------------------------

(03) Name of College: Skyline 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 169,789	\$ 50,937	\$ 220,726
(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)]	\$ 169,789	\$ 50,937	\$ 220,726

(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)) \$ 170,396

(10) Subtotal [Line (07) - line (09)] \$ 50,330

**Cost Reduction**

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

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

(13) Total Amount Claimed [Line (10) - {(line (11) + line (12))} \$ 50,330

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

(01) Claimant San Mateo County 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		
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports		
Nutrition	X	X
Test Results, office		
Venereal Disease		
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		
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling		
Acquired Immune Deficiency Syndrome		
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
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		
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 San Mateo County 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		
Stop Smoking		
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	X	X
Information		
Insurance		
On Campus Accident	X	X
Voluntary	X	X
Insurance Inquiry/Claim Administration	X	X
Laboratory Tests Done		
Inquiry/Interpretation		
Pap Smears		
Physical Examinations		
Employees		
Students		
Athletes		
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops		
Ear Drops		
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps	X	X
Other, list-->		
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry	X	X
Elevator Passes		
Temporary Handicapped Parking Permits		



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

(01) Claimant San Mateo County 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
Referrals to Outside Agencies		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women		
Family Planning Facilities	X	X
Other Health Agencies		
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision		
Glucometer		
Urinalysis		
Hemoglobin		
EKG		
Strep A Testing	X	X
PG Testing		
Monospot		
Hemacult		
Others, list		
Miscellaneous		
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		
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal		
Others, list		
Committees		
Safety	X	X
Environmental		
Disaster Planning	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

December 21, 2007

CERTIFIED MAIL # 7006 3450 0000 3941 8666

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  
San Mateo County Community College District CC41100

Dear Ms. Brummels:

Enclosed please find the original claim and an extra copy of the FAM-27 for San Mateo County 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

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>	For State Controller Use only	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">234</span>
	(19) Program Number 00234	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

LABEL HERE	(01) Claimant Identification Number: CC 41100	Reimbursement Claim Data	
	(02) Claimant Name: San Mateo County Community College District	(22) HFE-1.0, (04)(b)	360,955
	County of Location: San Mateo	(23)	
	Street Address: 3401 CSM Drive	(24)	
	City: San Mateo State: CA Zip Code: 94402	(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) \$ 360,955	(31)
Less: 10% Late Penalty, not to exceed \$10,000		(14) \$ 10,000	(32)
Less: Prior Claim Payment Received		(15) \$ -	(33)
Net Claimed Amount		(16) \$ 350,955	(34)
Due from State	(08)	(17) \$ 350,955	(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
	12/20/07
Kathy Blackwood	Chief Financial Officer
Type or Print Name	Title

(38) Name of Contact Person for Claim: SixTen and Associates

Telephone Number: (858) 514-8605

E-mail Address: kbsixten@aol.com

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

(01) Claimant:  San Mateo County 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. College of San Mateo	\$ 216,335
2. Canada College	\$ 61,153
3. Skyline College	\$ 83,467
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)]	\$ 360,955
----------------------------------	---	------------

<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>
------------------------------	--	-------------------------------

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

(03) Name of College: College of San Mateo

(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: 30.00%	Total
5) Cost of Health Services for the Fiscal year of Claim	\$ 363,074	\$ 108,922	\$ 471,996
6) Cost of providing current fiscal year health services in excess of 1986/87		\$ -	\$ -
7) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 363,074	\$ 108,922	\$ 471,996

8) 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)
Per Fall Semester				\$ -		\$ -	\$ -
Per Spring Semester				\$ -		\$ -	\$ -
Per Summer Session				\$ -		\$ -	\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

i) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 255,661
j) Subtotal	[Line (07) - line (09)]	\$ 216,335

<b>Cost Reduction</b>		
k) Less: Offsetting Savings, if applicable		\$ -
l) Less: Other Reimbursements, if applicable		\$ -
m) Total Amount Claimed	[Line (10) - {line (11) + line (12)}]	\$ 216,335

**PROGRAM**  
**234**

**MANDATED COSTS**  
**HEALTH FEE ELIMINATION**  
**CLAIM SUMMARY**

**FORM**  
**HFE-1.1**

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

(03) Name of College: Canada 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 145,662	\$ 43,699	\$ 189,361
(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)]	\$ 145,662	\$ 43,699	\$ 189,361

(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)
Per Fall Semester				\$ -		\$ -	\$ -
Per Spring Semester				\$ -		\$ -	\$ -
Per Summer Session				\$ -		\$ -	\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 128,208
(10) Subtotal	[Line (07) - line (09)]	\$ 61,153

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}] \$ 61,153

<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>
------------------------------	--	-------------------------------

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

03) Name of College: Skyline 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: 30.00%	Total
5) Cost of Health Services for the Fiscal year of Claim	\$ 222,306	\$ 66,692	\$ 288,998
6) Cost of providing current fiscal year health services in excess of 1986/87		\$ -	\$ -
7) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 222,306	\$ 66,692	\$ 288,998

8) 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)
Per Fall Semester				\$ -		\$ -	\$ -
Per Spring Semester				\$ -		\$ -	\$ -
Per Summer Session				\$ -		\$ -	\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 205,531
) Subtotal	[Line (07) - line (09)]	\$ 83,467

**Cost Reduction**

) Less: Offsetting Savings, if applicable	\$ -
) Less: Other Reimbursements, if applicable	\$ -
) Total Amount Claimed	\$ 83,467



**Program**  
**234**

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

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

(01) Claimant  
San Mateo County 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		
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports		
Nutrition	X	X
Test Results, office		
Venereal Disease		
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		
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling		
Acquired Immune Deficiency Syndrome	X	X
Eating Disorders		
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list	X	X
Examinations, minor illnesses		
Recheck Minor Injury	X	X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse		

Program <b>234</b>	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM <b>HFE-2</b>	
(01) Claimant San Mateo County 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 Stop Smoking Library, Videos and Cassettes		X	X
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled		X X X	X X X
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		X  X  X	X  X  X
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration		X X X	X X X
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--> Antibiotics, Antidepressants, Oral Contraceptives		X X X X  X X X	X X X X  X X X
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		X	X

(01) Claimant  
San Mateo County 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
--	----------------------	-----------------------

Referrals to Outside Agencies

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

Tests

Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision	X	X
Glucometer		
Urinalysis		
Hemoglobin		
EKG		
Strep A Testing	X	X
PG Testing		
Monospot		
Hemacult		
Others, list>>All Blood Test, Cultures, Pulse Oximeter, Pulmonary Function		

Miscellaneous

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		
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal		
Others, list		

Committees

Safety	X	X
Environmental		
Disaster Planning	X	X

Fiscal Year

2006 - 2007

# Six Ten 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

January 25, 2008

Claim File Copy

CERTIFIED MAIL # 7006 3450 0000 3941 8703

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  
San Mateo County Community College District CC41100


Dear Ms. Brummels:

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

1/84	Health Fee Elimination	2006-2007
------	------------------------	-----------

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

Sincerely,

  
for Keith B. Petersen, President

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>	For State Controller Use only	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">234</span>
	(19) Program Number 00234	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

LABEL HERE

(01) Claimant Identification Number: CC 41100	<b>Reimbursement Claim Data</b>	
(02) Claimant Name: San Mateo County Community College District	(22) HFE-1.0, (04)(b)	394,693
County of Location: San Mateo	(23)	
Street Address: 3401 CSM Drive	(24)	
City: San Mateo State: CA Zip Code: 94402	(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) 2007-2008	(12) 2006-2007	(30)	
Total Claimed Amount	(07) \$ 434,000	(13) \$ 394,693	(31)	
Less: 10% Late Penalty, not to exceed \$10,000		(14) \$ -	(32)	
Less: Prior Claim Payment Received		(15) \$ -	(33)	
Net Claimed Amount		(16) \$ 394,693	(34)	
Due from State	(08) \$ 434,000	(17) \$ 394,693	(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 \_\_\_\_\_  
*Kathy Blackwood* \_\_\_\_\_ *1/17/08* \_\_\_\_\_  
 Kathy Blackwood \_\_\_\_\_ Chief Financial Officer  
 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:  San Mateo County Community College District	(02) Type of Claim: <table style="width: 100%; border: none;"> <tr> <td style="padding: 2px;">Reimbursement</td> <td style="text-align: center; padding: 2px;"><input checked="" type="checkbox"/></td> <td style="padding: 2px;">Fiscal Year</td> </tr> <tr> <td style="padding: 2px;">Estimated</td> <td style="text-align: center; padding: 2px;"><input type="checkbox"/></td> <td style="padding: 2px;">2006-2007</td> </tr> </table>	Reimbursement	<input checked="" type="checkbox"/>	Fiscal Year	Estimated	<input type="checkbox"/>	2006-2007
Reimbursement	<input checked="" type="checkbox"/>	Fiscal Year					
Estimated	<input type="checkbox"/>	2006-2007					

**(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. Canada College	\$ 95,381
2. College of San Mateo	\$ 231,240
3. Skyline College	\$ 68,072
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>\$ 394,693</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>
------------------------------	--	-------------------------------

(01) Claimant: San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2006-2007
---	--	--------------------------

(03) Name of College: Canada 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 197,584	\$ 59,275	\$ 256,859
(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)]	\$ 197,584	\$ 59,275	\$ 256,859

(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)
Per Fall Semester							\$ -
Per Spring Semester							\$ -
Per Summer Session							\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 161,478
(10) Subtotal	[Line (07) - line (09)]	\$ 95,381

**Cost Reduction**

1) Less: Offsetting Savings, if applicable	
2) Less: Other Reimbursements, if applicable	
3) Total Amount Claimed	\$ 95,381 [Line (10) - {(line (11) + line (12))}]



<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>
------------------------------	--	-------------------------------

(01) Claimant: San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2006-2007
---	--	--------------------------

(03) Name of College: College of San Mateo

(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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 415,602	\$ 124,681	\$ 540,283
(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)]	\$ 415,602	\$ 124,681	\$ 540,283

(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)
Per Fall Semester							
Per Spring Semester							
Per Summer Session							
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

(9) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 309,043
(0) Subtotal	[Line (07) - line (09)]	\$ 231,240

**Cost Reduction**

(1) Less: Offsetting Savings, if applicable	
(2) Less: Other Reimbursements, if applicable	
(3) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}] \$ 231,240

<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>
------------------------------	--	-------------------------------

(01) Claimant: San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2006-2007
---	--	--------------------------

(03) Name of College: Skyline 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 254,539	\$ 76,362	\$ 330,901
(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)]	\$ 254,539	\$ 76,362	\$ 330,901

(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)
Per Fall Semester							\$ -
Per Spring Semester							\$ -
Per Summer Session							\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

(9) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 262,829
(10) Subtotal	[Line (07) - line (09)]	\$ 68,072

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 68,072

<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 San Mateo County Community College District	(02) Fiscal Year costs were incurred: 2006-2007
--	--

(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		
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports		
Nutrition	X	X
Test Results, office		
Venereal Disease		
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		
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling		
Acquired Immune Deficiency Syndrome	X	X
Eating Disorders		
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list	X	X
Examinations, minor illnesses		
Recheck Minor Injury	X	X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse		

<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 San Mateo County Community College District	(02) Fiscal Year costs were incurred: 2006-2007
--	--

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

Program <b>234</b>	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM <b>HFE-2</b>	
(01) Claimant San Mateo County Community College District	(02) Fiscal Year costs were incurred: 2006-2007		
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim	
Referrals to Outside Agencies			
Private Medical Doctor	X	X	
Health Department	X	X	
Clinic	X	X	
Dental	X	X	
Counseling Centers	X	X	
Crisis Centers	X	X	
Transitional Living Facilities, battered/homeless women			
Family Planning Facilities	X	X	
Other Health Agencies			
Tests			
Blood Pressure	X	X	
Hearing	X	X	
Tuberculosis			
Reading	X	X	
Information	X	X	
Vision	X	X	
Glucometer			
Urinalysis			
Hemoglobin			
EKG			
Strep A Testing	X	X	
PG Testing			
Monospot			
Hemacult			
Others, list			
Miscellaneous			
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			
Temperature	X	X	
Weigh	X	X	
Information	X	X	
Report/Form	X	X	
Wart Removal			
Others, list			
Committees			
Safety	X	X	
Environmental			
Disaster Planning	X	X	



**JOHN CHIANG**  
California State Controller

December 2, 2014

RECEIVED

December 02, 2014

Commission on  
State Mandates

LATE FILING

Heather Halsey  
Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

Re: **Incorrect Reduction Claim (IRC)**

*Health Fee Elimination*, 10-4206-I-35

Education Code Section 76355

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

Fiscal Years: 2002-03, 2003-04, 2004-2005, 2005-06, and 2006-2007

San Mateo County Community College District, Claimant

Dear Ms. Halsey:

The State Controller's Office (SCO) is transmitting our response to the above-entitled IRC.

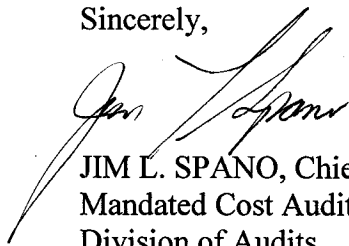
The district did not comply with the requirements of the claiming instructions in developing its indirect cost rates. The SCO's adjustment to the indirect cost rates based on the SCO's FAM-29C methodology is supported by the Commission on State Mandates (Commission) decisions on previous IRCs (e.g., statement of decision adopted on January 24, 2014, for the San Mateo County and San Bernardino community college districts on this same program). The parameters and guidelines, which were duly adopted at a Commission hearing, require compliance with the claiming instructions. The claiming instructions and related general provisions of the SCO's Mandated Cost Manual provide ample notice for claimants to properly claim indirect costs.

The district offset revenues collected from student health fees rather than by the fee amount the district was authorized to impose. The SCO's reduction of reimbursement to the extent of fee authority is supported by Education Code section 76355, the Commission decisions on previous IRCs, as mentioned above, and the appellate court decision in *Clovis Unified School District v. Chiang*.

Heather Halsey, Executive Director  
December 2, 2014  
Page 2

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L. Spano", written in a cursive style.

JIM L. SPANO, Chief  
Mandated Cost Audits Bureau  
Division of Audits

JS/kw

14823

**RESPONSE BY THE STATE CONTROLLER'S OFFICE  
TO THE INCORRECT REDUCTION CLAIM (IRC) BY  
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
Health Fee Elimination Program**

**Table of Contents**

<b><u>Description</u></b>	<b><u>Page</u></b>
<b>SCO's Response to District's Comments</b>	
Declaration (Affidavit of Bureau Chief) .....	Tab 1
State Controller's Office Analysis and Response .....	Tab 2
State Controller's Office's Claiming Instructions, Section 8, Indirect Costs – September 2003 .....	Tab 3
State Controller's Office's Claiming Instructions, Section 8, Indirect Costs – December 2005 .....	Tab 4
San Mateo College Fiscal Year (FY) 2006-07 Catalog, page 13 .....	Tab 5
Federally Approved Indirect Cost Rates, FY 2002-03 and FY 2003-04 .....	Tab 6
Commission on State Mandates Staff Analysis, Proposed Parameters and Guidelines – May 25, 1989 .....	Tab 7
Commission on State Mandates Meeting Minutes – May 25, 1989 .....	Tab 8
State Controller's Office Remittance Advice, FY 2002-03 Claim – October 25, 2006 .....	Tab 9
State Controller's Office Remittance Advice:	
• Collective Bargaining Program, FY 2008-09 – January 12, 2011	
• Health Fee Elimination Program, FY 2008-09 – January 14, 2011	
• Enrollment Fee Collection and Waivers Program, FY 2008-09 – January 19, 2011 .....	Tab 10
Summary SCO Schedule – Analysis of Services and Supplies for FY 2002-03 through FY 2006-07 and Supporting District Records .....	Tab 11
Summary SCO Schedule – Analysis of Level of Health Services for FY 2002-03 through FY 2006-07 .....	Tab 12
Health Service Records (District Provided) for Skyline College .....	Tab 13
Health Service Records (District Provided) for Canada College .....	Tab 14
Health Service Records (District Provided) for San Mateo College .....	Tab 15



Note: Reference to Exhibits relate to the district's IRC filed on November 29, 2010, as follows:

- Exhibit A – PDF page 35
- Exhibit B – PDF page 41
- Exhibit C – PDF page 49
- Exhibit D – PDF page 62
- Exhibit E – PDF page 99
- Exhibit F – PDF page 102
- Exhibit G – PDF page 104

**Tab 1**

1 **OFFICE OF THE STATE CONTROLLER**

Division of Audits

2 3301 C Street, Suite 725

Sacramento, CA 95816

3 Telephone No.: (916) 323-5849

4  
5 BEFORE THE

6 COMMISSION ON STATE MANDATES

7 STATE OF CALIFORNIA

8  
9  
10 INCORRECT REDUCTION CLAIM ON:

11 *Health Fee Elimination Program*

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

14 SAN MATEO COUNTY COMMUNITY  
15 COLLEGE DISTRICT, Claimant

No.: CSM 10-4206-I-35

AFFIDAVIT OF BUREAU CHIEF

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

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

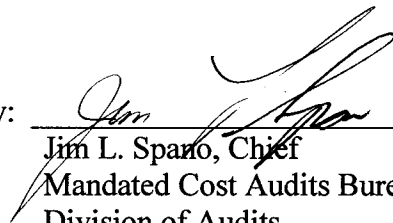
1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

7) A field audit of the claims for fiscal year (FY) 2002-03, FY 2003-04, FY 2004-05, FY 2005-06, and FY 2006-07 commenced on September 8, 2008, and ended on June 4, 2009.

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

Date: December 2, 2014

OFFICE OF THE STATE CONTROLLER

By:   
Jim L. Sparto, Chief  
Mandated Cost Audits Bureau  
Division of Audits  
State Controller's Office

**Tab 2**

**STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE  
TO THE INCORRECT REDUCTION CLAIM BY  
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
For Fiscal Year (FY) 2002-03, FY 2003-04, FY 2004-05, FY 2005-06, and FY 2006-07**

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

**SUMMARY**

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim that the San Mateo County Community College District filed on November 29, 2010. The SCO audited the district's claims for costs of the legislatively mandated Health Fee Elimination Program for the period of July 1, 2002, through June 30, 2007. The SCO issued its final report on September 23, 2009 (**Exhibit D**).

The district submitted reimbursement claims totaling \$1,633,580 (\$1,644,580 less an \$11,000 penalty for filing late claims)—\$340,276 for FY 2002-03 (\$341,276 less \$1,000 for filing a late claim), \$233,210 for FY 2003-04, \$314,446 for FY 2004-05, \$350,955 for FY 2005-06 (\$360,955 less a \$10,000 penalty for filing a late claim), and \$394,693 for FY 2006-07 (**Exhibit G**). Subsequently, the SCO performed an audit for the period of July 1, 2002, through June 30, 2007, and determined that \$781,934 is unallowable. The costs are unallowable because the district claimed unallowable services and supplies, overstated and understated allowable indirect costs, and understated authorized health service fees and offsetting savings/reimbursements. The district also inaccurately reported and insufficiently documented health services provided.

The district contests all audit findings other than the understated offsetting savings/reimbursements. In addition, the district contests the reported amount paid by the State for FY 2002-03 and the SCO's statutory audit authority for FY 2002-03 and FY 2003-04.

The following table summarizes the audit results:

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries	\$ 519,427	\$ 519,427	\$ —
Benefits	103,896	103,896	—
Services and supplies	41,381	41,381	—
Total direct costs	664,704	664,704	—
Indirect costs	199,411	186,997	(12,414)
Total direct and indirect costs	864,115	851,701	(12,414)
Less authorized health service fees	(522,839)	(714,435)	(191,596)
Less offsetting savings/reimbursements	—	(1,040)	(1,040)
Less late filing penalty	(1,000)	(1,000)	—
Total program costs	<u>\$ 340,276</u>	135,226	<u>\$ (205,050)</u>
Less amount paid by the State <sup>1</sup>		(307,148)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (171,922)</u>	

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries	\$ 445,234	\$ 445,234	\$ —
Benefits	101,340	101,340	—
Services and supplies	29,612	27,857	(1,755)
Total direct costs	576,186	574,431	(1,755)
Indirect costs	172,856	163,972	(8,884)
Total direct and indirect costs	749,042	738,403	(10,639)
Less authorized health service fees	(515,832)	(590,862)	(75,030)
Less offsetting savings/reimbursements	—	(11,931)	(11,931)
Total program costs	<u>\$ 233,210</u>	135,610	<u>\$ (97,600)</u>
Less amount paid by the State <sup>1</sup>		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 135,610</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Salaries	\$ 439,929	\$ 439,929	\$ —
Benefits	103,247	103,247	—
Services and supplies	67,491	66,413	(1,078)
Total direct costs	610,667	609,589	(1,078)
Indirect costs	183,201	178,305	(4,896)
Total direct and indirect costs	793,868	787,894	(5,974)
Less authorized health service fees	(479,422)	(585,142)	(105,720)
Less offsetting savings/reimbursements	—	(23,454)	(23,454)
Total program costs	<u>\$ 314,446</u>	179,298	<u>\$ (135,148)</u>
Less amount paid by the State <sup>1</sup>		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 179,298</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Salaries	\$ 522,997	\$ 522,997	\$ —
Benefits	109,667	109,667	—
Services and supplies	98,378	76,154	(22,224)
Total direct costs	731,042	708,818	(22,224)
Indirect costs	219,313	224,554	5,241
Total direct and indirect costs	950,355	933,372	(16,983)
Less authorized health service fees	(589,400)	(696,603)	(107,203)
Less offsetting savings/reimbursements	—	(19,497)	(19,497)
Less late filing penalty	(10,000)	(10,000)	—
Total program costs	<u>\$ 350,955</u>	207,272	<u>\$ (143,683)</u>
Less amount paid by the State <sup>1</sup>		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 207,272</u>	

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Salaries	\$ 628,774	\$ 628,774	\$ —
Benefits	116,430	116,430	—
Services and supplies	122,521	86,290	(36,231)
Total direct costs	867,725	831,494	(36,231)
Indirect costs	260,318	280,380	20,062
Total direct and indirect costs	1,128,043	1,111,874	(16,169)
Less authorized health service fees	(733,350)	(899,184)	(165,834)
Less offsetting savings/reimbursements	—	(18,450)	(18,450)
Total program costs	<u>\$ 394,693</u>	194,240	<u>\$ (200,453)</u>
Less amount paid by the State <sup>1</sup>		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 194,240</u>	
<u>Summary: July 1, 2002, through June 30, 2007</u>			
Direct costs:			
Salaries	\$ 2,556,361	\$ 2,556,361	\$ —
Benefits	534,580	534,580	—
Services and supplies	359,383	298,095	(61,288)
Total direct costs	3,450,324	3,389,036	(61,288)
Indirect costs	1,035,099	1,034,208	(891)
Total direct and indirect costs	4,485,423	4,423,244	(62,179)
Less authorized health service fees	(2,840,843)	(3,486,226)	(645,383)
Less offsetting savings/reimbursements	—	(74,372)	(74,372)
Less late filing penalty	(11,000)	(11,000)	—
Total program costs	<u>\$ 1,633,580</u>	851,646	<u>\$ (781,934)</u>
Less amount paid by the State <sup>1</sup>		(307,148)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 544,498</u>	

<sup>1</sup> Payment information current as of February 28, 2011.



# I. HEALTH FEE ELIMINATION PROGRAM CRITERIA

## Parameters and Guidelines – May 25, 1989

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

Section III defines eligible claimants as follows:

### IV. 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.

Section V.A identifies the scope of the mandated program and section V.B specifies the program's reimbursable activities:

### 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 that they were provided by the community college district in fiscal year 1986-87. . . .

Section VI.B provides the following claim preparation criteria:

### VI. CLAIM PREPARATION

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

Claimed costs should be supported by the following information:

##### 1. Employee Salaries and Benefits

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

##### 2. Services and Supplies

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

##### 3. Allowable Overhead Cost

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

Section VII defines supporting data as follows:

#### 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.

Section VIII defines offsetting savings and other reimbursements as follows:

#### VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

#### SCO Claiming Instructions

The SCO annually issues mandated costs claiming instructions, which contain filing instructions for mandated cost programs. The September 2003 claiming instructions provide indirect cost claiming instructions for FY 2002-03 (**Tab 3**). The September 2003 indirect cost claiming instructions are substantially similar to the version extant for FY 2003-04. The December 2005 claiming instructions provide indirect cost claiming instructions for FY 2004-05 (**Tab 4**). The December 2005 indirect cost claiming instructions are substantially similar to the version extant for FY 2005-06 and FY 2006-07. The September 2003 Health Fee Elimination Program claiming instructions (**Exhibit C**) are substantially similar to the version extant for each fiscal year during the audit period.

## II. **DISTRICT CLAIMED UNALLOWABLE SERVICES AND SUPPLIES**

### Issue

The district claimed unallowable services and supplies totaling \$61,288. The district believes that the costs are allowable for reimbursement under the mandated program.

### **SCO Analysis:**

Our audit found that the district claimed unallowable services and supplies costs totaling \$7,976. The unallowable costs consisted of district purchases of food for exhibitors who participated in health fairs, rental of a popcorn cart, and purchases of various promotional items for student health fairs (i.e., mood lamps, curling ribbons, tattoo bracelets, etc.).

Government Code section 17514 defines "mandated costs" as any increased costs that the district is *required* to incur. Expenditures incurred for food and promotional items are not required to maintain health services at the level that the district provided during the 1986-87 base year. The district states that the promotional items are intended to promote attendance at student health fairs. However, the parameters and guidelines do not include a reimbursable activity for the inducement of student attendance at health fairs. Costs are only reimbursable to conduct a health fair and provide health information to students who inquire, if the district conducted health fairs during the base year of FY 1986-87.

The district also claimed \$53,312 that it identified as “bad debt expense.” The bad debt expense in this instance is related to uncollectible student health fees. The parameters and guidelines require that districts deduct authorized health service fees from health service expenditures claimed. However, actual health service fees collected and uncollected are not relevant to the district’s mandated cost claims.

We created a summary schedule (Analysis of Services and Supplies) of the items that we examined for each year of the audit period. This schedule identifies the food and promotional items identified above that are not reimbursable and the resulting audit adjustment amounts. We have also provided the documentation (list of accounts, invoices, receipts, and a district journal voucher report) that support our audit finding (Tab 11).

### District’s Response

#### A. Health Fair Expenses

. . . The audit report cites Government Code Section 17514 for the proposition that “mandated costs” are “increased costs that the district is *required* to incur.” The parameters and guidelines include health fairs as a mandated activity, so the related costs are mandated. The audit report cites the Controller’s audit authority located at Section 17561 . . . Therefore, the issue becomes whether these required activities are excessive or unreasonable.

. . . The audit report simply asserts that districts are not “required” to incur these costs in order “to complete the activity of providing health information to those who inquire,” without demonstrating that this is true. This unsupported and subjective determination cannot be the basis for an audit finding of unallowable costs, particularly because the parameters and guidelines specifically provide for health fair expenses as reimbursable costs under the Health Fee Elimination mandate.

The audit report enumerates most of the list of information topics for “Health Talks or Fairs – Information” from page 3 of the parameters and guidelines, but the audit report enumeration stops after “smoking” and does not include the “etc.,” which mean any content limitation suggested by the audit report is misrepresentative of the parameters and guidelines. Complete or not, the enumeration just describes the content of the health fair presentation and is not determinative of the issue of reasonableness of the promotional costs, or any other supply or equipment cost. The purpose of health fairs is to effectively communicate health information to the student population in general, which requires that students attend the health fair. The promotional materials are intended to promote attendance at the health fair. The audit report has stated no basis for evaluating the methods that the District has determined are needed to accomplish that goal. Therefore, the Controller has no basis for stating that the expenses identified are not reimbursable.

Section V of the parameters and guidelines lists health fairs as a reimbursable activity. The audit report misconstrues the list of health fair subject matter as a basis to disallow the cost of the promotional items because these items are not listed. These promotional items are supplies that were properly claimed by the District as “a direct cost of the mandate” as required by the parameters and guidelines (Part VI. B. 2.). The parameters and guidelines do not dictate any particular health fair related expenses as reimbursable or non-reimbursable. All current period reasonable expenses related to health fairs are reimbursable so long as the claimant provided health fairs in the base year.

## SCO's Comment

The district states, "The parameters and guidelines include health fairs as a mandated activity, so the related costs are mandated." We disagree. The district's comment ignores the requirements of Government Code sections 17514 and 17561. The cost is not mandate-reimbursable simply because the district states that the cost is "related" to a reimbursable activity. Government Code section 17514 defines "costs mandated by the state" as costs that a local agency or school district is *required* to incur. Although an activity might be mandate-related, that alone does not classify any related cost as a required cost. Similarly, Government Code section 17561, subdivision (d)(2)(B) states that the SCO may reduce any excessive or unreasonable claim. The subject costs are unnecessary to perform a reimbursable activity; therefore, they are not reimbursable under the mandated program.

The district states, "The audit report misconstrues the list of health fair subject matter as a basis to disallow the cost of the promotional items. . . ." We disagree. The audit report lists health fair topics simply to provide the reader background information regarding the applicable reimbursable activity, "Health Talks or Fairs - Information." The inclusion or exclusion of "etc." is non-substantive and irrelevant to the audit issue. The district itself states, "...the enumeration . . . is not determinative of the issue of reasonableness of the promotional costs. . . ."

The district states:

The purpose of health fairs is to effectively communicate health information to the student population in general, *which requires that students attend* [emphasis added] the health fair. The promotional materials are intended to promote attendance at the health fair.

Neither statutory language nor the parameters and guidelines *require* students to attend health fairs. Similarly, neither statutory language nor the parameters and guidelines require the district to "promote attendance." The district is simply required to conduct a health fair and provide health information to students who inquire, if the district conducted health fairs during FY 1986-87.

## District's Response

### B. Uncollectible Student Health Service Fees

. . . The audit report cites Section 17514 to conclude that "[b]ad debt expense is not a cost the district is *required* to incur." As a practical matter, college districts do not incur this cost as a discretionary activity, the cost is forced upon the districts by those students who do not pay their fees. . . .

The District reported its gross student health service fee income as revenue and also its uncollected amounts as an expense, an appropriate application of generally accepted accounting principles . . . The audit report asserts that "revenue accounting principles are irrelevant to mandated cost reimbursement" because the parameters and guidelines require authorized health service fees (as discussed in Finding 4), rather than those fees actually collected, to be deducted and thus any uncollectible amounts are therefore "not relevant." The Controller policy then is that uncollectible revenues, either as a reduction of total revenues or as a bad debt expense, does not affect the calculation of student health service fees offset because "[n]either statutory language nor the parameters and guidelines include any provision to deduct 'uncollectible' fees from the authorized health service fees." To the contrary, the District is required to report either net revenue or gross revenue and bad debt expense for the purposes of the annual CCSF-311 [*sic*] report and for the annual financial statements that are by law subject to review and approval by certified public accountants.

### SCO's Comment

Regarding bad debt expense, the district states, "college districts do not incur this cost as a discretionary activity, the cost is forced upon the district by those students who do not pay their fees." We disagree. The district's colleges annually issue college catalogs that, among other topics, identify health services fee requirements. The San Mateo College FY 2006-07 catalog identifies health services fee requirements (**Tab 5**) that are substantially similar to the requirements extant for all colleges and fiscal years during the audit period. Regarding health service fees, the San Mateo College FY 2006-07 catalog states:

All students, except concurrently enrolled high school students enrolled in less than 12 units or those registering only for telecourses, off-campus classes or weekend classes, are required to pay a \$15 health services fee each fall and spring semester *at the time of registration* [emphasis added] for day or evening classes.

If students do not pay the required health services fee, the district is not required to register the student and thus the district would not incur bad debt expense.

In any case, the circumstances that result in "bad debt expense" are irrelevant to the audit issue. The district confuses generally accepted accounting principles and the annual CCFS-311 and financial statement reporting requirements with mandate-related reimbursable costs. Mandate-related reimbursable costs are separate and distinct from the district's financial reporting requirements. The parameters and guidelines require districts to deduct authorized health service fees from allowable mandate-related costs. Neither statutory language nor the parameters and guidelines include any provision to deduct "uncollectible" fees from authorized health service fees for mandate-reimbursement purposes.

The district is authorized to assess health service fees. The district failed to collect the authorized revenues. However, this does not relieve it from its responsibility to offset the authorized fees from its mandated program claims, nor does it permit the district to claim bad debt expense.

### **III. DISTRICT OVERSTATED INDIRECT COSTS CLAIMED**

#### Issue

For FY 2002-03 and FY 2003-04, the district erroneously calculated indirect costs by applying its federally approved indirect cost rate to the incorrect direct cost base. For FY 2004-05, FY 2005-06, and FY 2006-07, the district claimed indirect costs based on its federally approved rates. However, the parameters and guidelines and the SCO's claiming instructions do not provide districts the option of using a federally-approved rate for these fiscal years.

#### **SCO Analysis:**

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

For FY 2002-03 and FY 2003-04, the SCO's claiming instructions (**Tab 3**) state:

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21, "Cost Principles for Educational Institutions," or the Controller's [FAM-29C] methodology. . . .

For FY 2004-05 forward, the SCO's claiming instructions (**Tab 4**) state:

A CCD [community college district] may claim indirect costs using the Controller's methodology (FAM-29C) . . . If specifically allowed by a mandated program's P's & G's [parameters and guidelines], a district may alternately choose to claim indirect costs using either (1) a federally approved rate prepared in accordance with Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate. . . .

. . . In summary, FAM-29C indirect costs include Operation and Maintenance of Plant; Planning, Policy Making, and Coordination; General Institutional Support Services (excluding Community Relations); and depreciation or use allowance. . . .

### District's Response

#### FY 2002-03 and FY 2003-04

The audit report accepted the federally approved indirect cost rate reported by the District, but asserts that the District overstated indirect costs for FY 2002-03 and FY 2003-04 by \$21,298 because the District applied the federally approved indirect cost rate of 30% to total direct cost, instead of just to the salaries and benefits only. This position is apparently based on the conclusion that since the federal rate was calculated using salary and benefits only, it can be applied only to salary and benefits. There is no such limitation in the parameters and guidelines or the claiming instructions, nor does the audit report cite a basis for this restriction of the application of the indirect cost rate only to the costs that were the source of the direct cost base.

#### FY 2004-05, FY 2005-06, and FY 2006-07

The District continued to use the federally approved cost study rate for FY 2004-05, FY 2005-06, and FY 2006-07. Instead, the Controller used the CCFS-311, less capital costs, but with audited district financial statement depreciation costs included, to calculate the indirect cost rate using its Form FAM-29C method. The audit report states that the District's indirect costs were understated by \$20,407 for FY 2004-05 through FY 2006-07.<sup>2</sup> The Controller has decided to discontinue, retroactively to FY 2004-05, the use of federally approved rates. According to the audit report, "[f]or FY 2004-05, FY 2005-06, and FY 2006-07, the parameters and guidelines and the SCO's claiming instructions do not allow the district to use a federally approved rate."

. . . There is absolutely no basis in law for the Controller to make this change in policy. There was no amendment to the parameters and guidelines. It appears that the Controller simply decided to stop accepting federally approved rates, after years of accepting them, with absolutely no justification or opportunity for public comment. This is contrary to the Administrative Procedure Act.

No particular indirect cost rate calculation is required by law. The audit report insists that the rate be calculated "in the manner described" in the claiming instructions. The parameters and guidelines state that "[i]ndirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions (Emphasis added)." The District claimed these indirect costs "in the manner" described by the Controller in that the correct forms were used and the claimed amounts were entered at the correct locations. Further, "may" is not "shall"; the parameters and guidelines do not *require* that indirect costs be claimed in the manner specified by the Controller. The audit report asserts that because the parameters and guidelines specifically reference the claiming instructions, the claiming instructions thereby become authoritative criteria.

Since the Controller's claiming instructions were never adopted as law, or regulations pursuant to the Administrative Procedure Act, the claiming instructions are a statement of the Controller's interpretation and not law. The Controller's interpretation of Section VI of the parameters and guidelines would, in essence, subject claimants to underground rulemaking at the Controller's discretion. The Controller's claiming instructions are unilaterally created and modified without public notice or comment. The Commission would violate the Administrative Procedure Act if it held that the Controller's claiming instructions are enforceable as standards or regulations. In fact, until 2005, the Controller regularly included a "forward" in the Mandated Cost Manual for Community Colleges (September 30, 2003 version attached as Exhibit "F") that explicitly stated the claiming instructions

are “issued for the sole purpose of assisting claimants” and “should not be construed in any manner to be statutes, regulations, or standards.”

Neither State law nor the parameters and guidelines make compliance with the Controller’s claiming instructions a condition of reimbursement. The District has followed the parameters and guidelines. The audit report notes that the District did not request a review of the claiming instructions or amendment of the parameters and guidelines. There is no requirement that a claimant request such review, even when the claiming instructions are inconsistent with the parameters and guidelines, because the claiming instructions are not enforceable regulations. Thus, the fact that no review was requested is not determinative of the validity or force of the claiming instructions. Similarly, there is no need for any district to initiate a request to amend the parameters and guidelines as suggested by the audit report because the parameters and guidelines do not require claimants to comply with the claiming instructions.

The audit report did not conclude that the District’s indirect cost rates were excessive or unreasonable. The Controller is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable pursuant to Government Code Section 17561 . . . There is no evidence that the Controller’s FAM-29C method is more accurate or reasonable than other methods for calculating indirect costs and the audit report provides no support for its “recommendation” that only this method should be used. . . .

<sup>2</sup> The audit report remarks that “[t]he district is contesting an audit adjustment in its favor for these fiscal years.” First, this statement is inaccurate because the adjustment is in the District’s favor only for FY 2005-06 and FY 2006-07, not for FY 2004-05. Second, the District does not subscribe to the implied philosophy that audit findings in contradiction to the parameters and guidelines should be overlooked simply because of the results obtained.

#### SCO’s Comment

##### **FY 2002-03 and FY 2003-04**

The district implies that it may apply its federally approved rate to whatever direct cost base that it chooses. The district draws a distinction between federal approvals of the rate itself versus the allocation base. There is no such distinction. The federal approval letter (**Tab 6**) defines both the rate and the applicable base; they are inseparable. Government Code section 17561, subdivision (d)(2)(B), states that the SCO may reduce any excessive or unreasonable claim. It is clearly unreasonable to calculate mandate-related indirect costs by applying a federally approved rate to a direct cost base other than the base used to calculate the rate.

##### **FY 2004-05, FY 2005-06, and FY 2006-07**

The district states, “The Controller has decided to discontinue, retroactively to FY 2004-05, the use of federally approved rates.” This statement is inaccurate; there was no “retroactive” application of allowable indirect cost rates. The December 2005 claiming instructions provide indirect cost claiming instructions for FY 2004-05 (**Tab 4**). As noted above, the claiming instructions specify that districts may claim indirect costs using the Controller’s methodology (FAM-29C) unless the program’s parameters and guidelines specifically allow alternative methods. The Health Fee Elimination Program’s parameters and guidelines state that districts may claim indirect costs “in the manner described by the State Controller in his claiming instructions.”

The district states, “No particular indirect cost rate calculation is required by law.” The district infers that it may calculate an indirect cost rate in any manner that it chooses. The district also states that there is “no need for any district to initiate a request to amend the parameters and guidelines . . . because the parameters and guidelines do not require claimants to comply with the claiming instructions.”

We disagree with the district’s interpretation of the parameters and guidelines, which are clear and unambiguous. They state, “Indirect costs may be claimed *in the manner described by the State*

*Controller in his claiming instructions* [emphasis added].” In this case, the parameters and guidelines specifically identify the claiming instructions as authoritative criteria for indirect costs. The phrase “may be claimed” simply permits the district to claim indirect costs. If the district chooses to claim indirect costs, then the parameters and guidelines require that it comply with the SCO’s claiming instructions. If the district believes that the program’s parameters and guidelines are deficient, it should initiate a request to amend the parameters and guidelines pursuant to Government Code section 17557, subdivision (d). However, any such amendment would not apply to this audit period.

The district states that it “claimed these indirect costs ‘in the manner’ described by the Controller.” The district did *not* claim indirect costs in accordance with the SCO’s claiming instructions. The district claimed FY 2002-03 and FY 2003-04 indirect costs by applying a federally-approved rate to an incorrect direct cost base. The district claimed FY 2004-05, FY 2005-06, and FY 2006-07 indirect costs using a federally-approved rate; however, the parameters and guidelines and the SCO’s claiming instructions do not allow a federally-approved rate for those fiscal years.

The district states:

The Controller’s interpretation of Section VI of the parameters and guidelines would, in essence, subject claimants to underground rulemaking. . . The Controller’s claiming instructions are unilaterally created and modified without public notice or comment. . . .

We disagree. Title 2, CCR, Section 1186, allows districts to request that the Commission review the SCO’s claiming instructions. Section 1186, subdivisions (e) through (h), provides districts an opportunity for public comment during the review process. Neither this district nor any other district requested that the Commission review the SCO’s claiming instructions (i.e., the district did not exercise its right for public comment). The district may not now request a review of the claiming instructions applicable to the audit period. Title 2, CCR, section 1186, subdivision (j)(2), states, “A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.”

In response, the district states, “There is no requirement that a claimant request such review, even when the claiming instructions are inconsistent with the parameters and guidelines, because the claiming instructions are not enforceable regulations.” We agree that claimants are not “required” to request a review of the claiming instructions. However, until such time that a claimant requests a review of the claiming instructions or amendments to the parameters and guidelines, claimants must claim indirect costs in accordance with the claiming instructions applicable to the fiscal year of the claimant’s mandated cost claim. We disagree that the claiming instructions are “inconsistent” with the parameters and guidelines and the district provided no evidence to support this statement. We also disagree that the claiming instructions are not enforceable. The parameters and guidelines state that districts may claim indirect costs in the manner described in the claiming instructions.

The district further states, “The Commission would violate the Administrative Procedure Act if it held that the Controller’s claiming instructions are enforceable as standards or regulations.” We disagree. The Commission adopted the parameters and guidelines pursuant to Government Code section 17557. The parameters and guidelines specifically reference the SCO’s claiming instructions for claiming indirect costs. Government Code section 17527, subdivision (g) states that in carrying out its duties and responsibilities, the Commission shall have the following powers:

- (g) To adopt, promulgate, amend, and rescind rules and regulations, *which shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act* [emphasis added] . . . .



The district also references the Foreword section to the SCO's September 2003 claiming instructions (**Exhibit F**); however, the district quotes the Foreword section out of context. The Foreword section actually stated:

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* [emphasis added], these instructions should not be construed in any manner to be statutes, regulations, or standards.

The parameters and guidelines state that claimants may claim indirect costs in accordance with the SCO's claiming instructions. Therefore, the Foreword section does not conflict with our conclusion that the SCO's claiming instructions are authoritative in this instance.

The district states:

Neither State law nor the parameters and guidelines make compliance with the Controller's claiming instructions a condition of reimbursement. The District has followed the parameters and guidelines.

We disagree. Government Code section 17564, subdivision (b), states "Claims for direct *and indirect costs* filed pursuant to Section 17561 shall be filed *in the manner prescribed in the parameters and guidelines* [emphasis added]. . . ." The parameters and guidelines state that claimants may claim indirect costs in the manner described in the SCO's claiming instructions.

The district states:

The audit report did not conclude that the District's indirect cost rates were excessive or unreasonable. The Controller is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable pursuant to Government Code Section 17561.

We disagree on both points. Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. Government Code section 17561, subdivision (d)(2)(B), allows the SCO to audit the district's records to verify actual mandate-related costs *and* reduce any claim that the SCO determines is excessive or unreasonable. In addition, Government Code section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment."

In any case, the SCO did conclude that the district's claims were excessive for FY 2002-03, FY 2003-04, and FY 2004-05. Because the SCO identified allowable costs exceeding claimed costs for FY 2005-06 and FY 2006-07, the district's comments are irrelevant to those fiscal years. Excessive is defined as "Exceeding what is usual, *proper, necessary*, [emphasis added] or normal."<sup>3</sup> The district's FY 2002-03 and FY 2003-04 indirect costs claimed exceeded the proper amount because the district applied the federally approved indirect cost rate to the incorrect direct cost base. The district's FY 2004-05 indirect cost rate exceeded the proper amount based on the audited indirect cost rate that the SCO calculated according to the parameters and guidelines and the SCO's claiming instructions.

Further, pursuant to Government Code section 12410, we concluded that the district's claims were neither correct nor legal. Correct is defined as "Conforming to an approved or conventional standard."<sup>4</sup> Legal is defined as "Conforming to or permitted by law or established rules."<sup>5</sup> The district claimed indirect costs in a manner that did conform to the parameters and guidelines and the SCO's claiming instructions.

The district states:

There is no evidence that the Controller's FAM-29C method is more accurate or reasonable than other methods for calculating indirect costs and the audit report provides no support for its "recommendation" that only this method should be used.

We disagree. The audit finding clearly identifies the criteria that are the basis for the recommendation. The parameters and guidelines require districts to claim indirect costs in the manner described in the SCO's claiming instructions. The claiming instructions specify that districts may use the FAM-29C methodology to claim indirect costs for the Health Fee Elimination Program. If the district believes that other indirect cost rate methodologies are appropriate, it should initiate a request to amend the parameters and guidelines in accordance with Government Code section 17557, subdivision (d).

Finally, the district states the following in a footnote:

The audit report remarks that "[t]he district is contesting an audit adjustment in its favor for these fiscal years." First, this statement is inaccurate because the adjustment is in the District's favor only for FY 2005-06 and FY 2006-07, not for FY 2004-05. Second, the District does not subscribe to the implied philosophy that audit findings in contradiction to the parameters and guidelines should be overlooked simply because of the results obtained.

<sup>3</sup> Merriam-Webster's Collegiate Dictionary, Tenth Edition © 2001.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

We disagree that the audit report statement is inaccurate. For FY 2004-05, FY 2005-06, and FY 2006-07, the "audit adjustment" issue is the use of the SCO's FAM-29C methodology rather than the district's federally-approved rate. For these fiscal years, the audit adjustment identified additional allowable costs totaling \$20,407. Our audit report does not state that *each* fiscal year resulted in additional allowable costs.

We agree that actions contradicting the parameters and guidelines should not be overlooked simply because of the results obtained. Our audit report supports that philosophy. We found that the district's FY 2004-05, FY 2005-06, and FY 2006-07 indirect costs claimed contradicted the parameters and guidelines and the SCO's claiming instructions. We could have accepted the costs as claimed. Instead, we disclosed a finding in our audit report that resulted in additional allowable costs for the audit period.

#### IV. DISTRICT UNDERSTATED AUTHORIZED HEALTH SERVICE FEES

##### Issue

For the audit period, the district understated authorized health service fees by \$694,471. The audit adjustment resulted because the district reported actual receipts rather than authorized health service fees. We also noted that the district's actual receipts were less than the authorized fee amount in part because the district did not charge the health services fee to all eligible students. The district voluntarily excluded high school students concurrently enrolled in 11 units or less and students registered only for telecourses, off-campus classes, or weekend classes. The district believes that it is required to report only actual health service fees received.

## SCO Analysis:

The parameters and guidelines require districts to deduct authorized health fees from costs claimed. For the period of July 1, 2002, through December 31, 2005, Education Code section 76355, subdivision (c), authorizes health fees for all students except those who: (1) depend exclusively on prayer for healing; (2) attend a community college under an approved apprenticeship training program; or (3) demonstrate financial need. Effective January 1, 2006, only Education Code section 76355, subdivisions (c)(1) and (2) are applicable. The following table summarizes the authorized fee per student:

Fiscal Year	Authorized Health Fee Rate	
	Fall and Spring Semesters	Summer Session
2002-03	\$12	\$9
2003-04	\$12	\$9
2004-05	\$13	\$10
2005-06	\$14	\$11
2006-07	\$15	\$12

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

### District's Response

The audit report concludes that the District understated offsetting revenue by \$694,471 for the audit period because it claimed only those student health service fees that were actually charged and collected, rather than those that were "authorized." The audit report states that the District "excluded" high school students concurrently enrolled and students registered only for telecourses and off-campus or weekend classes.<sup>6</sup> The audit report findings and recommendations regarding enrollment data obtained from the Chancellor's Office, the students to be charged, and the amounts to charge these students are not relevant to the District claimed amounts since the District claimed actual revenues collected that resulted from the District's policy regarding which students are to be charged and how much they are to be charged. The District complied with the parameters and guidelines for the Health Fee Elimination mandate when it properly reported revenue actually received from student health service fees.

### Education Code Section 76355

The audit report agrees that the District has the discretion to charge, or not to charge, a student health service fee.

Education Code Section 76355, subdivision (a), in relevant part, provides: "The governing board of a district maintaining a community college *may require* community college students to pay a fee . . . for health supervision and services. . . . (Emphasis added)" There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "*If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.* (Emphasis added)" However, the audit report asserts that claimants must compute the total discretionary student health service fees collectible based on the highest "authorized" rate.

The audit report does not provide the statutory basis for the calculation of the "authorized" rate or the source of the legal right of any state entity to "authorize" student health service fee amounts. There has been no rulemaking or compliance with the Administrative Procedure Act by an "authorizing" state agency. The audit report agrees that the fee amounts "identified" by the State Chancellor's office merely informs, by form letter to the local districts, that the Implicit Price Deflator has increased and that the districts may increase their student health service fee if the district so chooses. An example of one such notice is the letter dated March 5, 2001, attached as Exhibit "E." While Education Code Section 76355 provides for an increase in the student health service fee, this authority is not self-implementing, and the Section does not grant the Chancellor the authority to establish mandatory fee amounts or mandatory fee increases. No state agency was granted that authority by the Education Code, and no state agency has exercised its rulemaking authority to establish mandatory fees amounts. It should be noted that the Chancellor's letter properly states that increasing the amount of the fee is at the option of the district, and that the Chancellor is not asserting that authority.

<sup>6</sup> "Excluded students"

These students were not excluded from anything. These students did not pay student health service fees so there are no fees to exclude or include in the total amount of student health service fees actually collected. Nor is there any indication that these students utilized student health services even if proof of use of these services is relevant to the issue of whether fees should be collected from these students.

Parameters and Guidelines

The parameters and guidelines for the Health Fee Elimination mandate state:

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)<sup>7</sup>.

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

The audit report claims that the Commission's intent was for claimed costs to be reduced by fees authorized, rather than fees actually received as stated in the parameters and guidelines. It is true that the Department of Finance proposed, as part of the amendments that were adopted on May 25, 1989, that a sentence be added to the offsetting savings section expressly stating that if no health service fee was charged, the claimant would be required to deduct the amount authorized. However, the Commission declined to add this requirement and adopted the parameters and guidelines without this language. The fact that the Commission *staff* and the California Community Colleges Chancellors Office *staff*, at one time in the spectrum of the process, agreed with the Department of Finance's interpretation does not negate the fact that the Commission adopted parameters and guidelines that *did not* include the additional language. The Commission intends the language of the parameters and guidelines to be construed as written, and only those savings that are *experienced* are to be deducted.

Notwithstanding, the parameters and guidelines do not "authorize" fees in an amount larger than \$7.50 per student per semester, consistent with version of Education Code Section 72246 (76355) extant at the time of the adoption of the parameters and guidelines, nor do the parameters and guidelines authorize an increase in "authorized fees" based on a deflator calculation. Strict compliance with the parameters and guidelines would limit the Controller's calculation of the "authorized" offset of program costs by student health services revenues to \$7.50 per student per semester, which is generally less than the amount actually collected from the students.

Government Code Section 17514

The audit report relies upon Government Code Section 17514 for the conclusion that “[t]o the extent community college districts can charge a fee, they are not required to incur a cost.” Charging a fee has no relationship to whether costs are incurred to provide the student health services program. . . .

There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenue to increased cost, nor any language which describes the legal effect of fees collected. The audit report states that “[i]f the district has the authority to collect fees attributable to health service expenses, then it is not required to *incur* a cost.” This again ignores the fact that Section 76355 makes charging a fee discretionary, and that fees are revenues and not avoided increased costs.

Government Code Section 17556

The audit report relies upon Government Code Section 17556 for the conclusion that “the Commission on State Mandates 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 . . .”

---

<sup>7</sup> Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

The audit report continues to rely upon an incorrect interpretation of Education [*sic*] Code Section 17556(d), while neglecting its context and omitting a crucial clause. Section 17556(d) does specify that the Commission on State Mandates shall not find costs mandated by the state if the local agency has the authority to levy fees, but only if those fees are “*sufficient to pay for the mandated program*” (emphasis added). . . .

Section 17556 pertains specifically to the Commission’s determination on a test claim, and does not concern the development of parameters and guidelines or the claiming process. The Commission has already found state mandated costs for this program, and the Controller cannot substitute its judgment for that of the Commission through the audit process. . . .

The two court cases the audit report relies upon (*County of Fresno v. California* (1991) 53 Cal.3d 482 and *Connell v. Santa Margarita* (1997) 59 Cal.App.4<sup>th</sup> 382) are similarly misplaced. Both cases concern the approval of a test claim by the Commission. They do not address the issue of offsetting revenue in the reimbursement stages, only whether there is fee authority *sufficient to fully fund* the mandate that would prevent the Commission from approving the test claim.

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

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

### SCO's Comment

The district references audit report language, which states that the district excluded various students from paying the health service fee, and provides a quizzical response. In a footnote, the district first states, "These students were not excluded from anything." Then the district continues, stating, "These students did not pay student health services fees." If the district agrees that the students did not pay health service fees, then the audit report properly states that these students were excluded from paying the fee.

The district's footnote continues by stating:

Nor is there any indication that these students utilized student health services even if proof of use of these services is relevant to the issue of whether fees should be collected from these students.

It is the district's choice as to "whether fees should be collected" from *any* student. However, this is irrelevant to the audit issue, just as it is irrelevant whether *any* student actually uses student health services. The district is authorized to charge all students a health service fee, except those students specifically excluded by Education Code section 76355, subdivision (c). 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. . . ." To the extent that districts are authorized to charge a fee, they are not required to incur an increased cost.

The district also states:

The audit report findings and recommendations regarding enrollment data obtained from the Chancellor's Office, the students to be charged, and the amounts to charge these students are not relevant to the District claimed amounts since the District claimed actual revenues collected . . . The District complied with the parameters and guidelines. . . .

In fact, the opposite is true; the actual revenues collected are irrelevant to the district's mandated cost claims. The district failed to comply with Government Code section 17514.

### **Education Code Section 76355**

We agree that community college districts may choose not to levy a health service fee or to levy a fee less than the authorized amount. Regardless of the district's decision to levy or not levy the authorized health service fee, Education Code section 76355, subdivision (a), provides districts the *authority* to levy the fee. Government Code section 17514 specifies that mandated costs are increased costs that the district is required to incur. If the district voluntarily excludes students from the authorized fee or charges students a fee that is less than the authorized amount, it does incur increased costs. However, the district was not *required* to incur those costs, because it voluntarily charged less than the total fees authorized by statute. Therefore, those increased costs are not mandated costs.

The district states:

The audit report does not provide the statutory basis for the calculation of the "authorized" rate or the source of the legal right of any state entity to "authorize" student health service fee amounts. There has been no rulemaking or compliance with the Administrative Procedures Act by an "authorizing" state agency.

We disagree. The audit finding specifies Education Code section 76355, subdivision (a), as the statutory basis by which to calculate authorized health service fee rates; therefore, the Administrative Procedures Act is irrelevant. Our report does not state or infer that any state agency "authorizes" the health service fee rate.

The district states that Education Code section 76355 "does not grant the Chancellor the authority to establish mandatory fee amounts or mandatory fee increases . . . It should be noted that the Chancellor's letter properly states that increasing the amount of the fee is at the option of the district. . . ." We agree. The district may choose to assess any amount of health service fee that it chooses. However, the actual fee assessed and collected is irrelevant to the district's Health Fee Elimination Program mandated cost claim. The district must deduct the authorized health service fees from its mandated program expenses.

### **Parameters and Guidelines**

We disagree with the district's interpretation of the parameters and guidelines' requirement regarding authorized health service fees. The Commission clearly recognized the *availability* of another funding source by including the fees as offsetting savings in the parameters and guidelines. The Commission's staff analysis of May 25, 1989 (**Tab 7**), states the following regarding the proposed parameters and guidelines amendments that the Commission 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 [emphasis added].*

Thus, it is clear that the Commission 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 Commission regarding authorized health service fees.

The district alleges that the Commission "declined" to add the sentence proposed by the DOF. We disagree. The Commission, DOF, and CCCCCO all agreed with the intent to offset authorized health service fees. Although the district refers to the CCCCCO's concurrence as a "staff" opinion, note that the letter from the CCCCCO (**Tab 7**) is signed by the chancellor. As noted above, the Commission staff analysis *agreed* with the DOF proposed language. The Commission staff concluded that it was unnecessary to revise the proposed parameters and guidelines, as the proposed language did "not substantively change the scope of Item VIII." The Commission's meeting minutes of May 25, 1989 (**Tab 8**), show that the Commission adopted the proposed parameters and guidelines on consent (i.e., the Commission concurred with its staff's analysis). The Health Fee Elimination Program amended parameters and guidelines were Item 6 on the meeting agenda. The meeting minutes state, "There being no discussion or appearances on Items 2, 3, 4, 5, 6, 7, 10, and 12, Member Buenrostro *moved adoption of the staff recommendation on these items [emphasis added]* on the consent calendar . . . The motion carried." Therefore, no community college districts objected and there was no change to the Commission's interpretation regarding authorized health service fees.

The district references parameters and guidelines language that identifies health service fee amounts that were applicable in 1989. Regardless of the specific fee amounts identified in the parameters and guidelines, the audit issue rests with the basic definition of mandated costs. Government Code section 17514 defines mandated costs as increased costs that the district is required to incur. To the extent that the district is authorized to charge a fee, it is not *required* to incur increased costs. Education Code section 76355, subdivision (a)(2), states, "The governing board of each community college district may increase this fee [health service fee] by the same percentage increase as the

Implicit Price Deflator . . . Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).” The CCCCO notifies districts of the current fee authorized by Government Code section 76355, subdivision (a)(2) and we properly used the authorized fee amounts to calculate the district’s authorized health service fees for each fiscal year.

#### **Government Code 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. . . .” If the district has authority to collect fees attributable to health service expenses, then it is not required to incur increased costs. Therefore, mandated costs do not include those health service expenses that may be paid by authorized fees. The district’s costs do not become mandated costs simply because the district failed to assess or collect authorized health service fees.

The district states, “fees are revenues and not avoided increased costs.” We disagree. The district avoids incurring increased costs resulting from the mandated program by its ability to assess a fee to pay for those costs. The district states that we ignore “the fact that Section 76355 makes charging a fee discretionary.” We disagree; in our audit report, we clearly agree that the fee is discretionary. However, that fact is irrelevant to identifying mandate-reimbursable costs.

#### **Government Code Section 17556**

The district believes that Government Code section 17556, subdivision (d), applies only when the fee authority is sufficient to offset the “entire” mandated costs. We disagree. The Commission 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. Education Code section 76355 (formerly section 72246) established a uniform health service fee assessment for students statewide. The Commission 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 mandated cost, as defined by Government Code section 17514. We agree that the Commission found state-mandated costs for this program through the test claim process; however, the state-mandated costs are those that are not otherwise reimbursable by authorized fees or other offsetting savings and reimbursements.

The district believes that the audit report’s reliance on two court cases is “misplaced.” We disagree. *County of Fresno v. State of California* (1991) 53 Cal. 3d 482 (which is also referenced by *Connell v. Santa Margarita Water District* (1997) 59 Cal. App. 4<sup>th</sup> 382) states, in part:

Section 6 was included in article XIII B in recognition that article XIII A of the Constitution severely restricted the taxing powers of local governments... Specifically, it was designed to protect the tax revenues of local governments from state mandates that would require expenditure of such revenues. Thus, although its language broadly declares that the “state shall provide a subvention of funds to reimburse . . . local government for the costs [of a state-mandated new] program or higher level of service,” read in its textual and historical context *section 6 of article XIII B requires subvention only when the costs in question can be recovered solely from tax revenues* [Emphasis added].

In view of the foregoing analysis, the question of the facial constitutionality of section 17556(d) under article XIII B, section 6, can be readily resolved. As noted, the statute provides that “The commission shall not find costs mandated by the state. . . if, after a hearing, the commission finds that “the local government” has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.” *Considered within its context, the section effectively construes the term “costs” in the constitutional provision as excluding expenses that are recoverable*



*from sources other than taxes* [emphasis added]. Such a construction is altogether sound. As the discussion makes clear, *the Constitution requires reimbursement only for those expenses that are recoverable solely from taxes* [emphasis added]. . . .

Thus, mandated costs exclude expenses that are recoverable from sources other than taxes—in this case, costs that are recoverable from the authority to assess health service fees.

## V. INACCURATE REPORTING AND INSUFFICIENT DOCUMENTATION OF HEALTH SERVICES PROVIDED

### Issue

For all fiscal years, the district did not properly report health services provided and did not maintain sufficient documentation of health services provided.

### SCO Analysis:

We created a schedule (Analysis of Level of Health Services), based on mandated claim forms HFE-2 filed by the district during the audit period, to compare the health services provided by the district during the base year to services provided during the audit period (**Tab 12**). We did this to identify whether the district was claiming costs for any health services that it did not claim during the base year (excess health services). Based on this documentation, we did not identify any excess health services within the district's mandated cost claims for the audit period. The district also reported on mandated claim form HFE-1.1 that it provided the same level of health services during the audit period that it provided in the base year of FY 1986-87.

We requested that each college within the district provide a summary report of all the health services that it provided to students during the audit period. The health service records provided by the district show that the district provided more health services than it provided in FY 1986-87. The additional services included physical examinations, pap smears, influenza immunizations, and hepatitis B immunizations. On claim form HFE-2, the district did not report that it provided these services in either the base year of FY 1986-87 or during any year of the audit period.

We also noted that health service records provided by the various campus sites were inconsistent among colleges and fiscal years. These health service records did not identify actual services consistent with the level of detail included in the parameters and guidelines. Specifically, the records did not typically identify the specific health services provided. For those services that were identified, they were described using general, vague descriptions. Therefore, we could not verify how many health services were provided by the district that exceeded those provided in the 1986-87 base year.

We have included samples of the health service records provided by the district that we reviewed for Skyline College (**Tab 13**), Canada College (**Tab 14**), and College of San Mateo (**Tab 15**) which identify the excess services provided.

### District's Response

. . . The principle point of disagreement is whether additional services were *available* or *provided* in the base year. If the Controller's policy is that the same services have to be *rendered* in the current fiscal year, rather than just *available* to students, this is an incorrect application of the parameters and guidelines language.

The parameters and guidelines are designed to reimburse services "provided" in the current fiscal year that were also "provided" in 1986-87, at current fiscal year costs . . . As a practical matter and as a matter of logic, for each subsequent fiscal year, this requires the claimant to actually certify that the base-year services continue to be *available*, although not necessarily *provided*. The District is

certifying that the same level of services continue to be *available*, not that each and every service was *rendered* each subsequent year. Thus, the District need not have provided a particular service nor prove that it was either provided nor [*sic*] not provided, in either the base year or the audit year, but only that it was available to students at those times. In making services *available*, the District is fulfilling its obligations in order to be eligible to claim mandated costs.

Therefore, the audit report incorrectly recommends that the district "report the level of health services provided" and "the specific health services that it provided during the claim year" since the mandate is only to make these services available and not to prove the services were actually provided. The audit report incorrectly recommends that the district maintain "health service records identifying actual services that it provided" and "records that document the actual time spent and applicable materials and supplies costs" since the mandate is only to make these services available not to prove that the services were provided. It is appropriate to identify the cost of additional services, but there is no parameters and guidelines requirement for recording actual staff time and materials costs for each type of service, nor does the accounting system mandated by the Education Code, Title 5, and the Chancellor's Office system report this information. Rather the District has to continue to make the base-year services available, whether they are rendered or not . . . The legal standard must be services *available*.

#### SCO's Comment

The district distinguishes between "services provided," "services available," and "services rendered." Such a distinction is not relevant; the parameters and guidelines address services *provided*. Further, the district declares, "The legal standard must be services *available*." Neither the parameters and guidelines nor applicable statutory language recognize the terms "services available" and "services rendered." The district has no basis or standing to pronounce a "legal standard" unilaterally.

The parameters and guidelines, Section III, Eligible Claimants, states:

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

Section V, subdivision A, Scope of Mandate, states:

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

Section V, subdivision B, Reimbursable Activities, states:

For each eligible claimant, the following cost items are reimbursable to the extent they were *provided* [emphasis added] by the community college district in fiscal year 1986-87. . . .

The district's response does not directly address the factual accuracy of the audit issues: (1) The district incorrectly reported the level of health services provided during the claim years, and (2) the district maintained insufficient documentation of health services provided during the claim years.

Instead, the district disagrees with various audit report recommendations. The district states:

Therefore, the audit report incorrectly recommends that the district "report the level of health services provided" and "the specific health services that it provided during the claim year. . . ."

The audit report recommendations are accurate. The district quotes the first recommendation out of context. The full recommendation states, "Properly report the level of health services provided (*i.e.*, *whether the district provided health services in the claim year that are less than, the same as, or more than the services that it provided in FY 1986-87* [emphasis added]." The parameters and

guidelines specify that districts are eligible to claim mandate-related costs only if they continue to provide the same health services that were provided during FY 1986-87. They also specify that only services provided in FY 1986-87 may be claimed. Therefore, the district is required to attest whether the claim year services provided are less than, the same as, or more than services provided in FY 1986-87. To support the district's attestation, it must identify the specific health services that it provided during FY 1986-87 and the claim year.

The district states:

The audit report incorrectly recommends that the district maintain "health service records identifying actual services that it provided" and "records that document the actual time spent and applicable materials and supplies costs" . . . there is no parameters and guidelines requirement for recording actual staff time and materials costs for each type of service, nor does the accounting system mandated by the Education Code, Title 5, and the Chancellor's Office system report this information.

The audit report recommendations are accurate. The district quotes the first recommendation out of context. The full recommendation states, "Maintain health service records identifying actual services that it provided *in the same manner that the parameters and guidelines and the SCO's claim forms identify health services* [emphasis added]." This recommendation addresses the district's failure to properly document claim year health services provided. The district maintained health service records that did not identify services provided or identified services in vague, general terms.

The district also quotes the second recommendation out of context. The full recommendation states, "Maintain records that document the actual time spent and applicable materials and supplies costs *associated with health services exceeding the services that it provided in FY 1986-87* [emphasis added]." The parameters and guidelines specify that the district may claim costs for only those health services that it provided in FY 1986-87. Therefore, the district must maintain records that identify the actual cost attributable to any additional claim year services provided that were not provided in FY 1986-87. In addition, the parameters and guidelines specifically require the district to identify actual staff time for each type of service. To claim salaries and benefits, the parameters and guidelines require the district to "describe the mandated functions performed and specify the actual number of hours devoted to each function. . . ."

## VI. AMOUNTS PAID BY THE STATE

### Issue

For each fiscal year, the audit report identifies the amount previously paid by the State. The district believes that the reported amount paid is incorrect for FY 2002-03.

### **SCO Analysis:**

At the time that the SCO issued the final audit report, the State had paid the district \$307,148 for FY 2002-03. As of February 28, 2011, the State had paid the district \$259,025 for FY 2002-03. This amount includes cash payments and accounts receivable offsets applied.

### District's Response

. . . Annual claim payments received from the state are integral part of the calculation of amounts due the claimant or state as a result of the audit. The audit changed the amounts paid for one of the annual claims without a finding in the audit report. . . .

The audit report indicates on page four that the District received \$307,148 in payment on the FY 2002-03 claim. This amount was not included on the District's claim form FAM-27 and the District has no contemporaneous Controller's remittance advice confirming the payment. The audit report does not include any explanation or documentation of the differences in these amounts. Since the amount paid reduces the remaining state liability for the claim, any difference constitutes an adjustment that

should be supported by audit findings. The propriety of this adjustment cannot be determined until the Controller states the reason for the changes.

SCO's Comment

The final audit report correctly identifies the amount paid by the State for FY 2002-03 as of the report issuance date. The following table identifies the relevant actions and dates:

<u>Action</u>	<u>Amount</u>	<u>Date</u>
District files FY 2002-03 claim	<u>\$ 341,276</u>	January 12, 2005
SCO payment on FY 2002-03 claim - accounts receivable collections:		
Collective Bargaining Program, FY 2000-01	\$ (178,367)	October 25, 2006
Absentee Ballots Program, FY 2001-02	(29,307)	October 25, 2006
Collective Bargaining Program, FY 2001-02	<u>(99,474)</u>	October 25, 2006
Amount paid by the State as of final audit report date (September 23, 2009)	<u>(307,148)</u>	
Recovered offsets applied:		
Collective Bargaining Program, FY 2008-09	1,864	January 12, 2011
Health Fee Elimination Program, FY 2008-09	11,661	January 14, 2011
Enrollment Fee Collection and Waivers Program, FY 2008-09	<u>34,598</u>	January 19, 2011
Amount paid by the State as of February 28, 2011	<u>\$ (259,025)</u>	

The FY 2002-03 claim payment (via accounts receivable collections – **Tab 9**) occurred after the district submitted its claim, but before the district submitted this incorrect reduction claim. The district did not contest the payment amount in its August 7, 2009 response to our draft audit report (**Exhibit D**). Subsequent to the district's incorrect reduction claim submittal, the SCO recovered \$48,123 from the amount paid on the district's FY 2002-03 Health Fee Elimination Program claim by applying offsets to the programs noted above (**Tab 10**).

The issue regarding payments made by the SCO for mandated cost claims filed by the district with the State is not an audit finding. The Incorrect Reduction Claim process is not the proper venue to resolve questions about payments due on mandated cost claims. For questions regarding payments on mandated cost claims, the district should contact SCO's Division of Accounting and Reporting, Local Reimbursements Section. Contact information is available on the Controller's website at <http://www.sco.ca.gov>.

**VII. STATUTE OF LIMITATIONS FOR AUDIT**

Issue

The audit scope included FY 2002-03 through FY 2006-07. The district believes that FY 2002-03 and FY 2003-04 were not subject to audit at the time that the SCO initiated the audit.

**Analysis:**

Government Code section 17558.5, subdivision (a), states:

A reimbursement claim . . . 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. . . .

The SCO initiated its audit on September 8, 2008. For its FY 2002-03 claim, the district did not receive a payment until October 25, 2006. As of the audit initiation date, the district had not received a payment for its FY 2003-04 claim. Therefore, the SCO complied with Government Code section 17558.5, subdivision (a).

### District's Response

The District asserts that the audit of the FY 2002-03 and FY 2003-04 annual reimbursement claims commenced after the time limitation for audit had passed. . . .

The final audit report asserts that initiation of the audit was proper because the initial payment for the FY 2002-03 claim did not occur until October 24, 2009, and there has been no payment for the FY 2003-04 claim . . . The clause in Government Code Section 17558.5 that delays commencement of the time for the Controller to audit to the date of initial payment is void because it is impermissibly vague.

### Time Limitation for Audit

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

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

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

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

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

Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003 amended Section 17558.5 to state:

- (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 ~~end of the calendar year in which 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 ~~made~~ filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.

The amendment is pertinent because this is the first time that the factual issue of the date the audit is "initiated" is introduced for mandate programs for which funds are appropriated.

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

- (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. In any case, an audit shall be completed not later than two years after the date that the audit is commenced.

The annual reimbursement claims for FY 2002-03 and FY 2003-04 are subject to this version of Section 17558.5, which retains the same limitations period as the prior version, but also adds the requirement that an audit must be completed within two years of its commencement.

#### Vagueness

The version of Section 17558.5 applicable to FY 2002-03 and FY 2003-04 annual reimbursement claims provides that the time limitation for audit “shall commence to run from the date of initial payment” if no payment is made. However, this provision is void because it is impermissibly vague. At the time a claim is filed, the claimant has no way of knowing when payment will be made or how long the records applicable to that claim must be maintained. The current \$4 billion backlog in mandate payments for school and college districts, which continues to grow every year, could potentially require claimants to maintain detailed supporting documentation for decades. Additionally, it is possible for the Controller to unilaterally extend the audit period by withholding payment or directing appropriated funds only to those claims that have already been audited.

Therefore, the only specific and enforceable time limitation to commence an audit is three years from the date the claim was filed, and the annual reimbursement claims for FY 2002-03 and FY 2003-04 were past this time period when the audit was commenced on September 8, 2008. . . .

#### SCO’s Comment

The district discusses statutory language effective prior to January 1, 2005; however, that language is irrelevant to the claims that are the subject of this Incorrect Reduction Claim.

The district states that pertinent language is “void because it is impermissibly vague.” We disagree. The district has no authority to adjudicate statutory language. The district provided no evidence to validate its assertion, as required by Title 2, CCR, Section 1185. The mandated program payment backlog and the district’s speculation regarding record retention periods required to comply with Government Code section 17558.5 are irrelevant to the clear, unambiguous statutory language.

The SCO initiated its audit within the period allowed by Government Code section 17558.5, subdivision (a), which states:

*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 [emphasis added].*

The district states, “The final audit report asserts that . . . the initial payment for the FY 2002-03 claim did not occur until October 24, 2009. . . .” Our audit report makes no such statement. The audit report properly indicates that the district first received payment for its FY 2002-03 claim on October 25, 2006. Therefore, the SCO had until October 24, 2009, to commence an audit. As stated in the district’s response, the SCO commenced the audit on September 8, 2008. For its FY 2003-04 claim, the district received no payment as of September 8, 2008. Therefore, the SCO met the

requirements of Government Code section 17558.5, subdivision (a), by commencing an audit within the statute of limitations applicable to each claim.

The district also states, “. . . it is possible for the Controller to unilaterally extend the audit period by withholding payment or directing appropriated funds only to those claims that have already been audited.” The district’s allegation contradicts statutory language. Government Code section 17561, subdivision (d), states:

The Controller shall pay any eligible claim pursuant to this section by October 15 or 60 days after the date the appropriation for the claim is effective, whichever is later. . . .

In addition, Government Code section 17567 states:

In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. . . .

## IX. CONCLUSION

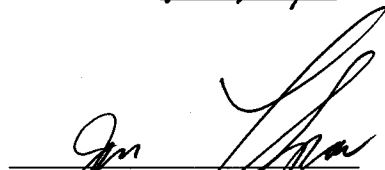
The State Controller’s Office audited San Mateo County Community College District’s claims for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session; and Chapter 1118, Statutes of 1987) for the period of July 1, 2002, through June 30, 2007. The district claimed unallowable costs totaling \$781,934. The costs are unallowable because the district claimed unallowable services and supplies, overstated and understated allowable indirect costs, and understated authorized health service fees and offsetting savings/reimbursements. The district also inaccurately reported and insufficiently documented health services provided.

In conclusion, the Commission should find that: (1) the SCO initiated its audit of FY 2002-03 and FY 2003-04 within the time frame provided by Government Code section 17558.5, subdivision (a); (2) the SCO correctly reduced the district’s FY 2002-03 claim by \$205,050; (3) the SCO correctly reduced the district’s FY 2003-04 claim by \$97,600; (4) the SCO correctly reduced the district’s FY 2004-05 claim by \$135,148; (5) the SCO correctly reduced the district’s FY 2005-06 claim by \$143,683; (6) the SCO correctly reduced the district’s FY 2006-07 claim by \$200,453; and (7) the district inaccurately reported and insufficiently documented health services provided.

## X. CERTIFICATION

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

Executed on December 22, 2014 at Sacramento, California, by:

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

**Tab 3**



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	634,805	17,270	617,335	553,184	(a) 64,151	
Human Resources Management	6730						
Noninstructional Staff Benefits & Incentives	6740						
Staff Development	6750						
Staff Diversity	6760						
Logistical Services	6770						
Management Information Systems	6780						
Subtotal		\$30,357,605	\$1,801,898	\$28,555,707	\$1,118,550	\$27,437,157	

Table 4 Indirect Cost Rate for Community Colleges (continued)

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

**Tab 4**

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 P's & G's for the particular mandate. Equipment rentals used solely for the mandate is 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 pro rata 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 P's & G's specify them as allowable. If they are allowable, the parameters and guidelines 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 pro rata 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 P's & G's may specify certain limitations on expenses, or that expenses can only be reimbursed in accordance with the State Board of Control travel standards. When claiming travel expenses, the claimant must explain the purpose of the trip, identify the name and address of the persons incurring the expense, the date and time of departure and return for the trip, description of each expense claimed, the cost of transportation, number of private auto miles 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. To be allowable, a cost must be allocable to a particular cost objective. Indirect costs must be distributed to benefiting cost objectives on bases which produce an equitable result related to the benefits derived by the mandate.

A CCD may claim indirect costs using the Controller's methodology (FAM-29C) outlined in the following paragraphs. If specifically allowed by a mandated program's P's & G's, a district may alternately choose to claim indirect costs using either (1) a federally approved rate prepared in

accordance with Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate.

The SCO developed FAM-29C to be consistent with OMB Circular A-21, cost accounting principles as they apply to mandated cost programs. The objective is to determine an equitable rate to allocate administrative support to personnel who performed the mandated cost activities. The FAM-29C methodology uses a direct cost base comprised of salary and benefit costs and operating expenses. Form FAM-29C provides a consistent indirect cost rate methodology for all CCD's mandated cost programs.

FAM-29C uses total expenditures that districts report in their *California Community Colleges Annual Financial and Budget Report* (CCFS-311), Expenditures by Activity for the General Fund – Combined. The computation excludes Capital Outlay and Other Outgo in accordance with OMB Circular A-21. The indirect cost rate computation includes any depreciation or use allowance applicable to district buildings and equipment. Districts calculate depreciation or use allowance costs separately from the CCFS-311 report and should calculate them in accordance with OMB Circular A-21.

OMB Circular A-21, Section C.4, states that cost is allocable to a particular cost objective in accordance with the relative benefits received. Also, Section E.2.b. states that the overall objective of the cost allocation process is to distribute indirect costs to the institution's major functions in proportions reasonably consistent with their use of the institution's resources. In addition, Section E.2.c. notes that where certain items or categories of expense relate to less than all functions, such expenses should be set aside for selective allocation.

OMB Circular A-21, Section H, describes a simplified method for indirect cost rate calculations. However, Section H.1.b. states that the simplified method should not be used where it produces results that appear inequitable. As previously noted, FAM-29C strives to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by CCD. For example, library costs and department administration expenses, normally classified fully or partly as indirect costs in OMB Circular A-21, are instead classified as direct costs for FAM-29C. These costs do not benefit mandated cost activities. In summary, FAM-29C indirect costs include Operation and Maintenance of Plant; Planning, Policy Making, and Coordination; General Institutional Support Services (excluding Community Relations); and depreciation or use allowance. Community Relations includes fundraising costs, which are unallowable under OMB Circular A-21. If the district claims any costs from these indirect accounts as a direct mandate-related costs, the same costs should be reclassified as direct on FAM-29C.

Table 4 presents an example of the FAM-29C methodology.



Table 4: Indirect Cost Rate for Community Colleges

MANDATED COST					FORM	
INDIRECT COST RATE FOR COMMUNITY COLLEGE DISTRICTS					FAM 29-C	
(1) Claimant			(02) Period of Claim			
Activity	EDP	Total Costs Per CCFS-311	Less: Capital Outlay and Other Outgo	FAM 29-C Adjusted Total	Indirect	Direct
Instructional Activities	599	\$ 51,792,408	\$ (230,904)	\$ 51,561,504		\$ 51,561,504
Instruct. Admin. & Instruct. Governance	6000	6,882,034	(216,518)	6,665,516		6,665,516
Instructional Support Services	6100	4,155,095	(9,348)	4,145,747		4,145,747
Admissions and Records	6200	2,104,543	(3,824)	2,100,719		2,100,719
Student Counseling and Guidance	6300	4,570,658	(1,605)	4,569,053		4,569,053
Other Student Services	6400	5,426,510	(41,046)	5,385,464		5,385,464
Operation and Maintenance of Plant	6500	8,528,585	(111,743)	8,416,842	8,416,842	
Planning, Policy Making, and Coordination	6600	5,015,333	(23,660)	4,991,673	4,991,673	
General Institutional Support Services	6700			-		
Community Relations	6710	885,089	(6,091)	878,998		878,998
Fiscal Operations	6720	1,891,424	(40,854)	1,850,570	1,850,570	
Human Resources Management	6730	1,378,288	(25,899)	1,352,389	1,352,389	
Non-instructional Staff Retirees' Benefits and Retirement Incentives	6740	1,011,060		1,011,060	1,011,060	
Staff Development	6750	108,655	(8,782)	99,873	99,873	
Staff Diversity	6760	30,125		30,125	30,125	
Logistical Services	6770	2,790,091	(244,746)	2,545,345	2,545,345	
Management Information Systems	6780	2,595,214	(496,861)	2,098,353	2,098,353	
Other General Institutional Support Services	6790	33,155	(4,435)	28,720	28,720	
Community Services and Economic Development	6800	340,014		340,014		340,014
Ancillary Services	6900	1,148,730	(296)	1,148,434		1,148,434
Auxiliary Operations	7000			-		-
Depreciation or Use Allowance - Building				-	2,620,741	
Depreciation or Use Allowance - Equipment				-	1,706,396	
<b>Totals</b>		<b>\$100,687,011</b>	<b>\$ (1,466,612)</b>	<b>\$ 99,220,399</b>	<b>\$26,752,087</b>	<b>\$ 76,795,449</b>
					<b>(A)</b>	<b>(B)</b>
<b>Indirect Cost Rate (A)/(B)</b>					<b>34.84%</b>	

**Tab 5**

A student who must withdraw for verifiable extenuating circumstances after the deadline (i.e., personal illness, automobile accident, death or severe illness in the immediate family or other severe physical or emotional hardship) may submit a petition to the Office of Admissions and Records for an exception to this policy. Any extenuating circumstance must be verified in writing (i.e., letter from physician, official accident report, obituary notice, etc.). Petition forms are available from and submitted to the Office of Admissions and Records, Building 1, Second Floor (574-6165).

The academic record of a student who remains in class beyond the time periods set forth above must reflect an authorized symbol other than W (see Index: "Grades, Grade Points").

A student failing to follow established withdrawal procedures may be assigned an F grade by the instructor.

### Audit Policy

Students are allowed to register as auditors in a limited number of classes to which the course repetition policy applies if they have previously enrolled for credit for the maximum number of times allowed for the particular course.

Students should register for these classes in the normal manner; they will be advised if they have reached the course repetition limit and given the opportunity to register as auditors if space is available.

An auditing fee of \$15 per unit is payable at the time of enrollment as an auditor. Auditors are not charged the regular enrollment fee which is paid for credit enrollment. Auditors pay the health services fee and student representation fee, but not the non-resident tuition fee. Students enrolled for credit in 10 or more semester units may audit up to 3 units at no charge.

No student auditing a course will be permitted to change enrollment status in that course to receive credit. See the current *Schedule of Classes* for courses (denoted by an @) that may be audited.

## Fees

**Note:** The fees listed in this Catalog are those in effect at the time of publication. Fees are subject to change at any time by action of the State Legislature, Board of Governors of the California Community Colleges, or District Board of Trustees.

### Enrollment Fee

A State-mandated enrollment fee of \$26 per unit is payable at the time of registration.

The Board of Governors of the California Community Colleges has established a grant program to help low income students pay the enrollment fee. Information on eligibility requirements and application deadlines, as well as application forms, are available in the Financial Aid Office.

In addition to other costs, students classified as non-residents of the state of California must pay a tuition fee. See details under Non-Resident Tuition Fee.

### Health Services Fee

All students, except concurrently enrolled high school students enrolled in less than 12 units or those registering only for telecourses, off-campus classes or weekend classes, are required to pay a \$15 health services fee each fall and spring semester at the time of registration for day or evening classes. For the summer session 2006 the health services fee is \$12. In addition to campus health services, the fee provides accident insurance coverage which is in effect when the student is on campus or attending a College-sponsored event.

Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization may be exempted from paying the health services fee. A petition for health services fee exemption can be obtained from the Health Center, Building 1, Room 226 (574-6396).

### Student Representation Fee

A representation fee of \$1 per student per semester was established by an election of the student body at College of San Mateo. Under applicable provisions of the Education Code, the students established the representation fee by a two-thirds majority of students who voted in the election.

The money collected through this fee will be expended to provide support for students or their representatives who may be stating their positions and viewpoints before city, county, and district government and before offices and agencies of the local, State and Federal government.

A student has the right to refuse to pay the student representation fee for religious, political, moral or financial reasons. This refusal must be submitted in writing. The fee is not covered by financial aid.

### Parking Fee

All persons driving motor vehicles onto campus and utilizing the parking facilities

during regular class hours, including final examinations, are required to pay a parking fee. Parking permits are not required for students enrolling in telecourses, off-campus or weekend classes. Student parking permits are available for \$30 each for the fall and spring semesters and \$20 for the summer session. Parking permits for low income students are \$20 per semester. Low income students are those who demonstrate financial need under federal standards or state BOG income standards or those who receive assistance through CalWORKs, SSI or general assistance. One-day parking permits (\$1) for all student lots are available from machines in Lots 1, 2, 10 and 14.

Permits may be purchased during the registration process at the Security Office or the Cashier's Office. Parking is on a first-come, first-served basis. A permit is not a guarantee of a parking space. The College and San Mateo County Community College District accept no liability for vandalism, theft or accidents. Use of parking facilities is at the user's risk. Parking and traffic regulations are enforced by the Campus Security Office staff, and violators are cited to the civil administrative procedures on campus as set forth in the California Vehicle Code. The College reserves the right to change parking regulations for special events.

### Special Parking for Students with Disabilities

Blue handicapped parking spaces have been provided in Lots 3A, 4, 5, 6, 7, 11, 13, 14, 17, 20 and 22. Students must have both a California State Placard (issued by DMV) and a CSM parking permit to park in these blue spaces. Temporary parking permits are also available with doctor's verification. For further information contact the Disabled Student Center, Building 16, Room 150, 574-6438; voice 358-6803 (TTY).

### Student Body Fee

The optional student body fee is \$8 per semester and is assessed at the time of registration. This entitles the student to a photo ID student body card, which can be obtained at the Student Activities Office during regular office hours. This photo identification card entitles students to special discount of 10% to 40% at participating local businesses, movie theaters, shops and restaurants. On-campus discounts are available at the Café International coffee house, the cosmetology salon, CSM Bookstore (non-book items), and all athletic events. In addition, the card permits free admission to the CSM swimming pool at noon. Funds collected from

COLLEGE-SAN MATEO

**Tab 6**



DEPARTMENT OF HEALTH & HUMAN SERVICES

ATTENTION:  
NEW ROOM #

Program Support Center  
Financial Management Service  
Division of Cost Allocation

DCA Western Field Office  
50 United Nations Plaza, Room 347  
San Francisco, CA 94102

ck 9/3/08  
SVZ  
02-12  
AS 5

FEB 11 1999

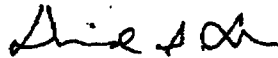
Raymond Chow  
Accountant  
San Mateo County Community College District  
3401 CSM Drive  
San Mateo, CA 94402

Dear Mr. Chow:

The original and one copy of an indirect cost Negotiation Agreement are enclosed. This Agreement reflects an understanding reached between your organization and a member of my staff concerning the rate(s) that may be used to support your claim for indirect costs on grants and contracts with the Federal Government. Please have the original signed by a duly authorized representative of your organization and return it to me, retaining the copy for your files. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

An indirect cost proposal together with supporting information are required to substantiate your claim for indirect costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on your fiscal year ending 06/30/02, is due in our office by 12/31/02.

Sincerely,

  
David S. Low  
Director

Enclosures

PLEASE SIGN AND RETURN THE ORIGINAL OF THE NEGOTIATION AGREEMENT

Phone: (415) 437-7820 - Fax: (415) 437-7823 - E-mail: dcasf@pac.gov

7/1/6  
CK 9/3/08

**COLLEGES AND UNIVERSITIES RATE AGREEMENT**

V #:

DATE: February 4, 1999

INSTITUTION:  
San Mateo County Community College District  
3401 CSM Drive

FILING REF.: The preceding  
Agreement was dated  
February 21, 1996

San Mateo CA 94402

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

**SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES\***

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE(%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/99	06/30/03	30.0 <sup>30/3</sup>	All	All Programs
PROV.	07/01/03	06/30/04	30.0	All	All Programs

\*BASE:  
Direct salaries and wages including all fringe benefits.

**INSTITUTION:**  
San Mateo County Community College District

**AGREEMENT DATE:** February 4, 1999

---

**SECTION II: SPECIAL REMARKS**

---

**TREATMENT OF FRINGE BENEFITS:**

This organization charges the actual cost of each fringe benefit direct to Federal projects. However, it uses a fringe benefit rate which is applied to salaries and wages in budgeting fringe benefit costs under project proposals. The fringe benefits listed below are treated as direct costs.

**TREATMENT OF PAID ABSENCES:**

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

**DEFINITION OF EQUIPMENT**

Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition costs of \$500 or more per unit.

The following fringe benefits are treated as direct costs:  
FICA, RETIREMENT PLAN, UNEMPLOYMENT, WORKERS COMPENSATION, HEALTH/DENTAL/LIFE INSURANCE,  
AND SALARY INCOME PROTECTION.

34/8  
CK 9/3/08

**INSTITUTION:**  
San Mateo County Community College District

**AGREEMENT DATE:** February 4, 1999

**SECTION III: GENERAL**

**A. LIMITATIONS:**

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

**B. ACCOUNTING CHANGES:**

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

**C. FIXED RATES:**

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

**D. USE BY OTHER FEDERAL AGENCIES:**

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-21 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A-21. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

BY THE INSTITUTION:  
San Mateo County Community College District

\_\_\_\_\_  
(INSTITUTION)

Joseph Newmyer  
(SIGNATURE)

Joseph Newmyer  
(NAME)

Acting Associate Chancellor  
(TITLE)

3-2-99  
(DATE)

BY THE COGNIZANT AGENCY  
ON BEHALF OF THE FEDERAL GOVERNMENT:

\_\_\_\_\_  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
(AGENCY)

David S. Low  
(SIGNATURE)

David S. Low  
(NAME)

\_\_\_\_\_  
DIRECTOR, DIVISION OF COST ALLOCATION  
(TITLE)

February 4, 1999  
(DATE) 0213

HHS REPRESENTATIVE: May J. Wong  
Telephone: (415) 437-7820



**Tab 7**

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

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

---

Executive Summary

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

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

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

---

Claimant

Rio Hondo Community College District

Requesting Party

California Community Colleges Chancellor's Office

Chronology

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

Summary of Mandate

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

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

Proposed Amendments

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

Recommendations

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

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

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

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

### Staff Analysis

#### Issue 1: Eligible Claimants

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

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

#### Issue 2: Reimbursement Alternatives

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

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

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

### Issue 3: Offsetting Savings and Other Reimbursements

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

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

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

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

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

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

### Issue 4: Editorial Changes

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

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

### Staff Recommendation

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

Adopted: 8/27/87

PARAMETERS AND GUIDELINES  
Chapter 1118, Statutes of 1984 ~~7/2nd/8/8/~~  
Health Fee Elimination

I. SUMMARY OF MANDATE

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

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

II. COMMISSION ON STATE MANDATES' DECISION

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

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

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services ~~for/fee~~ in 19836-847 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSEMENTABLE COSTS

##### A. Scope of Mandate

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

##### B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year ~~1983-84~~ 1986-87:

##### ACCIDENT REPORTS

##### APPOINTMENTS

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

**ASSESSMENT, INTERVENTION & COUNSELING**

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

**EXAMINATIONS (Minor Illnesses)**  
Recheck Minor Injury

**HEALTH TALKS OR FAIRS - INFORMATION**  
Sexually Transmitted Disease  
Drugs  
Aids  
Child Abuse  
Birth Control/Family Planning  
Stop Smoking  
Etc.  
Library - videos and cassettes

**FIRST AID (Major Emergencies)**

**FIRST AID (Minor Emergencies)**

**FIRST AID KITS (Filled)**

**IMMUNIZATIONS**

Diphtheria/Tetanus  
Measles/Rubella  
Influenza  
Information

**INSURANCE**

On Campus Accident  
Voluntary  
Insurance Inquiry/Claim Administration



**LABORATORY TESTS DONE**  
Inquiry/Interpretation  
Pap Smears

**PHYSICALS**  
Employees  
Students  
Athletes

**MEDICATIONS (dispensed OTC for misc. illnesses)**  
Antacids  
Antidiarrhial  
Antihistamines  
Aspirin, Tylenol, etc.  
Skin rash preparations  
Misc.  
Eye drops  
Ear drops  
Toothache - Oil cloves  
Stingkill  
Midol - Menstrual Cramps

**PARKING CARDS/ELEVATOR KEYS**  
Tokens  
Return card/key  
Parking inquiry  
Elevator passes  
Temporary handicapped parking permits

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

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

MISCELLANEOUS

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

COMMITTEES

- Safety
- Environmental
- Disaster Planning

SAFETY DATA SHEETS

- Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

- Test Anxiety
- Stress Management
- Communication Skills
- Weight Loss
- Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate. //ETTING/STATISTICS/only/STATISTICS/under one/of/the/differences//IT/see/above/previously/collected/per student/and/enrollment/counsel/or/IT/actual/costs/of/program/

A. Description of Activity

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

B. *Claiming/Alternative*

Claimed costs should be supported by the following information:

*Alternative/1//Fees/Previously/Collected/In/1983/84/Fiscal/Year/*

*1/ Fees/Collected/In/The/1983/84/Fiscal/Year/To/Support  
The/Health/Services/Program/*

*2/ Total/Number/Of/Students/Under/The/VLIR/Through/4/  
Above//Using/This/Alternative//The/Total/Amount  
Claimed/Will/Be/Under/VLIR/Unlimited/By/The  
VLIR/2//With/The/Total/Amount/Reimbursed/Increased/By  
The/Applicable/Indirect/Rate/Of/5%*

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

1. Employee Salaries and Benefits

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

2. Services and Supplies

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

3. Allowable Overhead Cost

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

**VII. SUPPORTING DATA**

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 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) ~~not~~ received from individuals other than students who ~~are~~ are not covered by ~~the~~ Education Code Section 72246 for health services.

**IX. REQUIRED CERTIFICATION**

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

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

and

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

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

0350d

CHANCELLOR'S OFFICE

GEORGE DEUKMEJIAN, Governor

**CALIFORNIA COMMUNITY COLLEGES**1107 NINTH STREET  
SACRAMENTO, CALIFORNIA 95814  
(916) 445-8732 445-1163

February 22, 1989



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

Dear Mr. Eich:

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

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

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

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

Mr. Eich

2

February 22, 1989

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

Sincerely,

*David Mertes*

DAVID MERTES  
Chancellor

DM:PR:mh

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

State of California

**Memorandum**

Date: March 22, 1989

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

From: Department of Finance


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

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

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

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

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



Fred Klass  
 Assistant Program Budget Manager

cc: see second page

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

LR:1988-2



GOVERNOR'S OFFICE

GEORGE DEUKMEJIAN, Governor

## CALIFORNIA COMMUNITY COLLEGES

1000 NINTH STREET  
 SACRAMENTO, CALIFORNIA 95814  
 (916) 445-8792 445-1163

April 3, 1989

Mr. Robert W. Eich  
 Executive Director  
 Commission on State Mandates  
 1000 K Street, Suite LL50  
 Sacramento, CA 95814



Attention: Ms. Deborah Fraga-Decker

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

Dear Mr. Eich:

In response to your request of March 8, we have reviewed the proposed language changes necessary to amend the existing parameters and guidelines to meet the requirements of Chapter 118, Statutes of 1987.

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

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

Sincerely,

DAVID MERTES  
 Chancellor

DM:PR:mh

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



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

April 3, 1989



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

Re: Ms. Fraga-Decker:

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

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

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

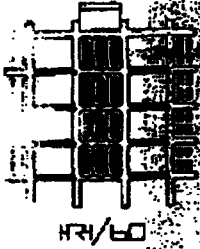
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

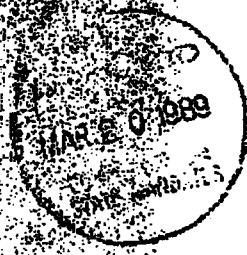
Glenn Haas, Assistant Chief  
 Division of Accounting

GH/GB:dvl

SC81822



**RIO HONDO COMMUNITY COLLEGE DISTRICT**  
3600 Workman Mill Road • Whittier, CA 92606 • Phone (714) 992-1000



March 16, 1989

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

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

Dear Deborah:

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

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

Yours very truly,

Timothy M. Hood  
Vice President  
Administrative Affairs

TMW:hh

**Tab 8**

**MINUTES**

**COMMISSION ON STATE MANDATES**

May 25, 1989

10:00 a.m.

State Capitol, Room 437  
Sacramento, California

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

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

**Item 1 Minutes**

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

The minutes were adopted without objection.

**Consent Calendar**

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

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

Minutes  
Hearing of May 25, 1989  
Page 2

- Item 6 Proposed Parameters and Guidelines Amendment  
Chapter 7, Statutes of 1984, 2nd E.S.  
Chapter 7118, Statutes of 1987  
Health Fee Elimination
- Item 7 Proposed Parameters and Guidelines Amendment  
Chapter 8, Statutes of 1988  
Democratic Presidential Delegates
- Item 10 Proposed Statewide Cost Estimate  
Chapter 498, Statutes of 1983  
Education Code Section 48260.5  
Notification of Truancy
- Item 12 Proposed Statewide Cost Estimate  
Chapter 1226, Statutes of 1984  
Chapter 1526, Statutes of 1985  
Investment Reports

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

The following items were continued:

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

The next item to be heard by the Commission was:

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

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

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

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

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

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

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

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

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

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

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

Minutes  
Hearing of May 25, 1989  
Page 4

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

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

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

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

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

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

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

There were no other appearances and no further discussion.

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

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

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



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

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

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

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

Chairperson Gould recused himself from the hearing on this item.

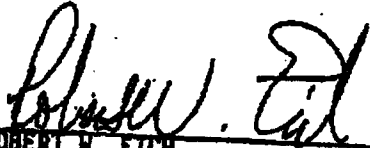
Clayton Parker, representing the Newport-Mesa Unified School District, submitted a late filing on the test claim rebutting the staff analysis. Member Creighton stated that he had not had an opportunity to review the late filing and inquired on whether the claim should be heard at this hearing. Staff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

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

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

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

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

  
ROBERT W. EICH  
Executive Director

RWE:GLH:cm:0224g

**Tab 9**

LRS-RA 20061025 180011 CC41100

P 3 R 1 C 1

CONTROLLER OF CALIFORNIA

P.O. BOX 942850, SACRAMENTO, CALIFORNIA 94250

THIS NOTICE IS FOR INFORMATION PURPOSE ONLY.

THE NET PAYMENT AMOUNT WAS ZERO.

BOARD OF TRUSTEES \*\*\*\*\*.00

SAN MATEO COUNTY

3401 COLLEGE OF SAN MATEO DR

SAN MATEO CA 94402

PAYEE: TREASURER, SAN MATEO CO COMM COLL DIST

FUND NAME: GENERAL FUND PGM NBR: 00

ISSUE DATE: CLAIM SCHEDULE NBR:

REIMBURSEMENT OF STATE MANDATED COSTS

ANY QUERIES REGARDING THIS CLAIM PLEASE CALL GWEN @916-3242341

ACL : 1/84 PROG :

2002/2003 ACTUAL PAYMENT CLAIMED AMT: 341,276.00

TOTAL ADJUSTMENTS: (SEE BELOW) 34,128.00

LRS-RA 20061025 180011 CC41100

P 3 R 22 C 1

TOTAL APPROVED CLAIMED AMT: 307,148.00

LESS PRIOR PAYMENTS: .00

PRORATA PERCENT: 100.000000

PRORATA BALANCE DUE: .00

(ACL NBR, NAME, FY, AMT.):

CH 961/75 COLLECTIVE BARGAINING (C 00/01 178,367-

77/78 ABSENTEE BALLOTS (CC) 01/02 29,307-

961/75 COLLECTIVE BARGAINING (C 01/02 99,474-

ADJUSTMENTS ITEMIZED: =====

LATE CLAIM PENALTY 34,128.00-

**Tab 10**

LRS-RA 20110112 180014 CC41100 P 1 R 1 C 1  
CONTROLLER OF CALIFORNIA CC41100

P.O. BOX 942850, SACRAMENTO, CALIFORNIA 94250

THIS NOTICE IS FOR INFORMATION PURPOSE ONLY.  
NO WARRANT WILL BE MAILED.  
THE NET PAYMENT AMOUNT WAS ZERO.

BOARD OF TRUSTEES \*\*\*\*\*.00  
SAN MATEO CO COMM COLL DIST  
SAN MATEO COUNTY  
3401 COLLEGE OF SAN MATEO DR  
SAN MATEO CA 94402

PAYEE: TREASURER, SAN MATEO CO COMM COLL DIST  
FUND NAME: GENERAL FUND PGM NBR: 00232  
ISSUE DATE: 01/12/2011 CLAIM SCHEDULE NBR: MA03622A  
REIMBURSEMENT OF STATE MANDATED COSTS  
ANY QUESTION, PLEASE CONTACT GWEN CARLOS AT 916 324 2341  
ACL : CH. 961/75 PROG : [REDACTED]  
[REDACTED] ACTUAL PAYMENT CLAIMED AMT: 60,882.00  
TOTAL ADJUSTMENTS: .00

TOTAL APPROVED CLAIMED AMT: 60,882.00  
LESS PRIOR PAYMENTS: 5,247.00-  
PRORATA PERCENT: 3.349528  
PRORATA BALANCE DUE: 53,771.00-  
APPROVED PAYMENT AMOUNT: 1,864.00  
PAYMENT OFFSETS (ACL NBR, NAME, FY, AMT.):  
1/84 [REDACTED]  
NET PAYMENT AMOUNT: .00

LRS-RA 20110114 180019 CC41100 P 1 R 1 C 1  
 CONTROLLER OF CALIFORNIA CC41100  
 P.O. BOX 942850, SACRAMENTO, CALIFORNIA 94250

THIS NOTICE IS FOR INFORMATION PURPOSE ONLY.  
 NO WARRANT WILL BE MAILED.  
 THE NET PAYMENT AMOUNT WAS ZERO.

BOARD OF TRUSTEES \*\*\*\*\*.00  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

PAYEE: TREASURER, SAN MATEO CO COMM COLL DIST  
 FUND NAME: GENERAL FUND PGM NBR: 00234  
 ISSUE DATE: 01/14/2011 CLAIM SCHEDULE NBR: MA04218A  
 REIMBURSEMENT OF STATE MANDATED COSTS  
 FOR QUESTIONS, PLEASE CALL VAL @ 916-323-0734  
 ACL : CH. 1/84 PROG :   
 ACTUAL PAYMENT CLAIMED AMT: 380,389.00  
 TOTAL ADJUSTMENTS: (SEE BELOW) .00

TOTAL APPROVED CLAIMED AMT:	380,389.00
LESS PRIOR PAYMENTS:	368,728.00-
PRORATA PERCENT:	100.000000
PRORATA BALANCE DUE:	.00
APPROVED PAYMENT AMOUNT:	11,661.00
PAYMENT OFFSETS (ACL NBR, NAME, FY, AMT.):	
1/84	
NET PAYMENT AMOUNT:	.00

LRS-RA 20110119 180019 CC41100 P 1 R 1 C 1  
CONTROLLER OF CALIFORNIA CC41100

P.O. BOX 942850, SACRAMENTO, CALIFORNIA 94250

THIS NOTICE IS FOR INFORMATION PURPOSE ONLY.

NO WARRANT WILL BE MAILED.

THE NET PAYMENT AMOUNT WAS ZERO.

BOARD OF TRUSTEES \*\*\*\*\*.00

SAN MATEO CO COMM COLL DIST

SAN MATEO COUNTY

3401 COLLEGE OF SAN MATEO DR

SAN MATEO CA 94402

PAYEE: TREASURER, SAN MATEO CO COMM COLL DIST

FUND NAME: GENERAL FUND PGM NBR: 00267

ISSUE DATE: 01/19/2011 CLAIM SCHEDULE NBR: MA04102A

REIMBURSEMENT OF STATE MANDATED COSTS

FOR ANY QUESTION, PLS CONTACT STEVE PURSER AT (916) 324-5729

ACL : TITLE 5 PROG : [REDACTED]

[REDACTED] ACTUAL PAYMENT CLAIMED AMT: 1,237,688.00

TOTAL ADJUSTMENTS: (SEE BELOW) .00

TOTAL APPROVED CLAIMED AMT: 1,237,688.00

LESS PRIOR PAYMENTS: 155,940.00-

PRORATA PERCENT: 3.198341

PRORATA BALANCE DUE: 1,047,150.00-

APPROVED PAYMENT AMOUNT: 34,598.00

PAYMENT OFFSETS (ACL NBR, NAME, FY, AMT.):

1/84 HEALTH FEE ELIMINATN: 02/03 34,598-

NET PAYMENT AMOUNT: .00

TOTAL APPROVED CLAIMED AMT: 1,237,688.00

LESS PRIOR PAYMENTS: 155,940.00-

PRORATA PERCENT: 3.198341

PRORATA BALANCE DUE: 1,047,150.00-

APPROVED PAYMENT AMOUNT: 34,598.00

PAYMENT OFFSETS (ACL NBR, NAME, FY, AMT.):

1/84 [REDACTED] [REDACTED]

NET PAYMENT AMOUNT: .00



**Tab 11**

**San Mateo County Community College District**  
**Legislatively Mandated Health Fee Elimination Program**  
**Analysis of Services and Supplies**  
**Audit Period from July 1, 2002 through June 30, 2007**  
**S08-MCC-0041**

~1-27  
 CK 3/4/09  
 SVZ  
 04-15-09

FY 2002-03									
Date	Fund	Org	Acct	Program	Doc #	Description	Costs		Audit Adjustment
							Sampled	Allowed	
07/01/02	39030	2333	4510	643000	C0300016	Fruit of the Earth	343	343	-
07/18/02	39030	2333	4510	643000	C0300246	Moore Medical Corp, New Britai Ct	431	431	-
08/12/02	39030	2333	4510	643000	C0300908	Zee Service, Hayward CA	3E/6-12 610	610	-
06/30/03	39030	2333	4510	643000	I03L2149	Skyline Bookstore	547	547	-
01/27/03	39030	4339	4510	643000	C0304918	Health Edco, Waco Tx	431	431	-
02/20/03	39030	4339	4510	643000	C0305583	ETR Associates	271	271	-
04/10/03	39030	4339	4510	643000	C0306809	GlaxoSmithKline	243	243	-
05/14/03	39030	4339	4510	643000	C0307596	Delasco, Council BL IA	794	794	-
05/30/03	39030	4339	4510	643000	C0307979	Pharmedix, Hayward CA	278	278	-
06/02/03	39030	4339	4510	643000	C0308069	Moore Medical Corp	3E/13-20 1,079	1,079	-
09/11/02	10004	4339	4510	643000	C0301525	Stat Pharmaceutical	1,533	1,533	-
12/13/02	10004	4339	4510	643000	I0306617	Wiltberger, Arlene	292	292	-
01/07/03	10004	4339	4510	643000	I0306957	Gynetics	56	56	-
02/13/03	10004	4339	4510	643000	I0308125	SMCCCD Revolving Account	68	68	-
04/24/03	10004	4339	4510	643000	C0307147	H.C.S.I., 801-947018 UT	368	368	-
12/02/02	39030	2333	5130	643000	I0305128	Nakanishi, O.D., Alan	300	300	-
10/15/02	10004	4339	5310	643000	I0303454	ACHA Publications	434	434	-
10/07/02	10004	4339	5514	643000	I0303152	Nextel Communications	392	392	-
12/03/02	10004	4339	5514	643000	I0305963	Nextel Communications	199	199	-
09/20/02	10004	4339	5690	643000	C0301872	Stericycle Inc.	637	637	-
06/01/03	39030	2333	5690	643000	I0311925	20/20 Optometry	300	300	-
02/03/03	39030	3345	6451	643000	I0307665	Dell Computers	1,331	1,331	-
<b>Total</b>							<b>10,938</b> ✓	<b>10,938</b> ✓	<b>-</b> ✓

3D/4 Total Costs Claimed: 41,381  
 Adjusted Claimed Amount: 41,381 3C/3  
 Total % Sampled: 26.43% 3E/1

FY 2003-04									
Date	Fund	Org	Acct	Program	Doc #	Description	Costs		Audit Adjustment
							Sampled	Allowed	
09/12/03	39030	4339	4510	643000	C0401416	Stat Pharmaceutical	1,734	1,734	-
02/27/04	39030	4339	4510	643000	C0405482	US Toy / Constructive Playthings	474	-	(474)
06/08/04	39030	4339	4510	643000	I0414749	Barr Laboratories, Inc.	416	416	-
05/13/04	39030	4339	5690	643000	I0413980	Nob Hill Pizza & Popcorn Supply Co.	3E/29-31 175	-	(175)
05/14/04	39030	4339	5690	643000	I0414006	20/20 Optometry	3E/25-28 150	150	-
06/24/04	39030	4339	5690	643000	C0408219	Unilab	1,421	1,421	-
06/24/04	39030	4339	5690	643000	C0406712	Fresh & Natural	3E/23-24 1,106	-	(1,106)
01/08/04	10004	4339	6451	643000	I0409720	Cintas	2,055	2,055	-
<b>Total</b>							<b>7,530</b> ✓	<b>6,776</b> ✓	<b>(1,755)</b> ✓

3D/6 Total Costs Claimed: 29,612  
 Adjusted Claimed Amount: 27,857 3C/3  
 Total % Sampled: 25.43% 3E/1

Σ① = \$1,755

FY 2004-05									
Date	Fund	Org	Acct	Program	Doc #	Description	Costs		Audit Adjustment
							Sampled	Allowed	
12/03/04	39030	4339	4510	643000	C0504551	Fresh and Natural	24	-	(24)
02/11/05	39030	4339	4510	643000	C0505675	US Toy / Constructive Playthings	226	-	(226)
03/14/05	39030	4339	4510	643000	C0506494	Fresh and Natural	77	-	(77)
05/04/05	39030	4339	4510	643000	C0508116	Fresh and Natural	3E/42-45 675	-	(675)
05/30/05	39030	4339	4510	643000	C0508939	Fresh and Natural	77	-	(77)
06/30/05	39030	2333	4511	643000	I05L2224	Dell Computers	3E/35-41 1,823	1,823	-
10/04/04	39030	4339	5310	643000	I0503464	ACHA Publications	404	404	-
07/08/04	39030	2333	5414	643000	I0500524	Basic Student Insurance - Skyline	3E/46-49 8,159	8,159	-
07/08/04	39030	3345	5414	643000	I0500524	Basic Student Insurance - Canada	3E/46-49 5,720	5,720	-
07/08/04	39030	4339	5414	643000	I0500524	Basic Student Insurance - CSM	3E/46-49 10,697	10,697	-
11/16/04	39030	4339	5690	643000	P0500902	Council of Community Clinics Service	158	158	-
02/08/05	39030	4339	5690	643000	J0503540	gd4-C0505349 - Unilab	1,075	1,075	-
<b>Total</b>							<b>29,114</b> ✓	<b>28,036</b> ✓	<b>(1,078)</b> ✓

3D/8 Total Costs Claimed: 67,491  
 Adjusted Claimed Amount: 66,413 3C/3  
 Total % Sampled: 43.14% 3E/1

Σ① = \$1,078

Note:

- ✓ = Footed
- Σ① = costs disallowed attributable to purchase of food, promotional items, and a popcorn cost rental.
- Σ② = bad debt expenses

**San Mateo County Community College District**  
**Legislatively Mandated Health Fee Elimination Program**  
**Analysis of Services and Supplies**  
**Audit Period from July 1, 2002 through June 30, 2007**  
**S08-MCC-0041**

2/1/09  
 OK 3/4/09  
 SVZ  
 04-15-09

**FY 2005-06**

Date	Fund	Org	Acct	Program	Doc #	Description	Costs		Audit
							Sampled	Allowed	Adjustment
11/16/05	39030	4339	4510	643000	C0603983	Fresh and Natural	91	-	(91)
02/13/06	39030	4339	4510	643000	C0606353	Positive Promotion	782	782	-
02/20/06	39030	4339	4510	643000	C0606465	US Toy / Constructive Playthings	3E/55-58 1,314	-	(1,314)
03/13/06	39030	4339	4510	643000	C0607230	Nob Hill Pizza	175	-	(175)
03/27/06	39030	4339	4510	643000	C0607747	Nob Hill Pizza	400	-	(400)
05/04/06	39030	4339	4510	643000	C0608913	Fresh and Natural	86	-	(86)
05/04/06	39030	4339	4510	643000	C0608913	Fresh and Natural	77	-	(77)
05/25/06	39030	4339	4510	643000	C0609797	Fresh and Natural	77	-	(77)
06/09/06	39030	4339	4510	643000	I0613052	Barr Laboratories, Inc.	3E/51-54 500	500	-
06/01/06	10004	4345	5220	643000	I0612744	Wiltberger, Arlene	195	195	-
06/22/06	10003	3345	5310	643000	I0614275	SMCCCD Revolving Account	100	100	-
08/02/05	39030	2333	5414	643000	I0600691	Basic Student Insurance - Skyline	3E/50A 8,392	8,392	-
08/02/05	39030	3345	5414	643000	I0600691	Basic Student Insurance - Canada	3E/50B 6,427	6,427	-
08/02/05	39030	4339	5414	643000	I0600691	Basic Student Insurance - CSM	3E/50C 11,213	11,213	-
08/10/05	39030	4339	5690	643000	J0600073	gd(4) JV C0600126 - Quest Diag	855	855	-
06/28/06	39030	2333	5797	643000	J0608359	RC 05-06 Bad Debt Allowances	3E/50A 8,242	-	(8,242)
06/28/06	39030	3345	5797	643000	J0608359	RC 05-06 Bad Debt Allowances	3E/50B 4,785	-	(4,785)
06/28/06	39030	4339	5797	643000	J0608359	RC 05-06 Bad Debt Allowances	3E/50C 6,977	-	(6,977)
<b>Total</b>							<b>50,688</b> ✓	<b>28,464</b> ✓	<b>(22,224)</b> ✓

Σ(1) = \$2,220

Σ(2) = \$20,000

3D/10 Total Costs Claimed: 98,378

Adjusted Claimed Amount: 76,154 3C/4

Total % Sampled: 51.52% 3E/1

**FY 2006-07**

Date	Fund	Org	Acct	Program	Doc #	Description	Costs		Audit
							Sampled	Allowed	Adjustment
10/09/06	39030	4339	4510	643000	C0703025	Moore Medical Corp	3E/63-65 2,303	2,303	-
12/14/06	39030	3345	4510	643000	I0707218	Sachs, Lesli Barbara	142	142	-
03/29/07	39030	4339	4510	643000	C0708488	Happy Coffee and D	2,923	-	(2,923) Σ(1) = \$2,923
06/19/07	39030	4339	4510	643000	C0711121	NSO/Healthcare Mal	3E/60-62 1,133	1,133	-
05/25/07	10004	4345	5220	643000	I0713423	Wiltberger, Arlene Campbell	312	312	-
09/07/06	39030	2333	5414	643000	I0701718	Basic Student Insurance - Skyline	3E/59A 8,297	8,297	-
09/07/06	39030	3345	5414	643000	I0701718	Basic Student Insurance - Canada	3E/59B 6,277	6,277	-
09/07/06	39030	4339	5414	643000	I0701718	Basic Student Insurance - CSM	3E/59C 10,695	10,695	-
01/11/07	39030	4339	5690	643000	J0703003	gd(4) JV#C0705211 - Quest & Steri	855	855	-
01/26/07	39030	4339	5690	643000	I0708308	Bartels, Sharon Lee	200	200	-
06/30/07	39030	2333	5797	643000	J0710406	RC 06-07 Bad Debt Allowances	3E/59A 13,303	-	(13,303)
06/30/07	39030	3345	5797	643000	J0710406	RC 06-07 Bad Debt Allowances	3E/59B 8,021	-	(8,021)
06/30/07	39030	4339	5797	643000	J0710406	RC 06-07 Bad Debt Allowances	3E/59C 11,984	-	(11,984)
<b>Total</b>							<b>66,445</b> ✓	<b>30,214</b> ✓	<b>(36,231)</b> ✓

Σ(2) = \$33,300

3E/12 Total Costs Claimed: 122,521

Adjusted Claimed Amount: 86,290 3C/4

Total % Sampled: 54.23% 3E/1

**Grand Total - Audit Adjustments: \$ (61,288) ✓**

47  
OK 11/17/08

Fund: 39030 Orgn: 4%

List of Accounts for Fiscal Year 04

January 3, 2005

Acct % Prog: 643000  
rsCntl Y Atvd: %

Rev. N  
Sort P

Adopt Only: N  
Ftype: %

Bene: Y  
Rev. N

Page 2  
Period: 13  
FYRACSL 5.0

OREPORT

SVZ  
02-11-09

Acct	%	Prog	Rev. N	Adopt Only	Bene	FYRACSL
39030	4339	3434	643000	996.72	996.72	.00 .00
39030	4339	3435	643000	260.40	260.40	.00 .00
39030	4339	3451	643000	7,140.40	7,140.40	.00 .00
39030	4339	3452	643000	145.96	145.96	.00 .00
39030	4339	3453	643000	211.15	211.15	.00 .00
39030	4339	3454	643000	1,468.54	1,468.54	.00 .00
39030	4339	3455	643000	382.36	382.36	.00 .00
39030	4339	3510	643000	119.60	119.60	.00 .00
39030	4339	3511	643000	9.75	9.75	.00 .00
39030	4339	3511A	643000	31.77	31.77	.00 .00
39030	4339	3530	643000	115.19	115.19	.00 .00
39030	4339	3531	643000	36.82	36.82	.00 .00
39030	4339	3550	643000	202.95	202.95	.00 .00
39030	4339	3610	643000	797.30	797.30	.00 .00
39030	4339	3611	643000	65.03	65.03	.00 .00
39030	4339	3611A	643000	211.77	211.77	.00 .00
39030	4339	3630	643000	767.69	767.69	.00 .00
39030	4339	3631	643000	219.09	219.09	.00 .00
39030	4339	3650	643000	1,352.80	1,352.80	.00 .00
39030	4339	3999	643000	115.19	.00	.00 115.19
39030	4339	4510	643000	9,961.10	9,866.73	.00 94.37
39030	4339	4580	643000	1,103.55	923.59	.00 179.96
39030	4339	5310	643000	189.04	.00	.00 189.04
39030	4339	5410	643000	.00	302.00	.00 -302.00
39030	4339	5414	643000	11,321.00	11,321.00	.00 .00
39030	4339	5514	643000	2,199.87	2,199.87	.00 .00
39030	4339	5690	643000	3,677.61	3,677.61	.00 .00
39030	4339	5694	643000	.00	199.69	.00 -199.69
				240548.95	246372.16	0 -5823.21

SV12  
02-11-09  
PSS 22-31

COA Fiscal Year Index Fund Organization Account Program Activity Location Period Query Type Commit Type  
 1 04 39030 4339 5690 643000

Account	Organization	Program	Activity Date	Type	Document	Field	Amount	Increase (+) or Decrease (-)
5690	4339	643000	25-JUN-2004	APCA	00407505	GD4 - C0400142, S YTD	93.15	+
5690	4339	643000	25-JUN-2004	APCA	00407508	GD4 - C0402749, S YTD	186.30	+
5690	4339	643000	25-JUN-2004	APCA	00407504	GD4 - C0406712, F YTD	3E/23 1,106.31 3E/3A	+
5690	4339	643000	25-JUN-2004	APCA	00407502	GD4 - C0406712, S YTD	194.68	+
5690	4339	643000	25-JUN-2004	APCA	00407501	GD4 - C0408219, U YTD	1,420.70	+
5690	4339	643000	25-JUN-2004	APCA	00407500	GD4 - C0408220, S YTD	206.56	+
5690	4339	643000	25-JUN-2004	APCA	00407497	GD4 - C0403436, S YTD	144.91	+
5690	4339	643000	17-MAY-2004	DNEI	11298695	Nob Hill Pizza & Po YTD	0.00	-
5690	4339	643000	17-MAY-2004	DNEI	11298666	20/20 Optometry YTD	0.00	-
5690	4339	643000	14-MAY-2004	INEI	10414006	20/20 Optometry YTD	3E/25 150.00 3E/3A	+
5690	4339	643000	13-MAY-2004	INEI	10413980	Nob Hill Pizza & Po YTD	3E/29 175.00 3E/3A	+
Total:							3,677.61	+
							3E/21	

④

FRESH & NATURAL  
1700 W. HILLSDALE BLVD.  
SAN MATEO, CA 94402  
TEL: 650-574-6259  
FAX: 650-574-6260  
COPY  
01/02/2008 13:24  
Sales:



**Catering Request Form**

Toll Free Phone: 1-800-908-3338

Invoice No. 1110631  
Card Type:   
Exp. Date: 03/05  
Purchase Order No.: 00000001  
Auth. Code: 070017  
Approved

Invoice No. MAT

**ATERING REQUEST and INVOICE**

Service Date: 3/30 - 3/31/04  
 Service Time: Health Center  
 Location: Mezzanine  
 Change PO number: no. 916  
 Number of Attendees: \_\_\_\_\_  
 Signature of requestor: \_\_\_\_\_  
 (Authorized signature - Funds disbursement authorization)

Quantity	Description of Goods and Services	Unit cost	Total amt
9 DZ	Mini Muffins / Mini Bagels	\$9 <sup>00</sup>	\$81 <sup>00</sup>
5 pots	coffee	\$10 <sup>00</sup>	\$50 <sup>00</sup>
4	party packs Mini Bun, Croissant sandwich buffet	\$95 <sup>00</sup>	\$380 <sup>00</sup>
		3/30/04	\$511 <sup>00</sup>
		3/31/04	\$511 <sup>00</sup>
Special Instructions: _____			

**PLEASE SEND PAYMENT TO  
FRESH & NATURAL**

**1700 W. HILLSDALE BLVD.  
SAN MATEO, CA 94402**

**WE ACCEPT VISA AND MASTER CARD.**

Delivery Charge	
sub total	\$1022 <sup>00</sup>
Tax	\$84 <sup>31</sup>
<b>GRAND TOTAL</b>	<b>\$1106<sup>31</sup></b>

3E/22

FRESH & NATURAL \$1106.31  
 Breakfast and lunch provided for our exhibitors who participated during  
 our health fair.

MasterCard  
International



# Account Statement Report

Posting Date: 03/28/2004 Thru 04/27/2004

GLORIA D AMBRA  
CSM 1700 W HILLSDALE BLVD  
HEALTH CENTER  
SAN MATEO, CA 94402-3651 USA  
XXXX-XXXX-0004-1336

Posting Date	Transaction Date	Description	Amount
03/29/2004	03/25/2004	COLLEGE OF SAN MATEO B	
03/30/2004	03/28/2004	OFFICE DEPOT #979	69.09
04/01/2004	03/30/2004	SAFEWAY STORE00006189	32.11
04/01/2004	03/31/2004	COMP-VIEW INC	10.83
04/02/2004	03/30/2004	COLLEGE OF SAN MATEO B	
04/05/2004	04/02/2004	OFFICE DEPOT #802	173.09
04/05/2004	04/02/2004	KINKO'S #4097	10.77
04/05/2004	04/02/2004	COLLEGE OF SAN MATEO B	62.69
04/09/2004	04/08/2004	ORGANON INC	25.85
04/09/2004	04/08/2004	PHARMEDIX	90.03
04/12/2004	04/06/2004	ORASURE TECHNOLOGIES	86.40
04/12/2004	04/08/2004	MOORE MEDICAL	449.44
04/12/2004	04/08/2004	CO OF SAN MATEO ENVR H	
04/12/2004	04/08/2004	FRESH AND NATURAL CAFE	311.43
04/12/2004	04/09/2004	MEDICAL ARTS PRESS	110.91
04/12/2004	04/09/2004	STERICYCLE INC	102.00
04/13/2004	04/12/2004	GLAXOSMITHKLINE	1,106.31
04/19/2004	04/16/2004	MOORE MEDICAL	125.23
04/21/2004	04/19/2004	GLAXOSMITHKLINE	194.68
04/22/2004	04/21/2004	THE GRAPHIC WORKS	121.25
		SAN MATEO CA	70.32
		MILLBRAE CA	
		MILLBRAE CA	
		BEAVERTON OR	
		SAN MATEO CA	
		SAN MATEO CA	
		SAN MATEO CA	
		SAN MATEO CA	
		WEST ORANGE NJ	
		HAYWARD CA	
		BETHLEHEM PA	
		NEW BRITAIN CT	
		REDWOOD CITY CA	
		SAN MATEO CA	
		MINNEAPOLIS MN	
		SUN VALLEY CA	
		800-366-8900 PA	
		NEW BRITAIN CT	
		800-366-8900 PA	
		MONTARA CA	

20406712

Purpose: To show that the district made a payment to the vendor.  
Source: Banner Accounting System

80/4/11/11 RD  
4/7/20



SMCCCD - Accounts Payable  
 3401 CSM Drive  
 San Mateo, CA 94402-3699  
 (650) 574-6505

298695 11-49  
1210

NON-NEGOTIABLE  
 UNTIL ISSUE DATE  
 ISSUE DATE  
 05/19/2004

CHECK AMOUNT  
 \$\*\*\*\*\*175.00

298695  
 CK 1/17/08

\*\*\*One Hundred Seventy Five & 00/100\*\*\*

PAY TO THE ORDER OF

Nob Hill Pizza & Popcorn Supply Co.  
 PO. Box 250303  
 San Francisco CA 94125

**VOID  
 FILE COPY**

Union Bank  
 350 California Street  
 San Francisco, CA 94104

C3453298695C A121000497A 7020010074C

VENDOR/ORG NUMBER	INVOICE NUMBER	INVOICE DATE	ACCOUNT INFORMATION DISTRIBUTION	AMOUNT	DISCOUNT	TAX	NET AMOUNT	TOTAL
02	P0401327	10413980	39030-4339-5690-643000	175.00	.00	.00	.00	3E/30-31 175.00



298695 05/17/04 943137226 .00 .00 .00 \*\*\*\*\*175.00 3E/22



5690

**Nob Hill Pizza**  
& Popcorn Supply Co.

Federal ID# 94-3137226

P.O. Box 250303  
San Francisco, CA 94125  
(415) 665-0500  
Fax: (650) 615-0500  
www.nobhillpizza.com

Customer's Order No.

Date 30 March 04 Invoice# 02

Sold To College of San Mateo - Health Service

Address 1700 W Hillside San Mateo 94402

Salesman Harry Herp Terms 10 Days Building 1226

CASH	CHARGE	C.O.D.	PAID OUT	RETD. MDSE.	RECD. ON ACCT.
------	--------	--------	----------	-------------	----------------

QUAN.	DESCRIPTION	PRICE	AMOUNT
-------	-------------	-------	--------

1	Popcorn Cart Rental w/Supplies 2 Day w/Delivery & P.C. (March 30+31, 2004)		225 00
	Discount		50 -

Tax I.D.

175 00  
175 -

5/10/04 OK to pay:  
Gloria Ramirez

ALL Claims and Returned Goods MUST Be Accompanied By This Bill

10413980

Signature

CK 11/17/08



Purchase Order No.: P0401327

SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT  
3401 CSM Drive  
San Mateo, CA 94402

PURCHASE ORDER NO. MUST APPEAR ON ALL  
SHIPPING DOCUMENTS AND INVOICES

Purchasing Department: (650)574-6508  
Accounts Payable: (650)574-6505

VENDOR SHIP TO

ID No.: 943137226

Address:

Nob Hill Pizza & Popcorn Supply Co.  
PO. Box 250303  
San Francisco CA 94125

COLLEGE of SAN MATEO, Health C  
1700 West Hillsdale Blvd.  
Bldg 1 Room 226  
San Mateo CA 94402

Harry Herp

Contact: Sharon Bartels/Gloria D'Ambra  
Phone: 650-574-6396 6396

Phone: 415-665-0500

Fax: 650-692-2224

ORDER DATE 05/10/04 DATE REQUIRED 05/11/04 TERMS

BILL IN TRIPLICATE TO:  
SMCCCD Accounting Office  
(Above Address)

ITEM	QUANTITY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
1	1.00 EA	Rental of 1 popcorn machine & supp. 2 days 3/30 & 3/31 Popcorn cart rental w/supplies, 2 days with delivery & popcorn, is \$225 & \$50 discount for total of \$175.	175.0000	175.00

Purchase order is for payment only.  
A check and a copy of invoice is enclosed.

APPROVED BY:

DATE: May 10th, 2004

TOTAL:	175.00
DISCOUNT:	.00
ADDL. CHARGES:	.00
TAXES:	.00
GRAND TOTAL:	175.00 3E/29

Vendor Copy

Fund: 39030 Orgn: 4%

of Accounts for Fiscal Year 05

December 6, 2005  
Page 2  
Period: 13  
FYRACSL 5.0  
OK 11/17/08  
502  
02-1100

Acct: % Prog: 643000

Rev: N

Adopt Only: N

Bene: Y

PosCntrl Y Atvd: %

Sort: O

Ftype: %

Rev: N

REPORT

Fund	Acct	Orgn	Prog	Rev	Adopt Only	Bene	PosCntrl	Atvd	Ftype	Rev	FYRACSL
39030	4339	3453	643000	272.20	272.20	.00					.00
39030	4339	3454	643000	1,590.30	1,590.30	.00					.00
39030	4339	3455	643000	374.04	374.04	.00					.00
39030	4339	3510	643000	178.70	178.70	.00					.00
39030	4339	3511	643000	23.61	23.61	.00					.00
39030	4339	3530	643000	263.50	263.50	.00					.00
39030	4339	3531	643000	42.21	42.21	.00					.00
39030	4339	3550	643000	456.82	456.82	.00					.00
39030	4339	3610	643000	643.34	643.34	.00					.00
39030	4339	3611	643000	84.95	84.95	.00					.00
39030	4339	3630	643000	948.63	948.63	.00					.00
39030	4339	3631	643000	156.28	156.28	.00					.00
39030	4339	3650	643000	1,644.54	1,644.54	.00					.00
39030	4339	3999	643000	.00	.00	.00					.00
39030	4339	4510	643000	20,704.62	20,704.62	.00					.00
39030	4339	4580	643000	697.14	697.14	.00					.00
39030	4339	5310	643000	404.00	404.00	.00					.00
39030	4339	5410	643000	75.00	75.00	.00					.00
39030	4339	5414	643000	10,697.00	10,697.00	.00					.00
39030	4339	5514	643000	1,931.63	1,931.63	.00					.00
39030	4339	5690	643000	7,806.28	7,806.28	.00					.00
39030	4339	5870	643000	44,737.91	.00	.00					44,737.91
				280365	235627.09	0					44737.91

2/17  
OK 11/17/08

SV2  
02-11-09  
PJS 42.44

COA	Fiscal Year	Index	Fund	Organization	Account	Program	Activity	Location	Period	Query Type	Commit Type
1	05		39030	4339	4510	643000				S	

Account	Organization	Program	Document	Description	Field	Amount	Increase (+) or Decrease (-)
4510	4339	643000	C0508939	->FRESH AND NATURAL , SAN MATEO CA	YTD	77.12	+
4510	4339	643000	C0508799	->PHARMEDIX, UNION CITY CA	YTD	120.50	+
4510	4339	643000	C0508664	->HAR*WB SAUNDERS, 800-338-31 FL	YTD	27.01	+
4510	4339	643000	C0508644	->HP RETURN REPAIR, 916 785120 GA	YTD	156.96	+
4510	4339	643000	C0508468	->MOORE MEDICAL, NEW BRITAI CT	YTD	276.50	+
4510	4339	643000	C0508468	->COLLEGE OF SAN MAT, SAN MATEO CA	YTD	37.42	+
4510	4339	643000	C0508469	->MERCK CO, 800 235433 PA	YTD	166.18	+
4510	4339	643000	C0508469	->ORGANON INC, WEST ORANG NJ	YTD	182.40	+
4510	4339	643000	J0506306	gd(4)-JVC0508360 - Stericycle	YTD	-123.81	-
4510	4339	643000	C0508360	->STERICYCLE WEST, SUN VALLEY CA	YTD	123.81	+
4510	4339	643000	C0508245	->DIXON SHANE, 270-434204 PA	YTD	159.34	+
4510	4339	643000	C0508246	->PHARMEDIX, UNION CITY CA	YTD	178.47	+
4510	4339	643000	C0508247	->PRAXAIR DIST US #1, S SAN FRAN CA	YTD	36.01	+
4510	4339	643000	C0508116	->COLLEGE OF SAN MAT, SAN MATEO CA	YTD	6.01	+
4510	4339	643000	C0508116	->FRESH AND NATURAL , SAN MATEO CA	YTD	674.62	+
4510	4339	643000	C0508026	->PHARMEDIX, UNION CITY CA	YTD	328.76	+
4510	4339	643000	C0508026	->PHARMEDIX, UNION CITY CA	YTD	85.23	+
Total:						20,704.62	+

3E/43-44  
3E/3A  
3E/34

7

FRESH AND NATURAL CAFE 3  
1700 W HILLSDALE BLVD. #1  
SAN MATEO, CA 94402  
650-574-6582  
1-415801710-820765



**Catering Request Form**

Toll Free Phone: 1-800-988-3338

Invoice No. EMT

COPY  
05/02/2005 15:50  
Sale:

Transaction # 1  
Card Type: MasterCard  
Acct #: 5569190000041336  
Exp. Date: 0108  
Entry: Swiped  
Sale: 674.62  
Reference No.: 00000001  
Auth. Code: 082585  
Response: APPROVED

**CATERING REQUEST and INVOICE**

Event Name:	2 D Ambra	Event Date:	3/15/05 3/16/05
Event Location:	396	Event Time:	8:30 am 11:30
Event Address:	South California		
Event Contact:			
Event Description:			

Quantity	Description of Goods and Services	Unit cost	Total cost
2	9 Doz Mini-Muffins Mini-Bagels	\$81.00	\$162.00
2	5 pots coffee	\$50.00	\$100.00
5	50 Ex. Soda & water	\$1.00	\$50.00
2	6 Mini Bun/crossant sandwich buffet	\$95.00	\$570.00
	7 Mini Bun/crossant sandwich buffet	\$95.00	\$665.00

FRESH & NATURAL \$ 674.62  
Breakfast and lunch provided for our exhibitors who participated during our health fair. Total \$1674.62 - \$1000.00 donation from Associated Students

**PLEASE SEND PAYMENT TO  
FRESH & NATURAL**

**1700W. HILLSDALE BLVD.  
SAN MATEO, CA 94402  
WE ACCEPT VISA AND MASTER CARD.**

Delivery Charge	
Sub-total	\$1547.00
Tax	\$127.62
<b>GRAND TOTAL</b>	<b>\$1674.62</b>

Associated Students / 1000 -  
Donation  
\$ 674.62 3E/42

OK 11/17/08

7

Associated Students of College of San Mateo  
1700 West Hillsdale Boulevard • San Mateo, California 94402

Order Number: 26/351

V Fresh + Natural  
e \_\_\_\_\_  
n 9/02SM  
d \_\_\_\_\_  
o Health Fair  
r \_\_\_\_\_

All shipments FOB destination.  
Collect shipments will not be accepted.

College of San Mateo Federal Excise Tax  
Exemption Certificate No. A-223055

Date of Order		Date Required	Account	For	
Quantity	Unit	Description	Unit Price	Amount	
		To pay a partial amount on the attached invoice #44 3/15/05 - 3/18/05			10.00
		for the Health Fair Fund			
		This account to pay \$10.00 -			
		A college district account will pay the balance of 674.62 for a total		Sales Tax	
		of 1,674.62		Total	12.50

OK 3/15  
APR 25  
MAY

APR 25  
MAY

[Signature]  
Organization Advisor  
[Signature]  
Organization Treasurer

[Signature]  
Coordinator of Student Activities  
[Signature]  
College Administrator



# Account Statement Report

Posting Date: 04/28/2005 Thru 05/27/2005

GLORIA D AMBRA  
CSM 1700 W HILLSDALE BLVD  
HEALTH CENTER  
SAN MATEO, CA 94402-3651 USA  
XXXX-XXXX-0004-1336

Posting Date	Transaction Date	Description	State	Amount
04/29/2005	04/27/2005	PRAXAIR DIST US #193	CA	69.74
05/02/2005	04/29/2005	MOORE MEDICAL	CT	114.62
05/03/2005	05/02/2005	PHARMEDIX	CA	328.76
05/03/2005	05/02/2005	PHARMEDIX	CA	85.23
05/04/2005	05/02/2005	FRESH AND NATURAL CAFE	CA	674.62
05/04/2005	05/02/2005	COLLEGE OF SAN MATEO B	CA	6.01
05/09/2005	05/06/2005	DIXON SHANE	PA	159.34
05/10/2005	05/09/2005	PHARMEDIX	CA	178.47
05/11/2005	05/09/2005	PRAXAIR DIST US #193	CA	36.01
05/12/2005	05/11/2005	STERICYCLE WEST	CA	123.81
05/16/2005	05/12/2005	MOORE MEDICAL	CT	276.50
05/16/2005	05/12/2005	COLLEGE OF SAN MATEO B	CA	37.42
05/19/2005	05/17/2005	MERCK CO	CA	166.18
05/19/2005	05/18/2005	ORGANON INC	PA	182.40
05/23/2005	05/20/2005	HP RETURN REPAIR	NJ	156.96
05/25/2005	05/24/2005	PHARMEDIX	GA	120.50
<b>Total Amount</b>				<b>2,716.57</b>

Purpose: To show that the district made a payment to the vendor.  
Source: Banner Accounting System

5/4/05  
05/17/05

3E/50A  
CK 3/4/09

SV2  
04-15-09

Fund: 39030 Orgn: 2%  
Acct: % Prog: 643000  
PosCntl Y Atyp: %  
CHANG

List of Accounts for Fiscal Year 06

December 20, 2006  
Page 2  
Period: 13  
FYRACSL 7.0

Rev: N Adopt Only: N Bene: Y  
Sort: O Ftype: % Rev: N

39030	2333	3650	643000	.00	.00	.00	.00
39030	2333	3999	643000	.00	.00	.00	.00
39030	2333	4510	643000	5,861.78	5,861.78	.00	.00
39030	2333	4511	643000	.00	.00	.00	.00
39030	2333	4580	643000	713.15	713.15	.00	.00
39030	2333	5220	643000	.00	.00	.00	.00
39030	2333	5310	643000	.00	.00	.00	.00
39030	2333	5414	643000	8,391.99	8,391.99	.00	.00
39030	2333	5797	643000	8,242.00	8,242.00	.00	.00
				209690	222306.27	0	-12616.27

6574.83

3E/3B-99  
16613  
3E/3B



$$\sum \text{of Account } 5797 = \overset{3E/50A}{8,242} + \overset{3E/50B}{4,785} + \overset{3E/50C}{6,977} = \underline{\underline{20,004}} \text{ } 3E/2$$

$$\hookrightarrow \text{Bad Debt Expense}$$



24/000  
CK 3/4/09

312  
04-15-09

Fund: 39030 Orgn: 3% *Can* List of Accounts for Fiscal Year 06

December 20, 2006

Acct: % Prog: 643000 Rev: N Adopt Only: N Bene: Y  
 PosCntrl Y Atyp: % Sort: O Ftype: % Rev: N

Page 1  
 Period: 13  
 FYRACSL 7.0

CHANG

Benefits included: Y

Revenues included: N

Fund	Orgn	Acct	Prog	Adjusted Budget	YTD Activity	Budget Committed	Available Balance
39030	3345	1257	643000	83,897.09	83,897.09	.00	.00
39030	3345	1455	643000	126.23	4,034.39	.00	-3,908.16
39030	3345	1456	643000	5,135.68	4,336.40	.00	799.28
39030	3345	1999	643000	-2,887.00	.00	.00	-2,887.00
39030	3345	2392	643000	.00	1,610.38	.00	-1,610.38
39030	3345	2394	643000	.00	164.94	.00	-164.94
39030	3345	3150	643000	6,704.90	6,704.90	.00	.00
39030	3345	3151	643000	357.75	357.75	.00	.00
39030	3345	3171A	643000	156.33	156.33	.00	.00
39030	3345	3331	643000	10.23	10.23	.00	.00
39030	3345	3375	643000	1,156.70	1,156.70	.00	.00
39030	3345	3376	643000	62.88	62.88	.00	.00
39030	3345	3376A	643000	56.67	56.67	.00	.00
39030	3345	3378	643000	2.39	2.39	.00	.00
39030	3345	3451	643000	4,892.76	4,892.76	.00	.00
39030	3345	3452	643000	189.96	189.96	.00	.00
39030	3345	3453	643000	336.14	336.14	.00	.00
39030	3345	3454	643000	1,149.84	1,149.84	.00	.00
39030	3345	3455	643000	260.40	260.40	.00	.00
39030	3345	3511	643000	19.51	19.51	.00	.00
39030	3345	3511A	643000	17.59	17.59	.00	.00
39030	3345	3531	643000	.74	.74	.00	.00
39030	3345	3550	643000	370.60	370.60	.00	.00
39030	3345	3611	643000	101.48	101.48	.00	.00
39030	3345	3611A	643000	88.21	88.21	.00	.00
39030	3345	3631	643000	40.07	40.07	.00	.00
39030	3345	3650	643000	1,879.16	1,879.16	.00	.00
39030	3345	3999	643000	-1,175.96	.00	.00	-1,175.96
39030	3345	4510	643000	31,153.00	814.31	.00	30,338.69
39030	3345	4580	643000	150.00	261.63	.00	-111.63
39030	3345	5414	643000	6,500.00	6,426.99	.00	73.01
39030	3345	5514	643000	400.00	438.78	.00	-38.78
39030	3345	5797	643000	3,431.00	4,785.00	.00	-1,354.00
				144584.35	124624.22	0	19960.13

*cost  
Soul  
92,268*

*Class  
Soul  
1,775*

*Benefits*

*Supplies  
1,076*

*3E/3B*

*3E/3B  
11,651*

502  
2-17-09

List of Accounts for Fiscal Year 06

Fund: 39030 Orgn: 4%  
Acct % Prog: 643000  
PosCntl Y Atyp: %  
CHANG

Rev: N Adopt Only: N Bene: Y  
Sort: O Ftype: % Rev: N

Fund	Acct	Orgn	Prog	Rev	Adopt Only	Bene	Rev	Period	FYRACSL
39030	4339	3453	643000	411.54	411.54	.00	.00		
39030	4339	3454	643000	1,746.30	1,746.30	.00	.00		
39030	4339	3455	643000	392.24	392.24	.00	.00		
39030	4339	3510	643000	28.77	28.77	.00	.00		
39030	4339	3511	643000	15.59	15.59	.00	.00		
39030	4339	3530	643000	196.05	196.05	.00	.00		
39030	4339	3531	643000	45.99	45.99	.00	.00		
39030	4339	3550	643000	415.02	415.02	.00	.00		
39030	4339	3610	643000	149.64	149.64	.00	.00		
39030	4339	3611	643000	81.07	81.07	.00	.00		
39030	4339	3630	643000	997.43	997.43	.00	.00		
39030	4339	3631	643000	306.88	306.88	.00	.00		
39030	4339	3650	643000	2,109.33	2,109.33	.00	.00		
39030	4339	3999	643000	-1,106.10	.00	.00	-1,106.10		
39030	4339	4510	643000	37,232.29	29,507.27	.00	7,725.02		
39030	4339	4511	643000	1,869.81	1,869.81	.00	.00		
39030	4339	4580	643000	500.00	413.20	.00	86.80		
39030	4339	5130	643000	120.00	120.00	.00	.00		
39030	4339	5310	643000	426.00	413.00	.00	13.00		
39030	4339	5410	643000	75.00	.00	.00	75.00		
39030	4339	5414	643000	11,213.00	11,212.99	.00	.01		
39030	4339	5514	643000	2,500.00	2,467.77	.00	32.23		
39030	4339	5690	643000	7,351.13	6,610.49	.00	740.64		
39030	4339	5797	643000	5,249.00	6,977.00	.00	-1,728.00		
39030	4339	5870	643000	14,472.91	.00	.00	14,472.91		
				276938.91	262372.33	0	14566.58		

CK 11/17/08

5/12  
02-17-09  
55-58  
PJS

COA	Fiscal Year	Index	Fund	Organization	Account	Program	Activity	Location	Period	Query Type	Commit Type
1	06		39030	4339	4510	643000				S	

Account	Organization	Program	Document	Description	Field	Amount	Increase (+) or Decrease (-)
4510	4339	643000	C0606739	->STAT PHARMACEUTICA, SANTEE CA	YTD	74.10	+
4510	4339	643000	C0606739	->ZAFAR PROJECTS INC, CLEARWATER FL	YTD	399.95	+
4510	4339	643000	C0606495	->NSO/HEALTHCARE MAL, 800-247-15 PA	YTD	1,133.00	+
4510	4339	643000	C0606464	->HEALTH EDCO, WACO TX	YTD	477.57	+
4510	4339	643000	C0606464	->PRAXAIR-ACCUPAY2, ANKENY IA	YTD	346.40	+
4510	4339	643000	C0606465	->US TOY/CONSTR PLAYT, GRANDVIEW MO	YTD	3E/56-57 1,313.98 3E/38+	+
4510	4339	643000	C0606466	->GLAXOSMITHKLINE, 800-366-89 PA	YTD	242.50	+
4510	4339	643000	C0606466	->PRAXAIR DIST US #1, BAKERSFIEL CA	YTD	28.57	+
4510	4339	643000	C0606466	->GLAXOSMITHKLINE, 800-366-89 PA	YTD	121.25	+
4510	4339	643000	C0606359	->ZAZZLE.COM, PALO ALTO CA	YTD	267.22	+
4510	4339	643000	C0606353	->EXTREME HALLOWEEN , 954-926565 FL	YTD	-3.00	-
4510	4339	643000	C0606353	->PRAXAIR DIST US #1, S SAN FRAN CA	YTD	90.80	+
4510	4339	643000	C0606353	->POSITIVE PROMOTION, 800-635-26 NY	YTD	781.53	+
4510	4339	643000	C0606353	->THE PARTY WAREHOUS, SAN BRUNO CA	YTD	23.00	+
4510	4339	643000	C0605996	->STERICYCLE WEST, SUN VALLEY CA	YTD	422.82	+
4510	4339	643000	C0605997	->EXTREME HALLOWEEN , 954-926565 FL	YTD	110.60	+
4510	4339	643000	C0605997	->MOORE MEDICAL, 860-826360 CT	YTD	77.49	+
<b>Total:</b>						29,507.27	+
						3E/50C	

11/17/08

10

-----REMIT TO-----  
U.S. TOY CO/CONSTRUCTIVE PLAYTHINGS  
13201 ARRINGTON ROAD  
GRANDVIEW, MO 64030  
PHONE:816-761-5900 FAX:816-761-9295

INVOICE NUMBER: 8123380201  
ACCOUNT NUMBER: 3663479  
INVOICE DATE: 02/16/06  
PAGE NUMBER: 1

\*\*\* I N V O I C E \*\*\*

This is a Reprint

-----SOLD TO-----  
COLLEGE OF SAN MATEO HEALTH  
D AMERA, GLORIA  
1700 W HILLSDALE BLVD  
SAN MATEO, CA 94402

-----SHIP TO-----  
COLLEGE OF SAN MATEO HEALTH  
1700 W HILLSDALE BLVD  
BUILDING 1 ROOM 226  
SAN MATEO, CA 94402

OUR ORDER#: 81233802 KSW  
ORDER DATE: 02/15/06 18:33:45  
PICK DATE: 02/16/06  
SHIP DATE: 02/16/06  
SHIP VIA: UPS GROUND SHIPMENT  
F.O.B. : F.O.B. ORIGIN

YOUR P/O#: GLORIA  
PLACED BY:  
CONTRACT#:  
JOB#/NAME: 401129  
SALES REP: UST  
TERMS: NET 30  
RMA #:

ORDERED	SHIPPED	BACKORD	UNIT	ITEM#/DESCRIPTION	PRICE	AMOUNT
20	20		dz	7231 SMILE SQUEEZE BALLS	8.95	179.00
5	5		dz	MUB31 SMILE WATER BOTTLES	12.95	64.75
10	10		dz	KC5 BASEBALL KEYCHAINS	1.29	12.90
10	10		dz	KC4 BASKETBALL KEYCHAINS	1.29	12.90
10	10		dz	KC6 SOCCER BALL KEYCHAINS	1.29	12.90
11	11		dz	3507 VISORS	9.95	109.45
12	12		pc	MU776 GAMBLERS VEST	1.95	23.40
5	5		BG	GA16-1 PLAY MONEY/\$1.00	4.95	24.75
1	1		ea	SA77 SMALL ANIMAL ASST/24-PC	74.95	74.95
2	2		dz	SB350 DICE/3 INCH	13.95	27.90
1	1		EA	SA92 BEAN BAG ANIMAL ASST/36-PC	54.95	54.95
3	3		dz	SB447 BOOKWORM	17.95	53.85
3	3		dz	SB321 RIBBON BEARS	15.95	47.85
3	3		dz	SB305 TROPICAL SNAKES	15.95	47.85
3	3		dz	SB405 TIE DYED ANGEL FISHES	11.95	35.85

\*\*\*\*\* CONTINUED \*\*\*\*\*

20/07  
CK 11/17/08

(10)

NO.814 083

-----REMIT TO-----  
 U.S. TOY CO/CONSTRUCTIVE PLAYTHINGS  
 13201 ARRINGTON ROAD  
 GRANDVIEW, MO 64030  
 PHONE:816-761-5900 FAX:816-761-9295

INVOICE NUMBER: 8123380201  
 ACCOUNT NUMBER: 3663479  
 INVOICE DATE: 02/16/06  
 PAGE NUMBER: 2

\*\*\* I N V O I C E \*\*\* This is a Reprint

ORDERED	SHIPPED	BACKORD	UNIT	ITEM#/DESCRIPTION	PRICE	AMOUNT
1	1		dz	SB364 NATURAL MONKEYS	29.95	29.95
10	10		pc	ST3148 WHITE TIGER/10 1/2 INCH LONG	5.95	59.50
10	10		pc	ST3150 LEOPARD/10 1/2 INCH LONG	5.95	59.50
10	10		pc	ST3149 MAJESTIC TIGER/10 1/2 INCH LONG	5.95	59.50
5	5		pc	LG144 PURPLE MOOD LAMP	9.95	49.75
5	5		pc	LG143 BLUE MOOD LAMP	9.95	49.75
5	5		pc	LG142 RED MOOD LAMP	9.95	49.75
1	1		ea	LT109-07 CURLING RIBBON/ROYAL BLUE	2.49	2.49
1	1		ea	LT109-08 CURLING RIBBON/YELLOW	2.49	2.49
1	1		ea	LT109-11 CURLING RIBBON/WHITE	2.49	2.49
10	10		dz	7846 TATOO BRACELETS	1.59	15.90
10	10		dz	GS510 KICKBALL	4.95	49.50

\*\*\*\* SUBTOTAL \*\*\*\* 1,213.82  
 FREIGHT CHARGE .00  
 CALIFORNIA 88.00  
 SAN MATEO 12.16  
 \*\*\*\* INVOICE TOTAL \*\*\*\* 1,313.98  
 AMOUNT PAID 1,313.98 *32/55*  
 \*\*\*\* BALANCE DUE \*\*\*\* .00

US TOYS \$1313.98  
 Promotional items used as part of the student learning outcomes (SLO's).  
 Students demonstrated what they learned and were rewarded with a prize.



# Account Statement Report

Posting Date: 02/01/2006 Thru 02/28/2006

GLORIA D AMBRA  
CSM 1700 W HILLSDALE BLVD  
HEALTH CENTER  
SAN MATEO, CA 94402-3651 USA  
XXXX-XXXX-0004-1336

Posting Date	Transaction Date	Description	Address	State	Amount
02/03/2006	02/02/2006	ORGANON INC	WEST ORANGE	NJ	36.00
02/03/2006	02/02/2006	MOORE MEDICAL	860-8263600	CT	199.21
02/06/2006	02/03/2006	COLLEGE OF SAN MATEO B	SAN MATEO	CA	38.93
02/07/2006	02/06/2006	STERICYCLE WEST	SUN VALLEY	CA	422.82
02/10/2006	02/08/2006	COLLEGE OF SAN MATEO B	SAN MATEO	CA	116.46
02/10/2006	02/09/2006	MOORE MEDICAL	860-8263600	CT	77.49
02/10/2006	02/07/2006	EXTREME HALLOWEEN INC	954-9265656	FL	110.60
02/13/2006	02/10/2006	PRAXAIR DIST US #193	S SAN FRANCI	CA	90.80
02/13/2006	02/10/2006	POSITIVE PROMOTIONS IN	800-635-2666	NY	781.53
02/13/2006	02/10/2006	THE PARTY WAREHOUSE	SAN BRUNO	CA	23.00
02/13/2006	02/10/2006	EXTREME HALLOWEEN INC	954-9265656	FL	(3.00)
02/17/2006	02/15/2006	PRAXAIR-ACCUPAY2	ANKENY	IA	346.40
02/17/2006	02/13/2006	HEALTH EDCO	WACO	TX	477.57
02/20/2006	02/17/2006	US TOY/COSTR PLAYTHING	GRANDVIEW	MO	1,313.98
02/22/2006	02/20/2006	GLAXOSMITHKLINE	800-366-8900	PA	121.25
02/22/2006	02/20/2006	GLAXOSMITHKLINE	800-366-8900	PA	242.50
02/22/2006	02/21/2006	PRAXAIR DIST US #181	BAKERSFIELD	CA	28.57
02/27/2006	02/24/2006	ZAFAR PROJECTS INC	CLEARWATER	FL	399.95
02/27/2006	02/23/2006	STAT PHARMACEUTICALS I	SANTEE	CA	74.10
02/27/2006	02/24/2006	THE GRAPHICWORKS	MONTERA	CA	40.05
02/27/2006	02/24/2006	THE PARTY WAREHOUSE	SAN BRUNO	CA	109.35
02/28/2006	02/27/2006	MOORE MEDICAL	860-8263600	CT	140.42
<b>Total Amount</b>					<b>5,187.98</b>

Purpose: To show that the district made a payment to the vendor.  
Source: Banner Accounting System.

1  
5/1/08  
CL 11/13/08

Fund: 39030 Orgn: 2%

Statement of Accounts for Fiscal Year 07

January 8, 2008 <sup>3E/31A</sup> CK 3/4/08

Acct: % Prog: 643000

Rev: N

Adopt Only: N

Bene: Y

Page 2

PosCntrl Y Atyp: %

Sort: O

Ftype: %

Rev: N

Period: 13

FYRACSL 7.0

SV2  
64750

ENDING

39030	2333	3651	643000	1,074.27	1,074.27	.00	.00
39030	2333	3999	643000	.00	.00	32,653	.00
39030	2333	4510	643000	16,795.80	7,973.77	.00	8,822.03
39030	2333	4580	643000	1,248.44	1,248.44	9,222	.00
39030	2333	5220	643000	107.70	107.70	.00	.00
39030	2333	5310	643000	75.00	75.00	.00	.00
39030	2333	5414	643000	8,297.00	8,297.00	3E/3B	.00
39030	2333	5797	643000	13,303.00	13,303.00	3E/3B 21,788	.00
				263361.31	254539.28	0	8822.03

$$\sum \text{of Account } 5797 = \overset{3E/59A}{13,303} + \overset{3E/59B}{8,021} + \overset{3E/59C}{11,984} = \underline{33,308} \text{ } 3E/$$

↳ Bad Debt Expense

Fund: 39030 Orgn: 3%

Statement of Accounts for Fiscal Year 07

January 8, 2008 *CK 3/4/0*  
Page 2  
Period: 13  
FYRACSL 7.0  
*512*  
*41750*

Acct: % Prog: 643000

Rev: N

Adopt Only: N

Bene: Y

PosCntrl Y Atyp: %

Sort: O

Ftype: %

Rev: N

'G

39030	3345	4580	643000	138.00	138.00	970	.00	.00
39030	3345	5414	643000	6,277.00	6,277.00	3E/3B	.00	.00
39030	3345	5514	643000	364.62	364.62		.00	.00
39030	3345	5694	643000	17.53	17.53		.00	.00
39030	3345	5797	643000	31,212.08	3E/59D 8,021.00	3E/3B 34,080	.00	23,191.08
				208482.86	187377.08		0	21105.78



Fund: 39030 Orgn: 4%  
 Acct: % Prog: 643000  
 PosCntl Y Atyp: %  
 IG

List of Accounts for Fiscal Year 07

Rev: N Adopt Only: N Bene: Y  
 Sort: O Ftype: % Rev: N

January 8, 2008  
 Page 2  
 Period: 13  
 FYRACSL 7.0  
*CK 11/17/0*  
*512*  
*02-19-09*

39030	4339	3531	643000	16.30	16.30	.00	.00
39030	4339	3550	643000	41.11	41.11	.00	.00
39030	4339	3611	643000	647.23	647.23	.00	.00
39030	4339	3620	643000	2.28	2.28	.00	.00
39030	4339	3630	643000	1,140.62	1,140.62	.00	.00
39030	4339	3631	643000	814.23	814.23	.00	.00
39030	4339	3650	643000	1,855.44	1,855.44	.00	.00
39030	4339	3999	643000	115.19	.00	.00	115.19
39030	4339	4510	643000	42,450.60	40,382.58	.00	2,068.02
39030	4339	4511	643000	2,200.00	2,200.00	.00	.00
39030	4339	4580	643000	1,750.00	467.31	.00	1,282.69
39030	4339	5211	643000	2,800.00	.00	.00	2,800.00
39030	4339	5310	643000	750.00	.00	.00	750.00
39030	4339	5410	643000	.00	.00	.00	.00
39030	4339	5414	643000	10,695.00	10,695.00	.00	.00
39030	4339	5514	643000	3,050.00	2,870.12	.00	179.88
39030	4339	5690	643000	6,140.11	5,182.33	.00	957.78
39030	4339	5797	643000	11,984.00	11,984.00	.00	.00
39030	4339	5870	643000	12,480.67	.00	.00	12,480.67
				341480.67	316945.74	0	24534.93

Chart Code: 1 Document Code: J0710406

Doc#/Seq#	Date/Rule	Description	Doc/Trans	Amt	D/C	Fund	Orgn	Acct	Prog	Actv	Encumb#	Item-Seq	Deposit#
J0710406	06/30/2007	POSTED		673,660.00									
1	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		109,614.00	D	10002	2001	5797	672000				
2	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		69,048.00	D	10003	3001	5797	672000				
3	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		112,660.00	D	10004	4001	5797	672000				
4	JAP9	RC 06-07 BAD DEBTS ALLOWANCES		112,660.00	C	10004		91699					
5	JAP9	RC 06-07 BAD DEBTS ALLOWANCES		69,048.00	C	10003		91699					
6	JAP9	RC 06-07 BAD DEBTS ALLOWANCES		109,614.00	C	10002		91699					
7	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		1,469.00	D	39001	3229	5797	692000				
8	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		2,970.00	D	39001	2345	5797	692000				
9	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		6,170.00	D	39001	4229	5797	692000				
10	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		508.00	D	60001	2411	5797	696000				
11	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		119.00	D	60001	4339	5797	696000				
12	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		8,021.00	D	39030	3345	5797	643000				
13	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		13,303.00	D	39030	2333	5797	643000				
14	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		11,984.00	D	39030	4339	5797	643000				
15	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		374.00	D	40000	3001	5797	651000				
16	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		285.00	D	40000	2001	5797	651000				
17	JAP4	RC 06-07 BAD DEBTS ALLOWANCES		305.00	D	40000	4001	5797	651000				
18	JAP9	RC 06-07 BAD DEBTS ALLOWANCES		964.00	C	40000		91699					
19	JAP9	RC 06-07 BAD DEBTS ALLOWANCES		33,308.00	C	39030		91699					
20	JAP9	RC 06-07 BAD DEBTS ALLOWANCES		627.00	C	60001		91699					
21	JAP9	RC 06-07 BAD DEBTS ALLOWANCES		10,609.00	C	39001		91699					
		Total Debits		336,830.00									
		Total Credits		336,830.00									
		Document Total		673,660.00									

3E/59B  
3E/59A  
3E/59C

64-5-09  
SAR  
09/24/09  
E/SAR

**Tab 12**

5713  
CK 7/28/02  
512  
02-17-09

**San Mateo County Community College District**  
**Legislatively Mandated Health Fee Elimination Program**  
**Analysis of Level of Health Services**  
**Audit Period from July 1, 2002 through June 30, 2007**  
**S08-MCC-0041**

**Purpose:** To identify excess services as indicated on the district's mandated cost claims.

**Source:** FY 02-03, FY 03-04, FY 04-05, FY 05-06, and FY 06-07 mandated cost claims.

**Scope:** Documented the services provided during the base year and the fiscal years being audited on the spreadsheet below, as indicated on the district's mandated cost claims.

**Analysis:** We noted in the FY 2004-05 HFE-2 Form of the mandated cost claim that some of the X's were accidentally shifted up when in comparison to all other fiscal years of the audit period. On the spreadsheet below, the X's highlighted in light blue were the services that were shifted on the claims. We used the base year services that was provided in the first year of the audit period from the prior audit, and found no excess level of services on the mandated cost claims.

**Conclusion:** We did not identify any excess services on the district's mandated cost claims. Therefore, no audit exceptions were noted.

|----- 2A-2a/8-10; 2A-2b/8-10; 2A-2c/7-9; 2A-2d/8-10; 2A-2e/7-9 -----|

Health Services	FY 1986-87	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	Prior Audit
Accident Reports	X	X	X	X	X	X	X
Appointments							
College Physician, surgeon							
Dermatology, family practice							
Internal Medicine							
Outside Physician							
Dental Services							
Outside Labs (x-ray, etc.)							
Psychologist, full services							
Cancel/Change Appointments	X	X	X	X	X	X	X
Registered Nurse	X	X	X	X	X	X	X
Check Appointments	X	X	X	X	X	X	X
Assessment, Intervention and Counseling							
Birth Control	X	X	X	X	X	X	X
Lab Reports							
Nutrition	X	X	X	X	X	X	X
Test Results, office							
Venereal Disease							
Communicable Disease	X	X	X	X	X	X	X
Upper Respiratory Infection	X	X	X	X	X	X	X
Eyes, Nose and Throat	X	X	X	X	X	X	X
Eye/Vision	X	X	X	X	X	X	X
Dermatology/Allergy	X	X	X	X	X	X	X
Gynecology/Pregnancy Service	X	X	X	X	X	X	X
Neuralgic							
Orthopedic	X	X	X	X	X	X	X
Genito/Urinary	X	X	X	X	X	X	X
Dental	X	X	X	X	X	X	X
Gastro-Intestinal	X	X	X	X	X	X	X
Stress Counseling	X	X	X	X	X	X	X
Crisis Intervention	X	X	X	X	X	X	X
Child Abuse Reporting and Counseling	X	X	X	X	X	X	X

5/7-1/4  
 CK 7/28/08


**San Mateo County Community College District**  
**Legislatively Mandated Health Fee Elimination Program**  
**Analysis of Level of Health Services**  
**Audit Period from July 1, 2002 through June 30, 2007**

S12  
 02-17-09

S08-MCC-0041

2A-2a/8-10; 2A-2b/8-10; 2A-2c/7-9; 2A-2d/8-10; 2A-2e/7-9

Health Services	FY 1986-87	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	Prior Audit
Substance Abuse Identification & Counseling							
Acquired Immune Deficiency Syndrome					X	X	X
Eating Disorders							
Weight Control	X	X	X	X	X	X	X
Personal Hygiene	X	X	X	X	X	X	X
Burnout	X	X	X	X	X	X	X
Other Medical Problems, list	X	X	X	X	X	X	X
Examinations, minor illnesses							
Recheck Minor Injury	X	X	X	X	X	X	X
Health Talks or Fairs, Information							
Sexually Transmitted Diseases	X	X	X	X	X	X	X
Drugs	X	X	X	X	X	X	X
Acquired Immune Deficiency Syndrome	X	X	X	X	X	X	X
Child Abuse							
Birth Control/Family Planning							
Stop Smoking							
Library, Videos and Cassettes	X	X	X	X	X	X	X
First Aid, Major Emergencies	X	X	X	X	X	X	X
First Aid, Minor Emergencies	X	X	X	X	X	X	X
First Aid Kits, Filled	X	X	X	X	X	X	X
Immunizations							
Diphtheria/Tetanus							
Measles/Rubella	X	X	X	X	X	X	X
Influenza							
Information	X	X	X	X	X	X	X
Insurance							
On Campus Accident	X	X	X	X	X	X	X
Voluntary	X	X	X	X	X	X	X
Insurance Inquiry/Claim Administration	X	X	X	X	X	X	X
Laboratory Tests Done							
Inquiry/Interpretation							
Pap Smears							
Physical Examinations							
Employees							
Students							
Athletes							
Medications							
Antacids	X	X	X	X	X	X	X
Antidiarrheal	X	X	X	X	X	X	X
Aspirin, Tylenol, etc.	X	X	X	X	X	X	X
Skin Rash Preparations	X	X	X	X	X	X	X
Eye Drops							
Ear Drops							
Toothache, oil cloves	X	X	X	X	X	X	X
Stingkill	X	X	X	X	X	X	X
Midol, Menstrual Cramps	X	X	X	X	X	X	X
Other, list							

 = services marked that were shifted up on claim Form HFE-2.

39-1/5  
 CK 7/28/08

**San Mateo County Community College District**  
**Legislatively Mandated Health Fee Elimination Program**  
**Analysis of Level of Health Services**  
**Audit Period from July 1, 2002 through June 30, 2007**

S12  
 02-17-09

S08-MCC-0041

2A-2a/8-10; 2A-2b/8-10; 2A-2c/7-9; 2A-2d/8-10; 2A-2e/7-9

Health Services	FY 1986-87	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	Prior Audit
<b>Parking Cards/Elevator Keys</b>							
Tokens							
Return Card/Key							
Parking Inquiry	X	X	X	X	X	X	X
Elevator Passes							
Temporary Handicapped Parking Permits							
<b>Referrals to Outside Agencies</b>							
Private Medical Doctor	X	X	X	X	X	X	X
Health Department	X	X	X	X	X	X	X
Clinic	X	X	X	X	X	X	X
Dental	X	X	X	X	X	X	X
Counseling Centers	X	X	X	X	X	X	X
Crisis Centers	X	X	X	X	X	X	X
Transitional Living Fac., battered/homeless women							
Family Planning Facilities	X	X	X	X	X	X	X
Other Health Agencies							
<b>Tests</b>							
Blood Pressure	X	X	X	X	X	X	X
Hearing	X	X	X	X	X	X	X
Tuberculosis							
Reading	X	X	X	X	X	X	X
Information	X	X	X	X	X	X	X
Vision	X	X	X	X	X	X	X
Glucometer							
Urinalysis							
Hemoglobin							
EKG							
Strep A Testing	X	X	X	X	X	X	X
PG Testing							
Monospot							
Hemacult							
Others, list:							
<b>Miscellaneous</b>							
Absence Excuses/PE Waiver	X	X	X	X	X	X	X
Allergy Injections							
Band-aids	X	X	X	X	X	X	X
Booklets/Pamphlets	X	X	X	X	X	X	X
Dressing Change	X	X	X	X	X	X	X
Rest	X	X	X	X	X	X	X
Suture Removal							
Temperature	X	X	X	X	X	X	X
Weigh	X	X	X	X	X	X	X
Information	X	X	X	X	X	X	X
Report/Form	X	X	X	X	X	X	X
Wart Removal							
Others, list:							
<b>Committees</b>							
Safety	X	X	X	X	X	X	X
Environmental							
Disaster Planning	X	X	X	X	X	X	X

**Tab 13**

# Three Year Report

July  
2007

	2004-2005	2005-2006	2006-2007
Patients seen	1326	2108	3045 ②
Over the Counter Medications.	Patients did not sign in separate for OTC meds. For confidentiality we changed the sign in process		1828
Vision exams	82	54	55
Reportable accidents	55	66	55
TB test	139	406	355
Summer safety Sun screen & information	324	400	600
Pregnancy test	79	90	100
Immunizations	0	0	68
Flu Shots	50	60	182 ①

## Skyline College Health Center

- ① <sup>39-1/9</sup> 182 - 70 (VNA flu shots) = 112 done by the health center
- ② <sup>39-1/9</sup> 3045 - 70 (VNA flu shots) = **115** <sup>56</sup> total patients seen.

P95  
6-935  
02-17-09  
SWZ

29-1/6  
01/13/09



SKYLINE  
Health Center  
2004-2005 year end report

Students who visit the Health Center for condoms, pamphlets, literature, and insurance information and outside resources are not included in this count as they do not sign in.

Students	1326
Employees	156
Accidents report filed out	55
Low Cost Vision Exams participants	82
TB test given	139
Pregnancy test	47
Condoms distributed	6000
Summer safety	324
Resource guides distributed to counselors	130
Events:	
Blood Drive Participants	160
Blood donors	91
Great American SmokeOut Participants	150
Courtesy smoker campaign	150

SKYLINE  
Health Center  
2005-2006 year end report

Students who visit the Health Center for condoms, pamphlets, literature, and insurance information and outside resources are not included in this count as they do not sign in.

Patients seen	2108
Accidents report filed out	66
Low Cost Vision Exams participants	54
TB test given	406
Pregnancy test	61
Condoms distributed	6000
Summer safety	600
Resource guides distributed to counselors	150
Events:	
Blood Drive Participants	83
Blood donors	68
Great American SmokeOut Participants	200
Smoking cession	10

291/1  
CK 11/13/08

Skyline College Student Health Center  
3300 College Drive, Room 2209  
San Bruno, Ca 94066  
650-738-4270

## Student Health Center Usage Report July 1, 2006 – June 30, 2007

Total number of students & staff who signed in to see the nurse: 3045.  
Students who visit the health center for condoms, pamphlets, literature, insurance information and outside resources are not included in this count as they do not sign in.

- 2635 were seen during the day shift  
410 were seen during the evening shift
- 1828 patients of those who signed in were given over the counter medicine.  
Does not include: bandages, ice packs and ace wraps.
- 55 students were treated for reportable accidents on campus.
- 355 students and staff were given TB tests.
- 100 pregnancy tests were performed.

### IMMUNIZATIONS:

1. The Health Center has been working with San Mateo County Immunization Program since August 2006. The following numbers of free immunizations have been administered:
  - HPV: 13
  - Td: 3
  - Tdap: 39
  - MMR: 13

}  $\Sigma = 68$  immunizations

  - Flu shots for Health Care students & high risk categories: 112
  - Hepatitis B for 19 an under: 0
2. The Health Center also has Hepatitis B vaccine available for a charge for those 20 years of age and over. 29 doses have been administered for \$25 per dose.
3. Working with the VNA (Visiting Nurse Association) 70 faculty/student/staff received Flu shots \$20 each 39-1/6.

**VISION EXAMS:**

- 30 students received services for low cost vision exams on campus by Dr Tom. Cost to students: \$20 per exam. Cost to Health Center: \$300 for Dr Tom during the Fall, 2006 semester.
- Working with the UC Berkeley School of Optometry, we were able to offer 25 students \$17 vision exams and 5 of our students free eye exams and free glasses on the Berkeley Campus. This program began in Spring, 2007. No cost to us.

**PROGRAMS:**

- *Blood Drive:* Working with the American Red Cross May 2, 2007 119 people signed up prior to the event; 17 people dropped in; 136 students/faculty/staff were screened and 81 units of blood were donated. (40 donors per blood drive is considered a successful blood drive). An Associated Student Officer assisted with the blood drive by being Buddy the Blood Drop.
- *Breathe California:* Smoking Cessation workshops on Campus
- *Classroom:* 24 classrooms a year have a nurse talk about the Health Center Services and health topics
- *Condom Awareness Day:* February 14<sup>th</sup>, Health Center Staff gave out 1000 condoms and STD information in the cafeteria.
- *Fight the Bite:* Working with the San Mateo West Nile Virus Response we gave out brochures on how to protect yourself and your family from the West Nile Virus and 250 mosquito repellent packs.
- *Great American smoke-out:* working with Ray Hernandez of the Respiratory Therapy Program to promote smoking cessation. Over 200 students had blood pressure checks and peak flows done by the RT students. Health Center staff provided smoking cessation information and literature.
- *San Mateo County Immunization Program:* Immunization Program at the Health Center. *The Policy and Procedures for Immunizations* written and compiled by Jan Gersonde and Donna Elliott. Three of this 32 page document and two CDs are in various locations in the Health Center. *The San Mateo County Immunization Program* now uses this document as the standard for schools wanting to establish a immunization program.
- *Passionately PINK for the Cure:* working with the Susan G. Komen Foundation for breast cancer research we established a day to

wear pink at Skyline College. We collected \$ in donations to be sent to the foundation. In partnership with the bookstore they provided a prize (bag with pink items in it) to be raffied off to the participants.

- *Summer Safety Program:* Working with Banana Boat to promote summer safety, 600 students were given summer safety information and samples of Banana Boat sun screen.
- *Planned Parenthood of San Mateo:* Ray Hernandez, Alice Erskine, Josie Glenn, Nurse Lisa Marlowe and me, a single physical exam form for all allied health programs and cosmetology was created. Planned Parenthood will do PE exams free or very low cost depending on income for these and all of Skyline students.
- *World AIDS Day:* December 1<sup>st</sup>, Health Center staff gave out 1000 condoms and information on HIV testing and other STDs in the cafeteria. Showed two videos: HIV testing and Faces of AIDS

**BULLETIN BOARDS:**

The Health Center now maintains 5 bulletin boards around campus; 3 list Health Center services and current events. The other two change monthly with the exception of summer session and the beginning of each semester when Health Center Services are listed for incoming students. Listed below are the locations of the bulletin boards:

- Outside of the Health Center
- Building 2, North stairwell
- Building 1, 1<sup>st</sup> floor the entrance by the Gallery Theatre
- Pacific Heights
- Building 3, 1<sup>st</sup> floor west hallway

**Bulletin Board topics:**

- Building 2, North stairwell - Bulletin Board topics
- July & August – Summer Safety: swimming & boating safety and safety in the sun
  - September – Health Center Service for incoming students
  - October – Breast Cancer Awareness Month
  - November – Great American Smoke Out
  - December- AIDS awareness week
  - January – Health Center Service for incoming students
  - February – STD Awareness Month
  - March – National Nutrition Month
  - April & may – Skyline College Annual Blood Drive
  - June - Summer Safety: swimming & boating safety and safety in the sun

**Building 1, 1<sup>st</sup> floor the entrance by the Gallery Theatre**

- July & August – Summer Safety

- September – Health Center Services
- October, November – Flu and Cold season
- December – World AIDS Day
- January - Health Center Services
- February –Heart Health Month
- March - Vision Awareness Month
- April – Alcohol Awareness Month
- May – Blood Drive information
- June – Summer Safety

Oct./Nov. 2003

\*Please read the information sheet about the medication you are self-administering, then sign your name in the spaces below. Your signature states that you have read and understood the medication dosage, usage, side effects and warnings, which are included when taking the medication. You are also acknowledging that you have never had an adverse (bad) reaction to the medication your choose to take.

**HEALTH CENTER SIGN IN SHEET**

Date	Name (please print)	M/F	S/E	Asses	TX	Counsel /Ed	Refer	BP	TB	Medicine *	Signature
[Redacted]	[Redacted]	F	S	✓						*	
10/3	[Redacted]	F	E						✓	*	[Redacted]
[Redacted]	[Redacted]	F	S							* Tylenal	[Redacted]
[Redacted]	[Redacted]	F	S							* Sudafed	[Redacted]
[Redacted]	[Redacted]	F	S							*	[Redacted]
[Redacted]	[Redacted]	M	E						✓	*	[Redacted]
[Redacted]	[Redacted]	F	S							*	[Redacted]
[Redacted]	[Redacted]	F	S	✓		✓				*	[Redacted]
[Redacted]	[Redacted]	M	S							* Advil	[Redacted]
[Redacted]	[Redacted]	M								*	[Redacted]
[Redacted]	[Redacted]	F	S							*	[Redacted]
[Redacted]	[Redacted]	F	S							* Bandaid	[Redacted]
[Redacted]	[Redacted]	F	S							*	[Redacted]
[Redacted]	[Redacted]	M	S							*	[Redacted]
[Redacted]	[Redacted]	F	S							*	[Redacted]
[Redacted]	[Redacted]	F								*	[Redacted]

November 2003

\*Please read the information sheet about the medication you are self-administering, then sign your name in the spaces below. Your signature states that you have read and understood the medication dosage, usage, side effects and warnings, which are included when taking the medication. You are also acknowledging that you have never had an adverse (bad) reaction to the medication your choose to take.

**HEALTH CENTER SIGN IN SHEET**

Date	Name (please print)	M/F	S/E	Asses	TX	Counsel /Ed	Refer	BP	TB	Medicine *	Signature
11/4	[REDACTED]	M	S							* Collyin Drops	[REDACTED]
11/4	[REDACTED]	F	S							*	[REDACTED]
11/4	[REDACTED]	F	S		✓		✓			*	[REDACTED]
11/4	[REDACTED]	F	S		✓					*	[REDACTED]
11/5	[REDACTED]	F	S		✓					*	[REDACTED]
11/5	[REDACTED]	M	S		✓					* Atenolol	[REDACTED]
11/5	[REDACTED]	F	E							*	[REDACTED]
11/5	[REDACTED]	M	S		✓					* Hydrochlorothiazide	[REDACTED]
11/5	[REDACTED]	M	S				✓			* Naproxen Sodium	[REDACTED]
11/7	[REDACTED]	F	E							*	[REDACTED]
11/7	[REDACTED]	F	S/E							* Ibuprofen	[REDACTED]
11/7	[REDACTED]	F	S		✓			✓		*	[REDACTED]
11/7	[REDACTED]	F	S		✓					*	[REDACTED]
11/10	[REDACTED]	F	S						✓	*	[REDACTED]
										*	
										*	



Sign in for Spring 2006

Date 2006	Time	Student	Employee/Male	Female	Date 2006	Time	Student	Employee/Male	Female
<del>5/2/06</del>	<del>8:00</del>	✓		✓	5/2	8:00		✓	x
<del>5/2/06</del>	<del>9:15</del>	✓		✓	5/2/06	9:15		✓	x
<del>5/2/06</del>	<del>9:45</del>	✓		✓	5/2/06	9:45	✓		✓
<del>5/2/06</del>	<del>9:55</del>	✓		✓	5/2/06	9:55	x		x
<del>5/2/06</del>	<del>10:05</del>	✓		✓	5/2/06	10:05	✓		✓
<del>5/2/06</del>	<del>10:10</del>	✓		✓	5/2/06	10:10			x
<del>5/2/06</del>	<del>10:30</del>	✓		✓	5/2/06	10:30	x		x
<del>5/2/06</del>	<del>10:40</del>	✓		✓	5/2/06	10:40	x		x
<del>5/2/06</del>	<del>11:00</del>	✓		✓	5/2/06	11:00			x
<del>5/2/06</del>	<del>11:15</del>	✓		✓	5/2/06	11:15			x
<del>5/2/06</del>	<del>11:30</del>	✓		✓	5/2/06	11:30			x
<del>5/2/06</del>	<del>11:45</del>	✓		✓	5/2/06	11:45			x
<del>5/2/06</del>	<del>12:00</del>	✓		✓	5/2/06	12:00			x
<del>5/2/06</del>	<del>12:15</del>	✓		✓	5/2/06	12:15			x
<del>5/2/06</del>	<del>12:30</del>	✓		✓	5/2/06	12:30			x
<del>5/2/06</del>	<del>12:45</del>	✓		✓	5/2/06	12:45			x
5/2/06	1:59	✓		✓	5/3/06	09:00	x		x
5/1/06	9:45	✓		✓	5/3/06	09:20	x		x
5/1/06	10:15	✓		✓	5/3/06	09:45	x		x
5/1/06	10:45	✓		✓	5/3/06	09:45	x		x
5/1/06	11:15	✓		✓	5/3/06	10:15	x		x
5/1/06	11:45	✓		✓	5/3/06	10:15	x		x
5/1/06	12:00	✓		✓	5/3/06	10:45	x		x
5/1/06	12:15	✓		✓	5/3/06	10:45	x		x
5/1/06	12:30	✓		✓	5/3/06	11:15			x
5/1/06	12:45	✓		✓	5/3/06	11:45			x
5/01	8-01	✓		✓	5/3/06	12:35	✓		✓
5/01	8-01	✓		✓	5/3/06	12:40	✓		✓

**Sign in for Spring 2006**

Date 2006	Time	Student	Employee	Male	Female	Date 2006	Time	Student	Employee	Male	Female
5/1	9:48	✓		✓		5/4	12:27	✓		✓	
5/3/06	12:45	✓			✓	5/4	12:27	-			
5/3/06	12:55	✓			✓	05/04	12:33	✗			✗
5/3/06	1:00	✓			✓	5/04	12:38	✓			✓
5/3/06	1:23	✓			✓	5/04	1:10	✗		✗	
5/3/06	1:30	✓			✓	5/4	1:15	✓		✓	
5/3/06	1:35	✓			✓	5/4	1:50	✓			✓
5/3/06	5:20				✓	5/4	8:10	✓			✓
5/3/06	5:55		✓	✓		5/4	9:00	✓		✓	
5/3/06	6:00		✓		✓	5/4	9:00	✓			✓
May 4 '06	8:30	✓		✓		5/5	9:00	✓		✓	
May 4 '06	9:24	✓			✓	5/5	09:10	✓		✓	
May 4	9:50		✓		✓	5/5	09:10	✓			✓
May 4	10:23	✓		✓		5/5	09:15	✓			✓
5/4		✓		✓		5/5	09:15	✓		✓	
5/4	10:31	✓			✓	5/5	9:30	✓			✓
5/4	1:05	✓		✓		5/5	10:03	✓		✓	
5/4	11:20	✓		✓		5/5	10:00	✓			✓
5/4	11:25	✓		✓		5/5	11:00	✓			✓

**Tab 14**

Cañada College Health Center  
Health Fee Elimination Audit  
FY 2002-03 through FY 2006-2007

	Total Visits	Declined to state	Assessment	Treat/Test	Health Ed	Referral
<b>FY 2002-2003</b>						
Fall '02	235	146	31	26	15	17
Spring '03	162	125	16	14	4	3
<b>Totals</b>	<b>397</b>	<b>271</b>	<b>47</b>	<b>40</b>	<b>19</b>	<b>20</b>
<b>FY 2003 - 2004</b>						
Fall '03	186	146	12	17	4	7
Spring '04	158	151	1	5	0	1
<b>Totals</b>	<b>344</b>	<b>297</b>	<b>13</b>	<b>22</b>	<b>4</b>	<b>8</b>
<b>FY 2004 - 2005</b>						
Fall '04	167	151	3	12	1	0
Spring '05	200	198	1	1	0	0
Summer '05	22	22	0	0	0	0
<b>Totals</b>	<b>389</b>	<b>371</b>	<b>4</b>	<b>13</b>	<b>1</b>	<b>0</b>
<b>FY 2005 - 2006</b>						
Fall '05	190	162	14	13	1	0
Spring '06	184	150	19	13	0	2
Summer '06	22	22	0	0	0	0
<b>Totals</b>	<b>396</b>	<b>334</b>	<b>33</b>	<b>26</b>	<b>1</b>	<b>2</b>
<b>FY 2006-2007</b>						
Fall '06	226	138	30	40	7	11
Spring '07	221	150	17	34	9	11
Summer '07	41	15	12	10	0	4
<b>Totals</b>	<b>488</b>	<b>303</b>	<b>59</b>	<b>84</b>	<b>16</b>	<b>26</b>
<b>Overall Totals</b>	<b>Total Visits</b>	<b>Declined to state</b>	<b>Assessment</b>	<b>Treat/Test</b>	<b>Health Ed</b>	<b>Referral</b>
	<b>2457</b>	<b>1576</b>	<b>156</b>	<b>185</b>	<b>41</b>	<b>56</b>

27-118  
OK 11/13/08

**Cañada College Health Center**  
**Health Fee Elimination Audit**  
**10/02 2/04 6/05 11/05 12/06**

36-1/19-23

	Total	Not Stated	Assessment	Treat/Test	Health Ed	Referral	Flu Shots
October 2002	63	47	3	9	2	2	0
February 2004	31	31	0	0	0	0	0
June 2005	7	7	0	0	0	0	0
November 2005	79	27	0	2	0	0	50
December 2006	<del>8</del> 9	5	3	1	0	0	0
<b>TOTALS</b>	<u>188</u> 189	117	6	12	2	2	50

October 2002  
~~Sept 2002 (copy)~~

Health Center Sign In

Date	Time	Name (please print)	I.D. #	Assessment	Treat/ Test	Health Ed.	Refer
<del>9/26</del>							
<del>9/28</del>							
10/01						✓	
10/01							-
"	1-				✓		
10/2	9-			✓		✓	
"	9:0				✓		
10/2/02	10:20						
"	10:45			✓			
	11:25				AST		
10.03	11:00				✓		
10.04	11:14						
10/04	11:15						

39.1/18

Lat 0-2

Health Center Sign In

	Date	Time	Name (please print)	I.D. #	Assessment	Treat/ Test	Health Ed.	Refer
1	10/7/02							
2	10/7/02							
3	10/7/02							
4	10/7/02							
5	10-7-02							
6								
7								
8	10-7-02							
9								
10	10-7-02							
11	10-7-02							
12	10/9/02							
13	10/10/02							

End of eyes

35-1/18

det 03  
3

Health Center Sign In

#	Date	Time	Name (please print)	I.D. #	Assessment	Treat/ Test	Health Ed.	Refer
1	10/10	10:30						
2								
3	10/10	6:15						
4	10/10	9:30						
5	10/11	10:10						
6								
7								
8								
9								
10	10/14					✓		
11						✓		
12	10/14					✓		
13	10/15	11:00						

36-1/18



Oct '02  
4

Health Center Sign In

	Date	Time	Name (please print)	I.D. #	Assesment	Treat/ Test	Health Ed.	Refer
1	10/14							
2	10/16	9:15						
3	10/16	9:20						
4	10/16	12:40						
5	10/17	9:20						
6	10/17	10:30						
7	10/17	11:45						
8								
9								
10								
11								
12	10/21							
13	10/22							

36-1/18

2011/23  
 CK 11/13/08

Oct '02  
 5

Health Center Sign In

	Date	Time	Name (please print)	I.D. #	Assessment	Treat/ Test	Health Ed.	Refer
1	10/22/02	2 PM						✓
2	10/22/02	2:00 PM						
3	10/23/02	10:30 AM						
4	10-23-02							
5						✓		
6								
7								
8	10/28/02							
9	10/28/02							
10	10/29/02							
11	10/29/02							
12	10/30/02							
13	10/31/02							

361/18

CANADA COLLEGE

**Tab 15**

# STUDENT SERVICES PROGRAM REVIEW

Annual Program Review Form: Academic Year 2004-2005

Due: June 30, 2005

*Each year, no later than June 30, Student Services Staff analyze the state of their program. The Program Review analysis includes the following information and should not be more than 3-4 pages. Programs may include additional data and information in support of the annual review—as an attachment only.*

Date: 6/23/05

Student services unit: Health Services

Student services unit staff: Sharon Bartels, Gloria D'Ambra, Dr. Nicholls

Program review prepared by: Sharon and Gloria

A. Summary description of your unit's program and services (one paragraph):  
Student Health Services provides quality medical care, urgent and emergent. Services available include: physicals, immunizations, PAP smears, birth control, laboratory testing, prescription medications, diagnosis and treatment of minor illness, health education and psychological counseling services.

B. Number of students served/types of services provided:

Health Fair:

Attendance:	900
Cholesterol testing:	126
Glucose tests	200
Anemia tests	200
Tay-Sachs tests	82
Eye exam	27

Eye exam total for year: 94

Lab tests: 626

PAP tests: 98

Physicals 172

Immunizations 288

RX medications 232

Birth control 322

OTC meds 212

Insurance issues 296

Psychological Services Apt. 1800

Total med clinic visits approx. 1000

- C. **List significant unit accomplishments in 2004-2005:**  
**On site dental services started**  
**Atkinson Foundation Grant: \$5,000 for the health fair.**  
**Completed web page**  
**SFSU health education intern**  
**SJSU MPH intern commitment**

- D. **Where appropriate, delineate the relationship of significant unit accomplishments in 2004-2005 to the current 03-05 Student Services Planning Document:**

**Goal #1**

- On site Dental Services started.
- Developed a relationship with SFSU health intern program, and SJSU MPH program. Hosted an intern from SFSU
- Committed to hosting a MPH student this Summer and Fall
- Health Center Web page us up and running.
- Obtained a \$5,000 grant from the Atkinson Foundation, to support the Health Fair
- Developed written discharge instructions.
- Completed application for MediCal provider number

**Goal #3**

- Participate in Student Support Group which includes EOPS and DSPS.
- Work closely with international student services. International insurance information is available in several languages.
- Volunteer at the Samaritan House Clinic

**Goal #5**

- Participated in the redesign of the new health center.

- E. **Summarize the results of the annual student survey for your unit AND identify the implications for the future delivery of your unit's services:**  
**We had a poor response to the survey. The information we did collect indicated that students would like the health center to be open more hours. This is not currently an option, due to budget constraints.**  
**We need to design a better method to gather this information in a more effective way.**

**F. Summarize the findings of your unit's assessment of Student Learning Outcomes AND identify the implications for the future delivery of your unit's services.**

Written discharge instructions are much more effective in providing the health information to the student. Although specific discharge instruction sheets have been developed this year, we need to design a generic form that can be used more frequently.

**G. Summarize your unit's strategies and accomplishments that have fostered a climate in which diversity is recognized and valued:**

We work closely with the international students  
International student insurance information is available in several languages.  
Participate in the Student Support Group, which offers extra support to special needs students.  
Offered Tay-Sachs testing.  
Provide special presentation to TTC students.  
Volunteer at Samaritan House Clinic

**H. List your anticipated goals for 2004-2005 based on the findings of this year's 2004-2005 Program Review:**

Further develop discharge instruction sheets.  
Provide CPR/AED training for security  
Further develop community relationships for better patient referral

**I. Identify your unit's needs and recommendations for 2005-2006:**

Increase physician hours.  
Hire a part time health educator  
Hire a part time nurse.

**J. Identify notable individual accomplishments in 2004-2005 (optional):**

Participated on the HSA CCC legislative committee which sponsored AB 982  
Volunteer at Samaritan House Clinic  
Developing a relationship with the County medical system

**K. Provide a brief two or three sentence description of your unit's key accomplishments for possible use in the "2004-2005 Student Services Key Accomplishments" publication.**

On site dental services are now available.

**L. Additional comments:**

**Student Services Planning Document  
2004-2005  
6/22/05**

**Health Services**

**Goal #1**

- On site Dental Services started.
- Developed a relationship with SFSU health intern program, and SJSU MPH program. Hosted an intern from SFSU
- Committed to hosting a MPH student this Summer and Fall
- Health Center Web page us up and running.
- Obtained a \$5,000 grant from the Atkinson Foundation, to support the Health Fair
- Developed written discharge instructions.
- Completed application for MediCal provider number

**Goal #3**

- Participate in Student Support Group which includes EOPS and DSPS.
- Work closely with international student services. International insurance information is available in several languages.
- Volunteer at the Samaritan House Clinic

**Goal #5**

- Participated in the redesign of the new health center.

Submitted: 6/22/05  
S. Bartels

*★*  
**Summary of All Services for** **April** 2003

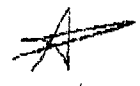
Services	Systems	Tests
First Aid <input style="width: 40px;" type="text" value="8"/>	Resp <input style="width: 40px;" type="text" value="21"/>	BP <input style="width: 40px;" type="text" value="10"/>
Hlth Assess <input style="width: 40px;" type="text" value="57"/>	CV <input style="width: 40px;" type="text" value="4"/>	PPD <input style="width: 40px;" type="text" value="3"/>
OTC Med <input style="width: 40px;" type="text" value="28"/>	Muse/Skel <input style="width: 40px;" type="text" value="9"/>	Strep/Cult <input style="width: 40px;" type="text" value="4"/>
Rest <input style="width: 40px;" type="text"/>	Derm <input style="width: 40px;" type="text" value="7"/>	Vision <input style="width: 40px;" type="text"/>
Family Plan <input style="width: 40px;" type="text"/>	Ent <input style="width: 40px;" type="text" value="9"/>	Hearing <input style="width: 40px;" type="text"/>
STD Treat <input style="width: 40px;" type="text"/>	GI <input style="width: 40px;" type="text" value="6"/>	Pap Smear <input style="width: 40px;" type="text"/>
Phys Exam <input style="width: 40px;" type="text"/>	Gyn <input style="width: 40px;" type="text" value="6"/>	Urine Preg <input style="width: 40px;" type="text" value="5"/>
Immun <input style="width: 40px;" type="text" value="4"/>	GU <input style="width: 40px;" type="text" value="4"/>	HIV <input style="width: 40px;" type="text" value="2"/>
F/UTB/INH <input style="width: 40px;" type="text"/>	Ophth <input style="width: 40px;" type="text" value="1"/>	Blood Sugar <input style="width: 40px;" type="text"/>
Counselor <input style="width: 40px;" type="text"/>	Neuro <input style="width: 40px;" type="text" value="4"/>	Blood Tests <input style="width: 40px;" type="text"/>
	Psych <input style="width: 40px;" type="text"/>	Urine Dip <input style="width: 40px;" type="text"/>
		Lung Sounds <input style="width: 40px;" type="text"/>
		ENT <input style="width: 40px;" type="text"/>

Treatment	Referrals/FU/Consult	Health Education
Wound Care <input style="width: 40px;" type="text" value="3"/>	ER/PII <input style="width: 40px;" type="text" value="1"/>	TB/INH <input style="width: 40px;" type="text"/>
Ice <input style="width: 40px;" type="text" value="3"/>	Dental <input style="width: 40px;" type="text"/>	HIV/AIDS <input style="width: 40px;" type="text"/>
Splinting <input style="width: 40px;" type="text"/>	RN Refer <input style="width: 40px;" type="text" value="1"/>	STDS <input style="width: 40px;" type="text"/>
Obser <input style="width: 40px;" type="text" value="8"/>	Fam Pl <input style="width: 40px;" type="text"/>	Oth CD <input style="width: 40px;" type="text"/>
Eye Care <input style="width: 40px;" type="text"/>	Optometrist <input style="width: 40px;" type="text"/>	Alcl/Drugs <input style="width: 40px;" type="text"/>
Oxygen <input style="width: 40px;" type="text" value="1"/>	Self Help <input style="width: 40px;" type="text" value="1"/>	BC/Sex <input style="width: 40px;" type="text"/>
Immunization <input style="width: 40px;" type="text" value="5"/>	Campus Serv <input style="width: 40px;" type="text" value="6"/>	Self Care <input style="width: 40px;" type="text" value="38"/>
Birth Cont <input style="width: 40px;" type="text"/>	PMD/CI <input style="width: 40px;" type="text" value="11"/>	Cancer <input style="width: 40px;" type="text"/>
Counsel <input style="width: 40px;" type="text"/>	STD/CI <input style="width: 40px;" type="text"/>	Nutri <input style="width: 40px;" type="text"/>
Prescrip <input style="width: 40px;" type="text" value="8"/>	Counsel <input style="width: 40px;" type="text"/>	Stress <input style="width: 40px;" type="text"/>
	MH Agency <input style="width: 40px;" type="text"/>	Smoking <input style="width: 40px;" type="text"/>
	Faculty <input style="width: 40px;" type="text"/>	BP/CV <input style="width: 40px;" type="text"/>

Count Of Contact





# Summary of All Services for **December** 2003

Services	Systems	Tests
First Aid <input type="text" value="7"/>	Resp <input type="text" value="12"/>	BP <input type="text" value="8"/>
Hlth Assess <input type="text" value="35"/>	CV <input type="text" value="4"/>	PPD <input type="text" value="5"/>
OTC Med <input type="text" value="18"/>	Musc/Skel <input type="text" value="5"/>	Strep/Cult <input type="text" value="3"/>
Rest <input type="text"/>	Derm <input type="text"/>	Vision <input type="text"/>
Family Plan <input type="text"/>	Ent <input type="text" value="8"/>	Hearing <input type="text"/>
STD Treat <input type="text"/>	GI <input type="text" value="4"/>	Pap Smear <input type="text"/>
Phys Exam <input type="text"/>	Gyn <input type="text" value="4"/>	Urine Preg <input type="text" value="2"/>
Immun <input type="text" value="4"/>	GU <input type="text" value="1"/>	HIV <input type="text"/>
F/UTB/INH <input type="text"/>	Oph <input type="text" value="3"/>	Blood Sugar <input type="text"/>
Counselor <input type="text"/>	Neuro <input type="text" value="1"/>	Blood Tests <input type="text"/>
	Psych <input type="text" value="1"/>	Urine Dip <input type="text"/>
		Lung Sounds <input type="text"/>
		ENT <input type="text"/>

Treatment	Referrals/FU/Consult	Health Education
Wound Care <input type="text" value="1"/>	ER/911 <input type="text" value="1"/>	TB/INH <input type="text"/>
Ice <input type="text" value="3"/>	Dental <input type="text"/>	HIV/AIDS <input type="text"/>
Splinting <input type="text"/>	RN Refer <input type="text"/>	STDS <input type="text"/>
Obser <input type="text" value="7"/>	Fam Pl <input type="text"/>	Oth CD <input type="text"/>
Eye Care <input type="text"/>	Optometrist <input type="text"/>	Alcl/Drugs <input type="text"/>
Oxygen <input type="text"/>	Self Help <input type="text" value="1"/>	BC/Sex <input type="text"/>
Immunization <input type="text" value="3"/>	Campus Serv <input type="text" value="2"/>	Self Care <input type="text" value="15"/>
Birth Cont <input type="text"/>	PMD/CI <input type="text" value="5"/>	Cancer <input type="text"/>
Counsel <input type="text"/>	STD/CI <input type="text"/>	Nutri <input type="text"/>
Prescrip <input type="text" value="3"/>	Counsel <input type="text"/>	Stress <input type="text"/>
	MH Agency <input type="text"/>	Smoking <input type="text"/>
	Faculty <input type="text"/>	BP/CV <input type="text"/>

Count Of Contact

July 2004

**SUMMARY OF ALL SERVICES**  
**SUMMER 2004**  
**JUNE 14 TO JULY 22**  
**9:00-12:00 & 5:00-7:00 P.M. MONDAY-THURSDAY**  
**CLOSED FRIDAYS**

HARD CHARTS:	STUDENTS SEEN BY MD, NP OR RN	76*
STUDENT RECORDS:	DROP-INS - FIRST AID/MISC.	46
OVER-THE-COUNTER MEDS		<u>27</u>
	TOTAL DOCUMENTED STUDENTS	149

<u>PHYSICALS</u>	9
<u>PAPS</u>	4
<u>LIMITED PHYSICALS</u>	9
<u>LABS</u>	17
BIRTH CONTROL	12
IMMUNIZATIONS	15
PRESCRIPTION MEDS.	<u>10</u>
	76*

\* \* \* \* \*

SHARON BARTELS WAS AVAILABLE ON JUNE 21 & JULY 12 (MONDAYS)

DR. NICHOLS WAS AVAILABLE ON JUNE 22, 29, JULY 6, 13 & 20 (TUESDAYS)

TANYA ISAEFF WAS AVAILBLE ON JUNE 24, JULY 1, 8, 15 & 22 (THURSDAYS)

36-1/31  
CK 11/13/08

**SUMMARY OF STUDENTS SEEN  
FROM**

**AUGUST 18 - SEPTEMBER 28 , 2005**

<b>*SCHEDULED APPOINTMENTS</b>	<b>145</b>
<b>DROP-INS (BRIEF APPOINTMENTS)</b>	<b>106</b>
<b>OVER-THE-COUNTER MEDS.</b>	<b>30</b>
<b>TB TESTS</b>	<b><u>84</u></b>
	<b>365</b>

\* \* \* \* \*

**\*BREAK DOWN OF SCHEDULED APPOINTMENTS**

<b>PHYSICAL EXAMS</b>	<b>20</b>
<u>NURSING STUDENTS</u>	
DENTAL STUDENTS	
FOR JOBS	
TRANSFER	

<b><u>PAPS</u></b>	<b>11</b>
--------------------	-----------

<b>VACCINES</b>	<b>24</b>
MMR	
TD	
HEB B	

<b>LABWORK</b>	<b>42</b>
CHOLESTEROL	
GLUCOSE	
STD & HIV	
MISC.	

<b>PRESCRIPTION MEDICINE</b>	<b>26</b>
------------------------------	-----------

<b>BIRTH CONTROL</b>	<b>20</b>
----------------------	-----------

<b>ECP</b>	<b>2</b>
------------	----------

\* \* \* \* \*

**EVENTS:**

<b>EYE EXAMS</b>	<b>40</b>
<b>CLASSROOM PRESENTATIONS</b>	<b>16</b>
<b>BLOOD DRIVE SIGN-UPS</b>	<b>27</b>

DAILY CONTACT FORM

DATE: 4-30-07

DATE: 5-1-07

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Illness		✓		✓													
Injury																	
Hlt. Asses.				✓				✓									
Hlt. Main																	
Prevention																	
Hlt. Ed.																	
F/U																	

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Illness																	
Injury																	
Hlt. Asses.																	
Hlt. Main																	
Prevention																	
Hlt. Ed.																	
F/U																	

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
PAP																	
P.E.																	
Rx																	
OTC																	
Lab																	
Treatment																	
Immunizations																	
PPD																	
BP																	
Flu Vaccine																	

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
PAP																	
P.E.																	
Rx																	
OTC																	
Lab																	
Treatment																	
Immunizations																	
PPD																	
BP																	
Flu Vaccine																	

Campus Emergency																	
911 Transport																	
Referred																	

Campus Emergency																	
911 Transport																	
Referred																	

36-1-32  
CR 11/3/08

DAILY CONTACT FORM

DATE: 5-2-07

DATE: 5-3-07

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Illness	✓																
Injury																	
Hlt. Assess.																	
Hlt. Main																	
Prevention																	
Hlt. Ed.																	
F/U																	

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Illness																	
Injury																	
Hlt. Assess.		✓															
Hlt. Main																	
Prevention				✓													
Hlt. Ed.																	
F/U																	

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
PAP																	
P.E.																	
Rx																	
OTC	✓																
Lab																	
Treatment																	
Immunizations				✓													
PPD																	
BP																	
Flu Vaccine																	

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
PAP																	
P.E.																	
Rx																	
OTC																	
Lab		✓															
Treatment																	
Immunizations																	
PPD																	
BP																	
Flu Vaccine																	

Campus Emergency																	
911 Transport																	
Referred																	

Campus Emergency																	
911 Transport																	
Referred																	

34-1/33  
07/1/3/08

**DECLARATION OF SERVICE BY EMAIL**

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On December 3, 2014, I served the:

**State Controller's Office Comments on IRC**

*Health Fee Elimination, 10-4206-I-35*

Education Code Section 76355

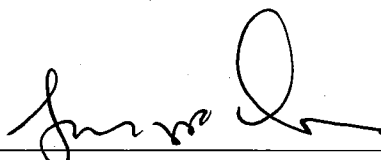
Statutes 1984, 2<sup>nd</sup> E.S.; Chapter 1; Statutes 1987, Chapter 1118;

Fiscal Years: 2002-2003, 2003-2004, 2004-2005, 2005-2006 and 2006-2007

San Mateo County Community College District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on December 3, 2014 at Sacramento, California.



---

Lorenzo Duran  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814  
(916) 323-3562

# COMMISSION ON STATE MANDATES

## Mailing List

**Last Updated:** 12/3/14

**Claim Number:** 10-4206-I-35

**Matter:** Health Fee Elimination

**Claimant:** San Mateo County Community College District

### TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

**Socorro Aquino**, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

**Kathy Blackwood**, Executive Vice Chancellor, *San Mateo County Community College District*

District Office, 3401 CSM Dr., San Mateo, CA 94402

Phone: (650) 358-6869

blackwoodk@smccd.edu

**Marieta Delfin**, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-4320

mdelfin@sco.ca.gov

**Donna Ferebee**, *Department of Finance*

915 L Street, Suite 1280, Sacramento, CA 95814

Phone: (916) 445-3274

donna.ferebee@dof.ca.gov

**Susan Geanacou**, *Department of Finance*

915 L Street, Suite 1280, Sacramento, CA 95814

Phone: (916) 445-3274

susan.geanacou@dof.ca.gov

**Ed Hanson**, *Department of Finance*

Education Systems Unit, 915 L Street, 7th Floor, 915 L Street, 7th Floor, Sacramento, CA

95814  
Phone: (916) 445-0328  
ed.hanson@dof.ca.gov

**Cheryl Ide**, Associate Finance Budget Analyst, *Department of Finance*  
Education Systems Unit, 915 L Street, Sacramento, CA 95814  
Phone: (916) 445-0328  
Cheryl.ide@dof.ca.gov

**Jill Kanemasu**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 322-9891  
jkanemasu@sco.ca.gov

**Jay Lal**, *State Controller's Office (B-08)*  
Division of Accounting & Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 324-0256  
JLal@sco.ca.gov

**Kathleen Lynch**, *Department of Finance (A-15)*  
915 L Street, Suite 1280, 17th Floor, Sacramento, CA 95814  
Phone: (916) 445-3274  
kathleen.lynch@dof.ca.gov

**Yazmin Meza**, *Department of Finance*  
915 L Street, Sacramento, CA 95814  
Phone: (916) 445-0328  
Yazmin.meza@dof.ca.gov

**Robert Miyashiro**, *Education Mandated Cost Network*  
1121 L Street, Suite 1060, Sacramento, CA 95814  
Phone: (916) 446-7517  
robertm@sscal.com

**Jameel Naqvi**, Analyst, *Legislative Analysts' Office*  
Education Section, 925 L Street, Suite 1000, Sacramento, CA 95814  
Phone: (916) 319-8331  
Jameel.naqvi@lao.ca.gov

**Andy Nichols**, *Nichols Consulting*  
1857 44th Street, Sacramento, CA 95819  
Phone: (916) 455-3939  
andy@nichols-consulting.com

**Christian Osmena**, *Department of Finance*  
915 L Street, Sacramento, CA 95814  
Phone: (916) 445-0328  
christian.osmena@dof.ca.gov

**Arthur Palkowitz**, *Stutz Artiano Shinoff & Holtz*  
2488 Historic Decatur Road, Suite 200, San Diego, CA 92106  
Phone: (619) 232-3122  
apalkowitz@sashlaw.com

**Keith Petersen**, *SixTen & Associates*



**Claimant Representative**

P.O. Box 340430, Sacramento, CA 95834-0430

Phone: (916) 419-7093

kbsixten@aol.com

**Sandra Reynolds, Reynolds Consulting Group, Inc.**

P.O. Box 894059, Temecula, CA 92589

Phone: (951) 303-3034

sandrareynolds\_30@msn.com

**Kathy Rios, State Controller's Office**

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-5919

krios@sco.ca.gov

**Nicolas Schweizer, Department of Finance**

Education Systems Unit, 915 L Street, 7th Floor, 915 L Street, 7th Floor, Sacramento, CA 95814

Phone: (916) 445-0328

nicolas.schweizer@dof.ca.gov

**David Scribner, Max8550**

2200 Sunrise Boulevard, Suite 240, Gold River, CA 95670

Phone: (916) 852-8970

dscribner@max8550.com

**Jim Spano, Chief, Mandated Cost Audits Bureau, State Controller's Office**

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 323-5849

jspano@sco.ca.gov

**Dennis Speciale, State Controller's Office**

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

DSpeciale@sco.ca.gov

STATE of CALIFORNIA  
**COMMISSION ON STATE  
 MANDATES**



March 17, 2017

Mr. Christian Keiner  
 Dannis Woliver Kelly  
 555 Capitol Mall, Suite 645  
 Sacramento, CA 95814

Ms. Jill Kanemasu  
 Division of Accounting and Reporting  
 State Controller's Office  
 3301 C Street, Suite 700  
 Sacramento, CA 95816

*And Parties, Interested Parties, and Interested Persons (See Mailing List)*

**Re: Draft Proposed Decision, Schedule for Comments, and Notice of Hearing**  
*Health Fee Elimination, 10-4206-I-35*  
 Former Education Code Section 72246 (Renumbered as 76355)<sup>1</sup>  
 Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1);  
 and Statutes 1987, Chapter 1118 (AB 2336)  
 Fiscal Years: 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007  
 San Mateo Community College District, Claimant

Dear Mr. Keiner and Ms. Kanemasu:

The Draft Proposed Decision for the above-captioned matter is enclosed for your review and comment.

**Written Comments**

Written comments may be filed on the Draft Proposed Decision by **April 7, 2017**. Please note that all representations of fact submitted to the Commission must be signed under penalty of perjury by persons who are authorized and competent to do so and must be based upon the declarant's personal knowledge, information, or belief. (Cal. Code Regs., tit. 2, § 1187.5.) Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over an objection in civil actions. (Cal. Code Regs., tit. 2, § 1187.5.) The Commission's ultimate findings of fact must be supported by substantial evidence in the record.<sup>2</sup>

You are advised that comments filed with the Commission on State Mandates (Commission) are required to be simultaneously served on the other interested parties on the mailing list, and to be accompanied by a proof of service. However, this requirement may also be satisfied by electronically filing your documents. Refer to [http://www.csm.ca.gov/dropbox\\_procedures.php](http://www.csm.ca.gov/dropbox_procedures.php) on the Commission's website for electronic filing instructions. (Cal. Code Regs., tit. 2, § 1181.3.)

If you would like to request an extension of time to file comments, please refer to section 1187.9(a) of the Commission's regulations.

<sup>1</sup> Statutes 1993, chapter 8.

<sup>2</sup> Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

Mr. Keiner and Ms. Kanemasu

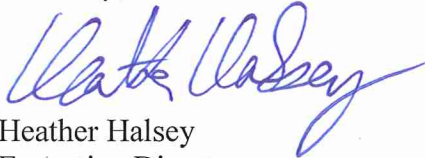
March 17, 2017

Page 2

**Hearing**

This matter is set for hearing on **Friday, May 26, 2017**, at 10:00 a.m., State Capitol, Room 447, Sacramento, California. The Proposed Decision will be issued on or about May 12, 2017. Please let us know in advance if you or a representative of your agency will testify at the hearing, and if other witnesses will appear. If you would like to request postponement of the hearing, please refer to section 1187.9(b) of the Commission's regulations.

Sincerely,



Heather Halsey  
Executive Director

**ITEM \_\_**  
**INCORRECT REDUCTION CLAIM**  
**DRAFT PROPOSED DECISION**

Former Education Code Section 72246 (Renumbered as 76355)<sup>1</sup>  
Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1); and  
Statutes 1987, Chapter 1118 (AB 2336)

*Health Fee Elimination*

Fiscal Years 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007

10-4206-I-35

San Mateo Community College District, Claimant

---

**EXECUTIVE SUMMARY**

**Overview**

This analysis addresses reductions of \$781,934 made by the State Controller's Office (Controller) to San Mateo Community College District's (claimant's) reimbursement claims for fiscal years 2002-2003 through 2006-2007 under the *Health Fee Elimination* program. The following issues are in dispute:

- The statutory deadlines applicable to the audit of the 2002-2003 and 2003-2004 reimbursement claims;
- Reduction in service and supply costs, based on the assertions that some costs claimed go beyond the scope of the mandate and are not reimbursable;
- Reduction of costs claimed as a bad debt expense resulting from uncollected student health fees;
- Reduction of costs claimed based on the claimant's development and application of indirect cost rates; and
- The amount of offsetting revenue to be applied from health service fee authority.

**Health Fee Elimination Program**

Prior to 1984, former Education Code section 72246 authorized community college districts that voluntarily provided health supervision and services, direct and indirect medical and hospitalization services, or operation of student health centers to charge almost all students a health service fee not to exceed \$7.50 for each semester or \$5 for each quarter or summer

---

<sup>1</sup> Statutes 1993, chapter 8.

session, to fund these services.<sup>2</sup> In 1984, the Legislature repealed the community colleges' fee authority for health services.<sup>3</sup> However, the Legislature also reenacted section 72246, to become operative on January 1, 1988, to reauthorize the fee, at \$7.50 for each semester (or \$5 per quarter or summer session).<sup>4</sup>

In addition to temporarily repealing community college districts' authority to levy a health services fee, the 1984 enactment required any district that provided health services during the 1983-1984 fiscal year, for which districts were previously authorized to charge a fee, to maintain health services at the level provided during the 1983-1984 fiscal year for every subsequent fiscal year until January 1, 1988.<sup>5</sup> As a result, community college districts were required to maintain health services provided in the 1983-1984 fiscal year without any fee authority for this purpose until January 1, 1988.

In 1987, the Legislature amended former Education Code section 72246, operative January 1, 1988, to incorporate and extend the maintenance of effort provisions of former Education Code section 72246.5, which became inoperative by its own terms as of January 1, 1988.<sup>6</sup> In addition, Statutes 1987, chapter 1118 restated that the fee would be reestablished at not more than \$7.50 for each semester, or \$5 for each quarter or summer session.<sup>7</sup> As a result, beginning January 1, 1988, all community college districts were required to maintain the same level of health services they provided in the 1986-1987 fiscal year each year thereafter, with limited fee authority to offset the costs of those services. In 1992, section 72246 was amended to provide that the health fee could be increased by the same percentage as the Implicit Price Deflator whenever that calculation would produce an increase of one dollar.<sup>8</sup>

### **Procedural History**

Claimant signed and dated its reimbursement claims to the Controller for the 2002-2003 and 2003-2004 fiscal years on January 10, 2005 and submitted the claims with a cover letter dated January 12, 2005.<sup>9</sup> Claimant signed and dated its 2004-2005 fiscal year claim on

---

<sup>2</sup> Former Education Code section 72246 (Stats. 1981, ch. 763). Low-income students, students that depend upon prayer for healing, and students attending a college under an approved apprenticeship training program, were exempt from the fee.

<sup>3</sup> Statutes 1984, 2nd Extraordinary Session, chapter 1, section 4, repealing Education Code section 72246.

<sup>4</sup> Statutes 1984, 2nd Extraordinary Session, chapter 1, section 4.5.

<sup>5</sup> Education Code section 72246.5 (Stats. 1984, 2d. Ex. Sess., ch. 1, § 4.7).

<sup>6</sup> Education Code section 72246 (as amended, Stats. 1987, ch. 1118). See also former Education Code section 72246.5 (Stats. 1984, 2d Ex. Sess., ch. 1, § 4.7).

<sup>7</sup> Education Code section 72246 (as amended, Stats. 1987, ch. 1118).

<sup>8</sup> Education Code section 72246 (as amended, Stats. 1992, ch. 753). In 1993, former Education Code section 72246, was renumbered as Education Code section 76355 (Stats. 1993, ch. 8).

<sup>9</sup> Exhibit A, IRC, Claimant's Reimbursement Claim for FY 2002-2003 and 2003-2004, pages 118, 119.

January 10, 2006 and submitted it with a cover letter dated January 12, 2006.<sup>10</sup> The claim for the 2005-2006 fiscal year was signed and dated on December 20, 2007 and submitted with a cover letter dated December 21, 2007.<sup>11</sup> The claim for the 2006-2007 fiscal year was signed and dated January 17, 2008 and was submitted with a cover letter dated January 25, 2008.<sup>12</sup> On September 8, 2008, the Controller conducted an audit entrance conference for the claims for all five fiscal years.<sup>13</sup> On September 23, 2009, the Controller issued its final audit report.<sup>14</sup>

Claimant filed this Incorrect Reduction Claim (IRC) on November 29, 2010.<sup>15</sup> The Controller filed late comments on the IRC on December 2, 2014.<sup>16</sup> Commission on State Mandates (Commission) staff issued the Draft Proposed Decision on March 17, 2017.<sup>17</sup>

### **Commission Responsibilities**

Government Code section 17561(d) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state-mandated costs that the Controller determines is excessive or unreasonable.

Government Code Section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission's regulations requires the Commission to send the decision to the Controller and request that the costs in the claim be reinstated.

The Commission must review questions of law, including interpretation of parameters and guidelines, de novo, without consideration of conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution.<sup>18</sup> The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitutional and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not

---

<sup>10</sup> Exhibit A, IRC, Claimant's Reimbursement Claim for FY 2004-2005, pages 128, 129.

<sup>11</sup> Exhibit A, IRC, Claimant's Reimbursement Claim for FY 2005-2006, pages 138,139.

<sup>12</sup> Exhibit A, IRC, Claimant's Reimbursement Claim for FY 2006-2007, pages 148, 149.

<sup>13</sup> Exhibit B, Controller's Late Comments on the IRC, page. 15.

<sup>14</sup> Exhibit A, IRC, page 63.

<sup>15</sup> Exhibit A, IRC.

<sup>16</sup> Exhibit B, Controller's Late Comments on the IRC.

<sup>17</sup> Exhibit C, Draft Proposed Decision.

<sup>18</sup> *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”<sup>19</sup>

With regard to the Controller’s audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.<sup>20</sup>

The Commission must also review the Controller’s audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.<sup>21</sup> In addition, sections 1185.1(f)(3) and 1185.2(c) of the Commission’s regulations requires that any assertions of fact by the parties to an IRC must be supported by documentary evidence. The Commission’s ultimate findings of fact must be supported by substantial evidence in the record.<sup>22</sup>

**Claims**

The following chart provides a brief summary of the claims and issues raised and staff’s recommendation.

Issue	Description	Staff Recommendation
Whether the audit of the fiscal year 2002-2003 and 2003-2004 reimbursement claims was timely initiated and completed within the deadlines required by Government Code section 17558.5.	<p>The claimant alleges that the Controller failed to timely commence the audit of the fiscal year 2002-2003 and 2003-2004 reimbursement claims.</p> <p>The Controller alleges that the audit was timely.</p> <p>Government Code section 17558.5 requires a valid audit to be initiated no later than three years after the date the reimbursement claim is filed or last amended. However, the section also provides that <i>if no funds are appropriated or no</i></p>	<p><i>The audit is timely initiated and timely completed</i> – The 2002-2003 and 2003-2004 reimbursement claims were filed January 12, 2005, and the audit entrance conference took place on December 8, 2008. However, the claimant did not receive a payment for the 2002-2003 reimbursement claim until October 25, 2006, and had not received payment for the fiscal year 2003-2004 when the audit was initiated. Therefore, the Controller’s initiation of the audit with the entrance conference on December 8, 2008, was timely.</p>

<sup>19</sup> *County of Sonoma v. Commission on State Mandates*, (2000) 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

<sup>20</sup> *Johnston v. Sonoma County Agricultural Preservation and Open Space District* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

<sup>21</sup> *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

<sup>22</sup> Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission’s decision is not supported by substantial evidence in the record.

	<i>payment is made</i> “to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.”	In addition, the audit was timely completed. The final audit report was issued September 23, 2009, prior to the expiration of the two year deadline on December 8, 2010.
Reduction of costs claimed for unallowable services and supplies for gift certificates, food, and other promotional items distributed during health fairs.	The claimant argues that the costs of promotional items for a student health fair are within the scope of the mandate.	<i>Correct</i> – The plain language of the Parameters and Guidelines allows reimbursement to conduct health fairs in order to provide information to students regarding various health issues, <i>to the extent</i> they were conducted in fiscal year 1986-1987. Thus, if the promotional items were not provided by the district in the base year, these costs go beyond the scope of the mandate. The claimant has not argued or submitted any evidence, as required by the Parameters and Guidelines, that it provided these promotional items in the base year as an integral part of its health fairs. Thus, the reduction is correct as a matter of law, and is not arbitrary, capricious, or entirely lacking in evidentiary support.
Reduction of costs claimed as a bad debt expense resulting from uncollected student health fees.	The claimant argues that the bad debt expense for uncollectible health service fees is reimbursable, arguing that “[a]s a practical matter, college districts do not incur this cost as a discretionary activity, the cost is forced upon the districts by those students who do not pay their fees.” The claimant further states that it reported gross student health service fee income as offsetting revenue and the uncollected amounts as an expense; “an appropriate application of generally accepted accounting principles.”	<i>Correct</i> – The Parameters and Guidelines authorize reimbursement for the costs of providing health supervision and services and direct and indirect medical and hospitalization services to students, and the operation of student health centers, to the extent the community college provided these services in fiscal year 1986-1987. Health service fees authorized by statute to be charged, but remain uncollectible, are not costs identified in the Parameters and Guidelines as eligible for reimbursement.
Reduction of costs claimed based on the	The district claimed indirect costs for all fiscal years based on	<i>Partially Correct</i> – The reduction of indirect costs in fiscal years



<p>claimant's development and application of indirect cost rates.</p>	<p>a federally approved rate of 30 percent, developed using "a base of 'Direct salaries and wages including all fringe benefits.'" For fiscal years 2002-2003 and 2003-2004, the Controller found that the claimant overstated indirect costs because it incorrectly applied the indirect cost rate to a base of total direct costs, rather than to a base of salaries and benefits only, as approved by the federal government. This resulted in a reduction of \$21,298 for the two fiscal years.</p> <p>For fiscal years 2004-2005, 2005-2006, and 2006-2007, the Controller adjusted indirect costs because the claiming instructions, beginning for the fiscal year 2004-2005 reimbursement claims, do not allow the use of a federally approved rate to claim indirect costs unless specifically approved in the Commission's Parameters and Guidelines. The Parameters and Guidelines for the <i>Health Fee Elimination</i> program provide only that "indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." The Controller recalculated indirect costs using the FAM-29C methodology, resulting in a reduction of \$4,896 for fiscal year 2004-2005, and an <i>increase</i> of \$25,303 for fiscal years 2005-2006 and 2006-2007.</p>	<p>2002-2003 and 2003-2004 is correct as a matter of law. Section H(2)(e) of the OMB Circular A-21 requires the rate to be applied only to direct salaries and wages. Thus, the claimant did not comply with the OMB Circular A-21 or the negotiated agreement with the federal government and, instead, applied the rate to all direct costs. Moreover, there is no evidence that the Controller's recalculation of indirect costs is arbitrary, capricious, or entirely lacking in evidentiary support.</p> <p>The reduction for fiscal year 2004-2005, however, is incorrect as a matter of law. The Controller's new indirect cost rate rule is included in the Controller's Mandated Cost Manual, "updated December 27, 2005," which applied to the fiscal year 2004-2005 reimbursement claims due to be filed by January 15, 2006, just two weeks later. However, the Parameters and Guidelines may validly incorporate manuals and other documents by reference as long as the incorporated document is adequately identified and available for comment. If the manual or document that is incorporated by reference later changes without notice or opportunity for comment, then the new rule may become an invalid underground regulation. There is no evidence in the record, such as a proof of service or certificate of mailing, that the Controller provided notice of the change in the rule to the claimant, or an opportunity to comment. Even if the updated Mandated Cost Manual was, in fact, issued to community college districts on</p>
---	--	---

		<p>December 27, 2005 (the date of the manual), the claimant would not have had sufficient notice or an opportunity to comment before the 2004-2005 reimbursement claim was due on January 15, 2006.</p> <p>Since the Controller’s adjustment to indirect costs in fiscal years 2005-2006 and 2006-2007 does not result in a reduction, the Commission has no jurisdiction under Government Code section 17551(d) to review the Controller’s audit adjustment for those fiscal years.</p>
<p>Reductions based on understated offsetting student health fee authority.</p>	<p>The claimant asserts that the Controller incorrectly reduced costs claimed based on fees authorized to be charged, rather than the fee revenue actually collected.</p>	<p><i>Correct</i> – This issue has been conclusively decided by <i>Clovis Unified School District v. Chiang</i> (2010) 188 Cal.App.4th 794, in which the court held that local government is required to identify and deduct the full amount of fees authorized to be charged, and not only the fee revenue actually collected. Therefore, this reduction is correct as a matter of law. In addition, the Controller’s calculation of authorized health service fees, based on student enrollment and BOGG recipient data from the Chancellor’s Office is not arbitrary, capricious, or entirely lacking in evidentiary support.</p>

**Staff Analysis**

**A. The Audit of the 2002-2003 and 2003-2004 Reimbursement Claims Was Timely Initiated and Timely Completed.**

Government Code section 17558.5 requires a valid audit to be initiated no later than three years after the date the reimbursement claim is filed or last amended. However, section 17558.5 also provides that *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.”

Here, the 2002-2003 and 2003-2004 reimbursement claims were filed on or about January 12, 2005, and the audit entrance conference took place on December 8, 2008. However, the claimant did not receive a payment for the 2002-2003 reimbursement claim until October 25, 2006, and had not received payment for the fiscal year 2003-2004 when the audit

was initiated. Therefore, the Controller's initiation of the audit with the entrance conference on December 8, 2008, was timely.

In addition, the audit was timely completed. The final audit report was issued September 23, 2009, prior to the expiration of the two year deadline on December 8, 2010.

**B. The Controller's Reduction of Costs for Gift Certificates, Health Fair Food, and Other Promotional Items Is Correct as a Matter of Law and Is Not Arbitrary, Capricious, or Entirely Lacking in Evidentiary Support.**

The Controller's reduction of costs for gift certificates, food, and other promotional items distributed during health fairs is correct as a matter of law, and is not arbitrary, capricious, or without evidentiary support. The Parameters and Guidelines authorize reimbursement for the costs to provide health services to students in the claim year, including the costs for health fairs to distribute information to students, *to the extent* the district provided the service in fiscal year 1986-1987.<sup>23</sup> Thus, to the extent that these promotional items were not provided by the district in the base year, these costs go beyond the scope of the mandate. Here, the record contains invoices supporting the costs incurred in the claim year for gift certificates, food, and other promotional items distributed during health fairs.<sup>24</sup> However, claimant has not argued or submitted any evidence, as required by the Parameters and Guidelines, that it provided these promotional items in the base year as an integral part of its health fairs.

**C. The Controller's Reduction of Costs Claimed as a Bad Debt Expense for Uncollected Student Health Fees Is Correct as a Matter of Law.**

The Controller's reduction of costs claimed as a bad debt expense resulting from uncollected student health fees is correct as a matter of law. The Parameters and Guidelines authorize reimbursement for the costs of providing health supervision and services and direct and indirect medical and hospitalization services to students, and the operation of student health centers, to the extent the community college provided these services in fiscal year 1986-1987. Health service fees authorized by statute to be charged, but uncollectible, are not costs identified in the Parameters and Guidelines as eligible for reimbursement.

**D. The Controller's Reduction of Indirect Costs for Fiscal Years 2002-2003, 2003-2004, and 2004-2005 Is Partially Correct; and the Commission Does Not Have Jurisdiction to Review the Controller's Adjustment of Indirect Costs That Resulted in Increased Reimbursement in Fiscal Years 2005-2006 and 2006-2007.**

The Controller's reduction of indirect costs is partially correct. The district claimed indirect costs for all fiscal years under the OMB Circular A-21 based on a federally approved rate of 30 percent, developed using a base of "Direct salaries and wages including all fringe benefits."<sup>25</sup> For fiscal years 2002-2003 and 2003-2004, the Controller found that the claimant overstated

---

<sup>23</sup> Exhibit A, IRC, page 40, emphasis added.

<sup>24</sup> Exhibit B, Controller's Late Comments on the IRC, pages 89-109.

<sup>25</sup> Exhibit A, IRC, pages 13, and 109 and 120 (federal approval letter of indirect cost rate, dated March 11, 2003, and effective for the period of July 1, 2003, through June 30, 2008); Exhibit B, Controller's Late Comments on the IRC, pages 48-51 (federal approval letter of indirect cost rate, dated February 4, 1999, and effective for the period of July 1, 1999 through June 30, 2004).

indirect costs because it incorrectly applied the indirect cost rate to a base of total direct costs, rather than to a base of salaries and benefits only, as approved by the federal government. This reduction is correct as a matter of law. Section H(2)(e) of the OMB Circular A-21 requires the rate to be applied only to direct salaries and wages.<sup>26</sup> Thus, the claimant did not comply with the OMB Circular A-21 or the negotiated agreement with the federal government and, instead, applied the rate to all direct costs. Moreover, there is no evidence that the Controller's recalculation is arbitrary, capricious, or entirely lacking in evidentiary support.

The reduction for fiscal year 2004-2005, however, is incorrect as a matter of law. The Controller adjusted indirect costs based solely on the ground that the claiming instructions were changed beginning with the fiscal year 2004-2005 reimbursement claims, to not allow the use of a federally approved rate to claim indirect costs unless specifically approved in the Commission's Parameters and Guidelines. The Controller's new indirect cost rate rule is included in the Controller's Mandated Cost Manual, "updated December 27, 2005," which applied to the fiscal year 2004-2005 reimbursement claims due to be filed by January 15, 2006, just two weeks later.<sup>27</sup> Although the new rule allows the use of the federal OMB Circular A-21 "if specifically allowed by a mandated program's Ps & Gs," the Parameters and Guidelines for the *Health Fee Elimination* Program do not contain that language and, thus, the Controller's change to the rule effectively prohibits the use of the federal method for calculating indirect costs for this program for fiscal year 2004-2005. Parameters and guidelines are regulatory in nature and may validly incorporate manuals and other documents by reference as long as the incorporated document is adequately identified and available for comment.<sup>28</sup> However, if the manual or document that is incorporated by reference later changes without notice or opportunity for comment, then the new rule or standard of general application in the incorporated document may become an invalid underground regulation.<sup>29</sup> There is no evidence in the record, such as a proof of service or certificate of mailing, that the Controller provided notice of the change in the rule to the claimant. Even if the updated Mandated Cost Manual was, in fact, issued to community college districts on December 27, 2005 (the date of the manual), the claimant would not have had sufficient notice or opportunity to comment before the 2004-2005 reimbursement claim was due on January 15, 2006. Thus, the Commission finds that the Controller's reduction of indirect costs in fiscal year 2004-2005, based solely on the Controller's change to the claiming instructions and its use of the new indirect cost rate rule, without evidence that notice and an opportunity for comment was provided to the claimant, is an invalid underground regulation and the costs reduced should be reinstated to the claimant.

Since the Controller's adjustment to indirect costs in fiscal years 2005-2006 and 2006-2007 does not result in a reduction, the Commission has no jurisdiction under Government Code section 17551(d) to review the Controller's audit adjustment for those fiscal years.

---

<sup>26</sup> Exhibit X, OMB Circular A-21, page 39 (emphasis added).

<sup>27</sup> Exhibit X, Mandated Cost Manual updated December 27, 2005; Government Code section 17560, as amended by Statutes 1998, chapter 681.

<sup>28</sup> *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 799; *Kings Rehabilitation Center Inc. v. Premo* (1999) 69 Cal.App.4th 215, 220.

<sup>29</sup> *Kings Rehabilitation Center Inc. v. Premo* (1999) 69 Cal.App.4th 215, 219-220.

**E. The Controller’s Reduction for Understated Offsetting Revenues Is Correct as a Matter of Law, and Not Arbitrary, Capricious, or Entirely Lacking in Evidentiary Support.**

The Controller’s reduction based on the claimant’s unreported offsetting fee authority is correct as a matter of law, and is not arbitrary, capricious, or entirely lacking in evidentiary support. This issue has been conclusively decided in *Clovis Unified School District*,<sup>30</sup> in which the court held that local government is required to identify and deduct the total amount of fees authorized to be charged, and not only the fee revenue actually collected. The court stated that local government could choose not to exercise statutory fee authority to its maximum extent, but not at the state’s expense. The Commission further finds that the Controller’s calculation of the claimant’s authorized offsetting fee revenue is not arbitrary, capricious, or entirely lacking in evidentiary support, since the Controller used the enrollment data available and reported by the claimant. The Controller obtained student enrollment and Board of Governors Grant (BOGG) recipient data from the California Community College’s Chancellor’s Office and calculated the authorized health service fees using the authorized rates approved by the Chancellor’s Office for the fiscal years at issue.<sup>31</sup>

**Conclusion**

Staff concludes that the Controller’s reduction of indirect costs of \$4,896 for fiscal year 2004-2005, based solely on the change to the claiming instructions and its use of the new indirect cost rate rule, without evidence that notice and opportunity for comment was provided to the claimant, is incorrect as a matter of law and should be reinstated to the claimant.

Staff further finds that the remaining reductions are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.

**Staff Recommendation**

Staff recommends that the Commission adopt the Proposed Decision to partially approve the IRC. Staff further recommends that the Commission authorize staff to make any technical, non-substantive changes following the hearing.

---

<sup>30</sup> *Clovis Unified School District v. Chiang* (2010) 188 Cal.App.4th 794.

<sup>31</sup> Exhibit A, IRC, page 80.

BEFORE THE  
 COMMISSION ON STATE MANDATES  
 STATE OF CALIFORNIA

**IN RE INCORRECT REDUCTION CLAIM  
 ON:**

Former Education Code Section 72246  
 (Renumbered as 76355)<sup>32</sup>

Statutes 1984, Chapter 1 (1983-1984 2nd Ex.  
 Sess.) (AB2X 1); and Statutes 1987, Chapter  
 1118 (AB 2336)

Fiscal Years 2002-2003, 2003-2004, 2004-  
 2005, 2005-2006, and 2006-2007

San Mateo Community College District,  
 Claimant

Case Nos.: 10-4206-I-35

*Health Fee Elimination*

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

*(Adopted May 26, 2017)*

**DECISION**

The Commission on State Mandates (Commission) heard and decided this Incorrect Reduction Claim (IRC) during a regularly scheduled hearing on May 26, 2017. [Witness list will be included in the adopted Decision.]

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

The Commission [adopted/modified] the Proposed Decision to [approve/partially approve/deny] the IRC by a vote of [vote count will be included in the adopted Decision].

<b>Member</b>	<b>Vote</b>
Ken Alex, Director of the Office of Planning and Research	
Richard Chivaro, Representative of the State Controller, Vice Chairperson	
Mark Hariri, Representative of the State Treasurer	
Sarah Olsen, Public Member	
Eraina Ortega, Representative of the Director of the Department of Finance, Chairperson	
Carmen Ramirez, City Council Member	
Don Saylor, County Supervisor	

<sup>32</sup> Statutes 1993, chapter 8.

## **Summary of the Findings**

This Decision addresses the IRC filed by San Mateo Community College District (claimant) regarding reductions made by the State Controller's Office (Controller) to reimbursement claims for fiscal years 2002-2003 through 2006-2007 under the *Health Fee Elimination* program. Over the five fiscal years in question, the Controller reduced costs totaling \$781,934, of which \$732,846 is in dispute. The Controller made reductions based on its findings of unallowable costs for services and supplies (gift certificates, food, and other promotional items distributed during health fairs); unallowable costs for uncollected student health fees as a bad debt expense; overstated indirect costs; and understated health fees authorized to be collected.

The Commission finds that the Controller timely initiated the audit of the fiscal year 2002-2003 and 2003-2004 reimbursement claims pursuant to Government Code section 17558.5, since payment on the 2002-2003 reimbursement claim was made within three years of the date the audit was initiated, and no payment had been made for the 2003-2004 claim at the time the audit was initiated. The audit was complete for all reimbursement claims before the two-year deadline.

On the merits, the Commission finds as follows:

- The Controller's reduction of costs for gift certificates, food, and other promotional items distributed during health fairs is correct as a matter of law, and is not arbitrary, capricious, or without evidentiary support. The Parameters and Guidelines authorize reimbursement for the costs to provide health services to students in the claim year, including the costs for health fairs to distribute information to students, *to the extent* the district provided the service in fiscal year 1986-1987.<sup>33</sup> Thus, to the extent that these promotional items were not provided by the district in the base year, these costs go beyond the scope of the mandate. Here, the record contains invoices supporting the costs incurred in the claim year for gift certificates, food, and other promotional items distributed during health fairs.<sup>34</sup> However, claimant has not argued or submitted any evidence, as required by the Parameters and Guidelines, that it provided these promotional items in the base year as an integral part of its health fairs.
- The Controller's reduction of costs claimed as a bad debt expense resulting from uncollected student health fees is correct as a matter of law. The Parameters and Guidelines authorize reimbursement for the costs of providing health supervision and services and direct and indirect medical and hospitalization services to students, and the operation of student health centers, to the extent the community college provided these services in fiscal year 1986-1987. Health service fees authorized by statute to be charged, but uncollectible, are not costs identified in the Parameters and Guidelines as eligible for reimbursement.
- The Controller's reduction of indirect costs is partially correct. The district claimed indirect costs for all fiscal years under the OMB Circular A-21 based on a federally approved rate of 30 percent, developed using a base of "Direct salaries and wages

---

<sup>33</sup> Exhibit A, IRC, page 40, emphasis added.

<sup>34</sup> Exhibit B, Controller's Late Comments on the IRC, pages 89-109.

including all fringe benefits.”<sup>35</sup> For fiscal years 2002-2003 and 2003-2004, the Controller found that the claimant overstated indirect costs because it incorrectly applied the indirect cost rate to a base of total direct costs, rather than to a base of salaries and benefits only, as approved by the federal government. This reduction is correct as a matter of law. Section H(2)(e) of the OMB Circular A-21 requires the rate to be applied only to direct salaries and wages.<sup>36</sup> Thus, the claimant did not comply with the OMB Circular A-21 or the negotiated agreement with the federal government and, instead, applied the rate to all direct costs. Moreover, there is no evidence that the Controller’s recalculation is arbitrary, capricious, or entirely lacking in evidentiary support.

The reduction for fiscal year 2004-2005, however, is incorrect as a matter of law. The Controller adjusted indirect costs based solely on the ground that the claiming instructions were changed beginning with the fiscal year 2004-2005 reimbursement claims, to not allow the use of a federally approved rate to claim indirect costs unless specifically approved in the Commission’s Parameters and Guidelines. The Controller’s new indirect cost rate rule is included in the Controller’s Mandated Cost Manual, “updated December 27, 2005,” which applied to fiscal year 2004-2005 reimbursement claims to be filed by January 15, 2006, just two weeks later.<sup>37</sup> Although the new rule allows the use of the federal OMB Circular A-21 “if specifically allowed by a mandated program’s Ps & Gs,” the Parameters and Guidelines for the *Health Fee Elimination* Program do not contain that language and, thus, the Controller’s change to the rule effectively prohibits the use of the federal method for calculating indirect costs for this program in fiscal year 2004-2005. Parameters and guidelines are regulatory in nature and may validly incorporate manuals and other documents by reference as long the incorporated document is adequately identified and available for comment.<sup>38</sup> However, if the manual or document that is incorporated by reference later changes without notice or opportunity for comment, then the new rule or standard of general application in the incorporated document may become an invalid underground regulation.<sup>39</sup> There is no evidence in the record, such as a proof of service or certificate of mailing, that the Controller provided notice of the change in the rule to the claimant or that the Claimant received the updated Mandated Cost Manual prior to filing its 2004-2005 reimbursement claim. Even if the updated Mandated Cost Manual was, in fact, issued to community college districts on December 27, 2005 (the date of the manual), the claimant would not have had sufficient notice or opportunity to comment before the 2004-2005

---

<sup>35</sup> Exhibit A, IRC, pages 13, and 109 and 120 (federal approval letter of indirect cost rate, dated March 11, 2003, and effective for the period of July 1, 2003, through June 30, 2008); Exhibit B, Controller’s Late Comments on the IRC, pages 48-51 (federal approval letter of indirect cost rate, dated February 4, 1999, and effective for the period of July 1, 1999 through June 30, 2004).

<sup>36</sup> Exhibit X, OMB Circular A-21, page 39 (emphasis added).

<sup>37</sup> Exhibit X, Mandated Cost Manual updated December 27, 2005; Government Code section 17560, as amended by Statutes 1998, chapter 681.

<sup>38</sup> *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 799; *Kings Rehabilitation Center Inc. v. Premo* (1999) 69 Cal.App.4th 215, 220.

<sup>39</sup> *Kings Rehabilitation Center Inc. v. Premo* (1999) 69 Cal.App.4th 215, 219-220.



reimbursement claim was due on January 15, 2006. Thus, the Commission finds that the Controller's reduction of indirect costs in fiscal year 2004-2005, based solely on the Controller's change to the claiming instructions and its use of the new indirect cost rate rule, without evidence that notice and an opportunity for comment was provided to the claimant, is an invalid underground regulation and the costs reduced should be reinstated to the claimant.

Since the Controller's adjustment to indirect costs in fiscal years 2005-2006 and 2006-2007 does not result in a reduction, the Commission has no jurisdiction under Government Code section 17551(d) to review the Controller's audit adjustment for those fiscal years.

- The Controller's reduction based on the claimant's unreported offsetting fee authority is correct as a matter of law, and is not arbitrary, capricious, or entirely lacking in evidentiary support. This issue has been conclusively decided in *Clovis Unified School District*,<sup>40</sup> in which the court held that local government is required to identify and deduct the total amount of fees authorized to be charged, and not only the fee revenue actually collected. The court stated that local government could choose not to exercise statutory fee authority to its maximum extent, but not at the state's expense. The Commission further finds that the Controller's calculation of the claimant's authorized offsetting fee revenue is not arbitrary, capricious, or entirely lacking in evidentiary support, since the Controller used the enrollment data available and reported by the claimant. The Controller obtained student enrollment and Board of Governors Grant (BOGG) recipient data from the California Community College's Chancellor's Office and calculated the authorized health service fees using the authorized rates approved by the Chancellor's Office for the fiscal years at issue.<sup>41</sup>

The Commission, therefore, partially approves this IRC and requests that the Controller reinstate \$4,896 to the claimant.

## COMMISSION FINDINGS

### **I. Chronology**

- 01/10/2005 Claimant signed and dated its reimbursement claims for fiscal years 2002-2003 and 2003-2004. The claims were submitted with a cover letter dated January 12, 2005.<sup>42</sup>
- 01/10/2006 Claimant signed and dated its reimbursement claim for fiscal year 2004-2005. The claim was submitted with a cover letter dated January 12, 2006.<sup>43</sup>

---

<sup>40</sup> *Clovis Unified School District v. Chiang* (2010) 188 Cal.App.4th 794.

<sup>41</sup> Exhibit A, IRC, page 80.

<sup>42</sup> Exhibit A, IRC, Claimant's Reimbursement Claim for FY 2002-2003 and 2003-2004, pages 117, 118.

<sup>43</sup> Exhibit A, IRC, Claimant's Reimbursement Claim for FY 2004-2005, pages 128,129.

- 10/25/2006 The Controller issued a payment of \$307,148 for fiscal year 2002-2003.<sup>44</sup>
- 12/20/2007 Claimant signed and dated its reimbursement claim for fiscal year 2005-2006. The claim was submitted with a cover letter dated December 20, 2007.<sup>45</sup>
- 01/17/2008 Claimant signed and dated its reimbursement claim for fiscal year 2006-2007. The claim was submitted with a cover letter dated January 25, 2007.<sup>46</sup>
- 09/08/2008 The entrance conference for the audit of the 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007 reimbursement claims was held.<sup>47</sup>
- 07/22/2009 The Controller issued the draft audit report.
- 08/07/2009 Claimant submitted comments on the draft audit report.<sup>48</sup>
- 09/23/2009 The Controller issued the final audit report.<sup>49</sup>
- 11/29/2010 Claimant filed this IRC.<sup>50</sup>
- 12/02/2014 Controller filed late comments on the IRC.<sup>51</sup>
- 03/17/2017 Commission staff issued the Draft Proposed Decision.<sup>52</sup>

## II. Background

### A. The Health Fee Elimination Program

Prior to 1984, former Education Code section 72246 authorized community college districts that voluntarily provided health supervision and services, direct and indirect medical and hospitalization services, or operation of student health centers to charge almost all students a health service fee not to exceed \$7.50 for each semester or \$5 for each quarter or summer session, to fund these services.<sup>53</sup> In 1984, the Legislature repealed the community colleges' fee authority for health services.<sup>54</sup> However, the Legislature also reenacted section 72246, to

---

<sup>44</sup> Exhibit A, IRC, page 36.

<sup>45</sup> Exhibit A, IRC, Claimant's Reimbursement Claim for FY 2005-2006, pages 138,139.

<sup>46</sup> Exhibit A, IRC, Claimant's Reimbursement Claim for FY 2006-2007, page 148.

<sup>47</sup> Exhibit B, Controller's Late Comments on the IRC, page. 15.

<sup>48</sup> Exhibit A, IRC, page 91-97.

<sup>49</sup> Exhibit A, IRC, page 63.

<sup>50</sup> Exhibit A, IRC.

<sup>51</sup> Exhibit B, Controller's Late Comments on the IRC.

<sup>52</sup> Exhibit C, Draft Proposed Decision.

<sup>53</sup> Former Education Code section 72246 (Stats. 1981, ch. 763). Low-income students, students that depend upon prayer for healing, and students attending a college under an approved apprenticeship training program, were exempt from the fee.

<sup>54</sup> Statutes 1984, 2nd Extraordinary Session 1984, chapter 1, section 4, repealing Education Code section 72246.

become operative on January 1, 1988, to reauthorize the fee at \$7.50 for each semester (or \$5 per quarter or summer session).<sup>55</sup>

In addition to temporarily repealing community college districts' fee authority, Statutes 1984, chapter 1 required any district that provided health services during the 1983-1984 fiscal year, for which districts were previously authorized to charge a fee, to maintain the health services at the level provided during the 1983-1984 fiscal year for every subsequent fiscal year until January 1, 1988.<sup>56</sup> As a result, community college districts were required to maintain health services provided in the 1983-1984 fiscal year without any fee authority for this purpose until January 1, 1988.

In 1987,<sup>57</sup> the Legislature amended former Education Code section 72246, operative January 1, 1988, to incorporate and extend the maintenance of effort provisions of former Education Code section 72246.5, which became inoperative by its own terms as of January 1, 1988.<sup>58</sup> In addition, Statutes 1987, chapter 1118 restated that the fee would be reestablished at not more than \$7.50 for each semester, or \$5 for each quarter or summer session.<sup>59</sup> As a result, beginning January 1, 1988, all community college districts were required to maintain the same level of health services they provided in the 1986-1987 fiscal year each year thereafter, with a limited fee authority to offset the costs of those services.<sup>60</sup> In 1992, section 72246 was amended to provide that the health fee could be increased by the same percentage as the Implicit Price Deflator whenever that calculation would produce an increase of one dollar.<sup>61</sup>

On November 20, 1986, the Commission determined that Statutes 1984, chapter 1 imposed a reimbursable state-mandated new program upon community college districts. On August 27, 1987, the Commission adopted the Parameters and Guidelines for the *Health Fee Elimination* program. On May 25, 1989, the Commission adopted amendments to the Parameters and Guidelines to reflect amendments made by Statutes 1987, chapter 1118.

The Parameters and Guidelines generally provide that eligible community college districts shall be reimbursed for the costs of providing a health services program, and that only services

---

<sup>55</sup> Statutes 1984, 2nd Extraordinary Session 1984, chapter 1, section 4.5.

<sup>56</sup> Education Code section 72246.5 (Stats. 1984, 2d. Ex. Sess., ch. 1, § 4.7).

<sup>57</sup> Statutes 1987, chapter 1118.

<sup>58</sup> Education Code section 72246 (as amended, Stats. 1987, ch. 1118). See also former Education Code section 72246.5 (Stats. 1984, 2d Ex. Sess., ch. 1, § 4.7).

<sup>59</sup> Education Code section 72246 (as amended, Stats. 1987, ch. 1118).

<sup>60</sup> In 1992, section 72246 was amended to provide that the health fee could be increased by the same percentage as the Implicit Price Deflator whenever that calculation would produce an increase of one dollar. (Education Code section 72246 (as amended, Stats. 1992, ch. 753). In 1993, former Education Code section 72246, was renumbered as Education Code section 76355 (Stats. 1993, ch. 8).

<sup>61</sup> Education Code section 72246 (as amended, Stats. 1992, ch. 753). In 1993, former Education Code section 72246, was renumbered as Education Code section 76355 (Stats. 1993, ch. 8).

specified in the Parameters and Guidelines and provided by the community college district in the 1986-1987 fiscal year may be claimed.

B. Controller's Audit and Summary of the Issues

The Controller reduced \$781,934 from the costs claimed for fiscal years 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007, \$732,846 of which is in dispute as follows:

- Reduction of \$61,288 for unallowable services and supplies for health fair promotional items, including food, rental fees for a popcorn cart, and other promotional items (mood lamps, curling ribbons, and tattoo bracelets). The Controller states that these are not expenditures the district is required to make in order to maintain the base-year level of health services.<sup>62</sup>
- Reduction of \$53,312, claimed as a bad debt expense resulting from uncollected student health fees, which the Controller found was beyond the scope of the mandate and not reimbursable.<sup>63</sup>
- Reductions for overstated indirect costs. The district claimed indirect costs for all fiscal years based on a federally approved rate of 30 percent, developed using "a base of "Direct salaries and wages including all fringe benefits."<sup>64</sup> For fiscal years 2002-2003 and 2003-2004, the Controller found that the claimant overstated indirect costs because it incorrectly applied the indirect cost rate to a base of total direct costs, rather than to a base of salaries and benefits only, as approved by the federal government. This resulted in a reduction of \$21,298 for these two fiscal years.

The claimant used the same methodology for claiming indirect costs for fiscal years 2004-2005, 2005-2006, and 2006-2007.<sup>65</sup> However, the Controller adjusted indirect costs in these years because the claiming instructions, beginning for fiscal year 2004-2005 reimbursement claims, do not allow the use of a federally approved rate to claim indirect costs unless specifically approved in the Commission's Parameters and Guidelines (which is not the case here). The Controller, therefore, recalculated indirect costs based on the FAM-29C methodology, the only method allowed, resulting in a reduction of \$4,896 for fiscal year 2004-2005, and an increase of \$25,303 for fiscal years 2005-2006 and 2006-2007.<sup>66</sup>

---

<sup>62</sup> Exhibit A, IRC, page 72.

<sup>63</sup> Exhibit A, IRC, page 74.

<sup>64</sup> Exhibit A, IRC, pages 13, and 109 and 120 (federal approval letter of indirect cost rate, dated March 11, 2003, and effective for the period of July 1, 2003, through June 30, 2008); Exhibit B, Controller's Late Comments on the IRC, pages 48-51 (federal approval letter of indirect cost rate, dated February 4, 1999, and effective for the period of July 1, 1999 through June 30, 2004).

<sup>65</sup> Exhibit A, IRC, pages 13 and 128-156 (reimbursement claims for fiscal years 2004-2005, 2005-2006, and 2006-2007).

<sup>66</sup> Exhibit A, IRC, pages 74-76.

- Reduction of \$694,471 for understated offsetting health service fee authority.<sup>67</sup>

The Controller also reduced \$49,088 for miscellaneous revenue that was incorrectly reported as authorized health service fees,<sup>68</sup> and \$74,372 for understated offsetting savings and reimbursements.<sup>69</sup> The claimant does not dispute these reductions.<sup>70</sup>

Finally, the claimant contends that the Controller did not timely initiate the audit of the 2002-2003 and 2003-2004 reimbursement claims and, thus asserts that the Controller's audit of those reimbursement claims is void.

### **III. Positions of the Parties**

#### **A. San Mateo Community College District**

The claimant contends that the Controller did not timely initiate the audit of the 2002-2003 and 2003-2004 reimbursement claims. The claimant asserts that it filed these reimbursement claims on January 12, 2005 and, pursuant to Government Code section 17558.5, the Controller had until January 12, 2008 to audit. However, the audit entrance conference for all fiscal year claims did not take place until September 8, 2008, after the three-year deadline. The claimant contends that the clause in Government Code section 17558.5 that delays the commencement of the time to audit to the date of initial payment is impermissibly vague and, therefore, void.<sup>71</sup>

The claimant contends that the Controller's reductions are incorrect and should be reinstated. The claimant argues that food and promotional expenditures are reimbursable and included in the costs for health fairs, which is a reimbursable activity. The claimant states that the purpose of health fairs is to effectively communicate health information to the student population in general, which requires that students attend. Promotional materials are intended to promote attendance at the health fair.<sup>72</sup>

The claimant also contends that bad debt expense for uncollectible health service fees is reimbursable, arguing that "[a]s a practical matter, college districts do not incur this cost as a discretionary activity, the cost is forced upon the districts by those students who do not pay their fees."<sup>73</sup> The claimant further contends that it reported gross student health service fee income as offsetting revenue and the uncollected amounts as an expense; "an appropriate application of generally accepted accounting principles."<sup>74</sup>

The claimant argues that the Controller's reduction of indirect costs is incorrect, and amounts to an underground regulation. The claimant contends that the Parameters and Guidelines do not

---

<sup>67</sup> Exhibit A, IRC, page 80.

<sup>68</sup> Exhibit A, IRC, pages 78-79.

<sup>69</sup> Exhibit A, IRC, page 83.

<sup>70</sup> Exhibit A, IRC, pages 19 and 26.

<sup>71</sup> Exhibit A, IRC, pages 30-33.

<sup>72</sup> Exhibit A, IRC, pages 10-12.

<sup>73</sup> Exhibit A, IRC, pages 10-11.

<sup>74</sup> Exhibit A, IRC, page 11.

contain any limitation or direction to apply the federally approved rate only to salaries and benefits. The claimant further states that the Controller simply stopped accepting federally approved rates, retroactively beginning fiscal year 2004-2005, with no justification or opportunity for public comment.<sup>75</sup>

Finally, the claimant contends that it is only required to report as offsetting revenues, the fee revenue actually collected.<sup>76</sup>

#### B. State Controller's Office

The Controller argues that, pursuant to Government Code section 17558.5, it timely conducted the audit of the fiscal year 2002-2003 and 2003-2004 reimbursement claims. The Controller also contends that it correctly reduced costs. The Controller argues that the claimed costs reduced for services and supplies did not relate to the mandated program. The Controller further contends that the claimant did not correctly calculate its indirect cost rate. The Controller also asserts that the correct calculation of offsetting revenue is all offsetting health service fee revenue authorized by statute, rather than the amount collected. Thus, the Controller urges the Commission to deny the IRC.<sup>77</sup>

### **IV. Discussion**

Government Code section 17561(d) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state mandated costs that the Controller determines is excessive or unreasonable.

Government Code Section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission's regulations requires the Commission to send the decision to the Controller and request that the costs in the claim be reinstated.

The Commission must review questions of law, including interpretation of the parameters and guidelines, de novo, without consideration of legal conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution.<sup>78</sup> The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitutional and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an "equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities."<sup>79</sup>

---

<sup>75</sup> Exhibit A, IRC, pages 14-19.

<sup>76</sup> Exhibit A, IRC, pages 19-26.

<sup>77</sup> Exhibit B, Controller's Late Comments on the IRC.

<sup>78</sup> *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

<sup>79</sup> *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

With regard to the Controller's audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.<sup>80</sup> Under this standard, the courts have found that:

When reviewing the exercise of discretion, “[t]he scope of review is limited, out of deference to the agency’s authority and presumed expertise: ‘The court may not reweigh the evidence or substitute its judgment for that of the agency. [Citation.]’” ... “In general ... the inquiry is limited to whether the decision was arbitrary, capricious, or entirely lacking in evidentiary support. . . .” [Citations.] When making that inquiry, the “ ‘ ‘court must ensure that an agency has adequately considered all relevant factors, and has demonstrated a rational connection between those factors, the choice made, and the purposes of the enabling statute.’ ”<sup>81</sup>

The Commission must also review the Controller's audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.<sup>82</sup> In addition, sections 1185.1(f)(3) and 1185.2(c) of the Commission's regulations require that any assertions of fact by the parties to an IRC must be supported by documentary evidence. The Commission's ultimate findings of fact must be supported by substantial evidence in the record.<sup>83</sup>

A. The Audit of the 2002-2003 and 2003-2004 Reimbursement Claims Was Timely Initiated and Timely Completed.

The claimant argues that the audit of the 2002-2003 and 2003-2004 reimbursement claims was not timely initiated. Section 17558.5 requires an audit to be initiated no later than three years after the date the reimbursement claim is filed or last amended. However, section 17558.5 also provides that *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.”<sup>84</sup> “In any case,” section 17558.5 requires the audit to be completed no later than two years after it is commenced.<sup>85</sup>

---

<sup>80</sup> *Johnston v. Sonoma County Agricultural Preservation and Open Space District* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

<sup>81</sup> *American Bd. of Cosmetic Surgery, Inc., v. Medical Bd. of California*, 162 Cal.App.4th 534, 547-548.

<sup>82</sup> *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

<sup>83</sup> Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

<sup>84</sup> Government Code section 17558.5 (as amended, Stats. 2002, ch. 1128 (AB 2834)).

<sup>85</sup> Government Code section 17558.5 (as amended, Stats. 2004, ch. 890 (AB 2856)).

### *1. The Audit Was Timely Initiated.*

The claimant asserts that the audit of the 2002-2003 and 2003-2004 reimbursement claims was not timely initiated based on the date that it asserts that the claims were filed (January 12, 2005), and the date that the audit entrance conference took place (December 8, 2008). However, the Controller points out that the claimant did not receive a payment for the 2002-2003 reimbursement claim until October 25, 2006, and had not received payment for the fiscal year 2003-2004 when the audit was initiated. Therefore, the Controller's initiation of the audit with the entrance conference on December 8, 2008, was timely.<sup>86</sup>

Government Code section 17558.5 states that “[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 . . . .” However, if funds are not appropriated or no payment is made to the claimant for a given year, section 17558.5 states the “time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.”<sup>87</sup>

The claimant argues that this provision “is void because it is impermissibly vague,” and that “the only specific and enforceable time limitation to commence an audit is three years from the date the claim was filed.”<sup>88</sup> However, article III, section 3.5 of the California Constitution states that an administrative agency has no power “[t]o declare a statute unenforceable, or refuse to enforce a statute, on the basis of it being unconstitutional unless an appellate court has made a determination that such statute is unconstitutional. . . .”<sup>89</sup> Thus, the statute is presumed constitutional and must be followed.

Here, the fiscal year 2002-2003 and 2003-2004 reimbursement claims were filed on January 12, 2005. But, the record shows that payment on the 2002-2003 reimbursement claim was not made until October 25, 2006,<sup>90</sup> and no payment had been made for the 2003-2004 claim when the audit entrance conference took place on December 8, 2008.<sup>91</sup> Therefore, pursuant to the plain language of Government Code section 17558.5, the audit of the 2002-2003 claim had to be initiated no later than October 25, 2009. Since the Controller initiated the audit for all fiscal years on December 8, 2008, with the audit entrance conference, the audit was timely initiated.

### *2. The Audit Was Timely Completed.*

Government Code section 17558.5 also prescribes the time in which an audit must be completed: “In any case, an audit shall be completed not later than two years after the date that the audit is

---

<sup>86</sup> Exhibit A, IRC, page 88; Exhibit B, Controller's Late Comments on the IRC, page 32.

<sup>87</sup> Government Code section 17558.5 (as amended, Stats. 2002, ch. 1128 (AB 2834)).

<sup>88</sup> Exhibit A, IRC, page 30.

<sup>89</sup> California Constitution, article III, section 3.5 (added June 6, 1978, by Proposition 5).

<sup>90</sup> Exhibit A, IRC, page 36 (adjustment letter dated October 28, 2009, for fiscal year 2002-2003 showing prior payment for that fiscal year of \$307,148 on October 25, 2006).

<sup>91</sup> Exhibit A, IRC, page 37 (adjustment letter dated October 28, 2009, for fiscal year 2003-2004, showing no payments for that fiscal year).



commenced.”<sup>92</sup> As indicated above, the audit was initiated no later than December 8, 2008, the date of the entrance conference and, thus, had to be completed no later than December 8, 2010. An audit is completed when the Controller issues the final audit report to the claimant. The final audit report constitutes the Controller’s final determination on the subject claims and provides written notice of the claim components adjusted, the amounts adjusted, and the reasons for the adjustment, as required by Government Code section 17558.5(c), allowing the claimant to thereafter file an IRC. Here, the final audit report was issued September 23, 2009, more than a year prior to the expiration of the two year deadline on December 8, 2010.

Based on the foregoing, the Commission finds that the Controller’s audit was timely completed in accordance with Government Code section 17558.5.

**B. The Controller’s Reduction of Costs for Gift Certificates, Health Fair Food, and Other Promotional Items Is Correct as a Matter of Law and Is Not Arbitrary, Capricious, or Entirely Lacking in Evidentiary Support.**

The Controller reduced \$61,288 claimed for health fair promotional items, including food, rental fees for a popcorn cart, and other promotional items (mood lamps, curling ribbons, and tattoo bracelets). The Controller states that these are not expenditures the district is required to make in order to maintain the base-year level of health services.<sup>93</sup>

The claimant contends that since the Commission has determined that health fair activities are reimbursable, then these costs are necessary and reimbursable. The claimant further contends that the Controller has not determined that these costs are excessive or unreasonable. The intent of the promotional items, the claimant asserts, is to induce attendance at the health fair in order for interested students to receive the information.<sup>94</sup>

Based on the evidence in the record, the Commission finds that the reduction is correct as a matter of law, and is not arbitrary, capricious, or entirely lacking in evidentiary support.

The Parameters and Guidelines for the *Health Fee Elimination* program authorize reimbursement for the costs of providing health supervision and services and direct and indirect medical and hospitalization services to students, and the operation of student health centers, *to the extent* the community college provided these services in fiscal year 1986-1987. Section V. lists the types of services and costs that are eligible for reimbursement to the extent they were provided in fiscal year 1986-1987, including “health talks or fairs – information,” as follows:

**HEALTH TALKS OR FAIRS – INFORMATION**

- Sexually Transmitted Disease
- Drugs
- Aids
- Child Abuse
- Birth Control/Family Planning
- Stop Smoking

---

<sup>92</sup> Government Code section 17558.5 (Stats. 2004, ch. 890).

<sup>93</sup> Exhibit A, IRC, page 72.

<sup>94</sup> Exhibit A, IRC, page 12.

Etc.

Library – videos and cassettes

Section VI.B.2 of the Parameters and Guidelines, which governs Claim Preparation for services and supplies, states that “[o]nly expenditures which can be identified as a direct cost of the mandate can be claimed.”

And, Section VII. governs the supporting data for the claim, which states the following:

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 of his agent.<sup>95</sup>

The plain language of the Parameters and Guidelines allows reimbursement to provide health talks and fairs to distribute information to students regarding various health issues, but is silent regarding reimbursement for the cost of promotional items given away by the district to encourage attendance. However, the Parameters and Guidelines do specify that approved cost items listed in section V.B. “are reimbursable *to the extent* they were provided by the community college district in fiscal year 1986-87.”<sup>96</sup> Thus, to the extent that these promotional items were not provided by the district in the base year, these costs go beyond the scope of the mandate. Here, the record contains invoices supporting the costs incurred in the claim year for food and promotional items distributed during health fairs.<sup>97</sup> However, the claimant has not argued or provided any evidence, as required by the Parameters and Guidelines, that it provided these promotional items in the base year as an integral part of its health fairs.

Accordingly, the Controller’s reduction of costs for gift certificates, health fair food, and other promotional items is correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.

C. The Controller’s Reduction of Costs Claimed as a Bad Debt Expense for Uncollected Student Health Fees Is Correct as a Matter of Law.

The Controller reduced \$53,312 claimed as a bad debt expense resulting from uncollected student health fees, on the ground that these costs go beyond the scope of the mandate and are not reimbursable.<sup>98</sup> Claimant contends that the bad debt expense for uncollectible health service fees is reimbursable, arguing that “[a]s a practical matter, college districts do not incur this cost as a discretionary activity, the cost is forced upon the districts by those students who do not pay their fees.”<sup>99</sup> The claimant further states that it reported gross student health service fee income

---

<sup>95</sup> Exhibit A, IRC, pages 42-48.

<sup>96</sup> Exhibit A, IRC, page 43, emphasis added.

<sup>97</sup> Exhibit B, Controller’s Late Comments on the IRC, pages 89-109.

<sup>98</sup> Exhibit A, IRC, page 74.

<sup>99</sup> Exhibit A, IRC, pages 10-11.

as offsetting revenue and the uncollected amounts as an expense; “an appropriate application of generally accepted accounting principles.”<sup>100</sup>

The Commission finds that reduction is correct as a matter of law. The Parameters and Guidelines for the *Health Fee Elimination* program authorize reimbursement for the costs of providing health supervision and services and direct and indirect medical and hospitalization services to students, and the operation of student health centers, to the extent the community college provided these services in fiscal year 1986-1987. Health service fees authorized by statute to be charged, but remain uncollectible, are not costs identified in the Parameters and Guidelines as eligible for reimbursement.

Therefore, the Controller’s reduction of these costs is correct as a matter of law.

D. The Controller’s Reduction of Indirect Costs for Fiscal Years 2002-2003, 2003-2004, and 2004-2005 Is Partially Correct; and the Commission Does Not Have Jurisdiction to Review the Controller’s Adjustment of Indirect Costs That Resulted in Increased Reimbursement in Fiscal Years 2005-2006 and 2006-2007.

The district claimed indirect costs for all fiscal years based on a federally approved rate of 30 percent, developed using “a base of ‘Direct salaries and wages including all fringe benefits.’”<sup>101</sup> For fiscal years 2002-2003 and 2003-2004, the Controller found that the claimant overstated indirect costs because it incorrectly applied the indirect cost rate to a base of total direct costs, rather than to a base of salaries and benefits only, as approved by the federal government. This resulted in a reduction of \$21,298 for the two fiscal years.<sup>102</sup>

For fiscal years 2004-2005, 2005-2006, and 2006-2007, the Controller adjusted indirect costs because the claiming instructions, beginning for the fiscal year 2004-2005 reimbursement claims, do not allow the use of a federally approved rate to claim indirect costs unless specifically approved in the Commission’s Parameters and Guidelines. The Parameters and Guidelines for the *Health Fee Elimination* program provide only that “indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.”<sup>103</sup> The Controller recalculated indirect costs using the FAM-29C methodology, resulting in a reduction of \$4,896 for fiscal year 2004-2005, and an increase of \$25,303 for fiscal years 2005-2006 and 2006-2007.<sup>104</sup>

Since the Controller’s adjustment to indirect costs for fiscal years 2005-2006 and 2006-2007 does not result in a reduction, the Commission has no jurisdiction to review the Controller’s

---

<sup>100</sup> Exhibit A, IRC, page 11.

<sup>101</sup> Exhibit A, IRC, pages 13, and 109 and 120 (federal approval letter of indirect cost rate, dated March 11, 2003, and effective for the period of July 1, 2003, through June 30, 2008); Exhibit B, Controller’s Late Comments on the IRC, pages 48-51 (federal approval letter of indirect cost rate, dated February 4, 1999, and effective for the period of July 1, 1999 through June 30, 2004).

<sup>102</sup> Exhibit A, IRC, pages 74-76; Exhibit B, Controller’s Late Comments on the IRC, pages 48-51 (federal approval letter of indirect cost rate, dated February 4, 1999, and effective for the period of July 1, 1999 through June 30, 2004).

<sup>103</sup> Exhibit A, IRC, page 47.

<sup>104</sup> Exhibit A, IRC, pages 74-76.

audit adjustment for those fiscal years. Government Code section 17551(d), which requires the Commission to hear and decide IRCs, applies only to claims that the Controller incorrectly *reduced* payments to the claimant as follows:

The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section 17561.

As described below, the Commission finds that the Controller's reduction of indirect costs for fiscal years 2002-2003 and 2003-2004 is correct as a matter of law. However, the Controller's reduction of indirect costs for fiscal year 2004-2005 is incorrect as a matter of law.

1. *The Controller's reduction of indirect costs for fiscal years 2002-2003 and 2003-2004 is correct as a matter of law.*

The Controller reduced indirect costs for fiscal years 2002-2003 and 2003-2004 because the claimant applied its federally approved indirect cost rate of 30 percent to total direct costs, instead of to salaries and benefits only as approved by the federal government. The claimant contends that this reduction is incorrect, arguing that neither the Parameters and Guidelines nor the claiming instructions restrict the application of the rate only to salaries and benefits.<sup>105</sup> The Controller responds as follows:

The district implies that it may apply its federally approved rate to whatever direct cost base that it chooses. The district draws a distinction between federal approvals of the rate itself versus the allocation base. There is no such distinction. The federal approval letter (Tab 6) defines both the rate and the applicable base; they are inseparable. Government Code section 17561, subdivision (d)(2)(B), states that the SCO may reduce any excessive or unreasonable claim. It is clearly unreasonable to calculate mandate-related indirect costs by applying a federally approved rate to a direct cost base other than the base used to calculate the rate.<sup>106</sup>

The Commission finds that the Controller's reduction of indirect costs for these fiscal years is correct as a matter of law.

The Parameters and Guidelines provide that "indirect costs may be claimed in the manner described by the State Controller in his claiming instructions."<sup>107</sup> The claiming instructions specific to the *Health Fee Elimination* mandate, are found in the Community Colleges Mandated Cost Manual which contains claiming instructions applicable to all school and community college mandated programs. The cost manual issued by the Controller's Office in September 2003 governs the reimbursement claim filed for fiscal year 2002-2003.<sup>108</sup> This cost manual provides two options for claiming indirect costs by either using the federal OMB Circular A-21, or the FAM-29C:

---

<sup>105</sup> Exhibit A, IRC, page 15.

<sup>106</sup> Exhibit B, Controller's Late Comments to the IRC, page 18.

<sup>107</sup> Exhibit A, IRC, page 44.

<sup>108</sup> Exhibit B, Controller's Late Comments on the IRC, page 35.

A community 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.

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. . . .

[¶]

The [FAM-29C] 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.<sup>109</sup>

The cost manual issued by the Controller’s Office in September 2004 for fiscal year 2003-2004 costs contains the same language.<sup>110</sup>

In this case, the claimant used a federally approved indirect cost rate under the OMB Circular A-21. The OMB Circular A-21 establishes principles for determining costs applicable to grants, contracts, and other agreements between the federal government and educational institutions. Sections G(11) and H of the OMB Circular A-21 govern the determination of indirect cost rates and require the federal approval of a proposed rate by the “cognizant federal agency,” which is normally either the federal Department of Health and Human Services or the Department of Defense’s Office of Naval Research.<sup>111</sup> If a claimant chooses to use the OMB Circular A-21 methodology, the claimant must obtain federal approval of the rate calculated through formal negotiation, an informal correspondence process, or a simplified method which sets the indirect cost rate using a salaries and wage base.<sup>112</sup> Section H(2) governs the simplified method using a salaries and wage base, which the claimant used here, and which resulted in an indirect cost rate of 30 percent.<sup>113</sup> The letter issued by the federal Department of Health and Human Services

---

<sup>109</sup> Exhibit B, Controller’s Late Comments on the IRC, page 35.

<sup>110</sup> Exhibit B, Controller’s Late Comments on the IRC, pages 42-43.

<sup>111</sup> Exhibit X, OMB Circular A-21.

<sup>112</sup> Exhibit X, OMB Circular A-21, pages 37-39.

<sup>113</sup> Exhibit X, OMB Circular A-21, pages 38-39, which describes the calculation of the “simplified procedure – salaries and wages base” as subtracting from the total amount of salaries and wages paid to all employees of the institution, the expenditures for general administration,

containing the negotiated agreement with the claimant, effective from July 1, 1999 to June 30, 2004, shows the 30 percent rate with a base of “Direct salaries and wages including all fringe benefits” for all programs.<sup>114</sup> Section H(2)(e) of the OMB Circular A-21 then directs the community college district to “apply the F&A cost rate *to direct salaries and wages* for individual agreements to determine the F&A costs allocable to such agreements.”<sup>115</sup> Thus, the OMB Circular A-21 itself requires the rate to be applied only to direct salaries and wages. Here, the claimant did not comply with the OMB Circular A-21 or the negotiated agreement with the federal government and, instead, applied the rate to all direct costs.

Accordingly, the Controller’s reduction of indirect costs in fiscal years 2002-2003 and 2003-2004 is correct as a matter of law. Moreover, there is no evidence that the Controller’s recalculation of indirect costs arbitrary, capricious, or entirely lacking in evidentiary support. Therefore, the reduction of indirect costs in fiscal years 2002-2003 and 2003-2004 is correct.

2. *The Controller’s reduction of indirect costs for fiscal year 2004-2005, based solely on the Controller’s change to the claiming instructions without notice or opportunity to comment, is incorrect as a matter of law.*

For fiscal year 2004-2005, the Controller reduced indirect costs because the claiming instructions, beginning with the fiscal year 2004-2005 reimbursement claims, do not allow the use of the federally approved rate developed under the OMB Circular A-21 to claim indirect costs unless specifically approved in the Commission’s parameters and guidelines. The Parameters and Guidelines for the *Health Fee Elimination* program provides only that “indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.”<sup>116</sup> Thus, the Controller recalculated indirect costs using the FAM-29C methodology, resulting in a reduction of \$4,896 for fiscal year 2004-2005.

The claiming instructions specific to the *Health Fee Elimination* mandate are found in the Controller’s Mandated Cost Manual. The Mandated Cost Manual for fiscal year 2004-2005 claims, dated December 27, 2005, for the first time changed the indirect cost rate language to prohibit the use of the federal OMB Circular A-21 unless specifically allowed by the Parameters and Guidelines:

A CCD may claim indirect costs using the Controller’s methodology (FAM-29C), outlined in the following paragraphs. If specifically allowed by a mandated program’s Ps & Gs, a district may alternately choose to claim indirect costs using either (1) a federally approved rate prepared in accordance with Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate.<sup>117</sup>

---

operation and maintenance of the physical plant, the library, and department administration expenses.

<sup>114</sup> Exhibit B, Controller’s Late Comments on the IRC, pages 48-49.

<sup>115</sup> Exhibit X, OMB Circular A-21, page 39 (emphasis added).

<sup>116</sup> Exhibit A, IRC, page 47.

<sup>117</sup> Exhibit X, Mandated Cost Manual updated December 27, 2005; Exhibit B, Controller’s Late Comments on the IRC, page 17.

At that time, Government Code section 17560 required annual reimbursement claims to be filed by January 15.<sup>118</sup> In this case, the claimant's fiscal year 2004-2005 reimbursement claim was signed on January 10, 2006, and was mailed to the Controller's Office on January 12, 2006, approximately two weeks after the date on the December 27, 2005 revised claiming instructions.<sup>119</sup>

The claimant contends that the reduction is incorrect, and that the Controller simply stopped accepting federally approved rates, retroactively beginning fiscal year 2004-2005, with no justification or opportunity for public comment and in violation of the Administrative Procedures Act.<sup>120</sup>

The Controller relies on the plain language of the Parameters and Guidelines to contend that the reduction is correct as a matter of law. The Controller states the following:

We disagree with the district's interpretation of the parameters and guidelines, which are clear and unambiguous. They state, "Indirect costs may be claimed *in the manner described by the State Controller in his claiming instructions.*" [Emphasis in original.] In this case, the parameters and guidelines specifically identify the claiming instructions as authoritative criteria for indirect costs. The phrase "may be claimed" simply permits the district to claim indirect costs. If the district chooses to claim indirect costs, then the parameters and guidelines require that it comply with the SCO's claiming instructions. If the district believes that the program's parameters and guidelines are deficient, it should initiate a request to amend the parameters and guidelines pursuant to Government Code section 17557, subdivision (d). However, any such amendment would not apply to this audit period.

The district states that it "claimed these indirect costs 'in the manner' described by the Controller." The district did *not* claim indirect costs in accordance with the SCO's claiming instructions.<sup>121</sup>

For the reasons below, the Commission finds that the Controller's reduction is incorrect as a matter of law.

As indicated above, the Parameters and Guidelines state that "indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." Parameters and guidelines are regulatory in nature and may validly incorporate manuals and other documents by reference as long the incorporated document is adequately identified and available for comment.<sup>122</sup> This is consistent with the Administrative Procedures Act (APA), which requires public notice of all proposed rules that apply generally, and that implement, interpret, or make

---

<sup>118</sup> As last amended by Statutes 1998, chapter 681.

<sup>119</sup> Exhibit A, IRC, pages 30 and 128.

<sup>120</sup> Exhibit A, IRC, pages 14-19.

<sup>121</sup> Exhibit B, Controller's Late Comments on the IRC, pages 18-19 (emphasis in original).

<sup>122</sup> *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 799; *Kings Rehabilitation Center Inc. v. Premo* (1999) 69 Cal.App.4th 215, 220.

the specific the law.<sup>123</sup> The purpose of the APA is to ensure that those persons or entities affected by a regulation have a voice in its creation, as well as notice of the law's requirements so that they can conform their conduct accordingly.<sup>124</sup> Thus, if the manual or document that is incorporated by reference later changes without notice or opportunity for comment, then the new rule or standard of general application in the incorporated document may become an invalid underground regulation.<sup>125</sup>

For example, the case of *Union of American Physicians & Dentists v. Kizer* addressed regulations adopted by the Department of Health Services, which incorporated by reference separate bulletins and a provider manual setting forth *current* documentation requirements for reimbursement claims filed by providers under the Medi-Cal program.<sup>126</sup> The Department acknowledged that it “used the manual to evaluate whether a provider’s progress notes satisfy the appropriateness and quality of medical services requirements.”<sup>127</sup> The court determined that the documentation requirements in the manual were standards of general application to providers statewide, which interpreted or made specific the law enforced by the Department, and were therefore invalid underground regulations.<sup>128</sup>

Similarly, in *California Association of Nursing Homes v. Williams*, the court addressed a class action challenge by nursing homes to the validity of regulations adopted by the Department of Health Care Services, which incorporated by reference a pamphlet (“State Schedule of Maximum Allowances”) published by the Department of Finance, to reimburse nursing and convalescent homes based on the schedule of allowances in effect at the time services were provided. Based on the language, the regulation attempted to incorporate future changes in reimbursement standards adopted by the Department of Finance.<sup>129</sup> The court found that the Schedule of Maximum Allowances “appears to be the result of ex parte studies by staff personnel of the Department of Finance,” and changes were made “without public or judicial access.”<sup>130</sup> The court concluded that the documentation requirements in the manual were invalid underground regulations.<sup>131</sup>

In 2010, the Third District Court of Appeal in the *Clovis Unified School District* case, addressed the Controller’s contemporaneous documentation rules contained in the Controller’s claiming instructions. The court determined that the claiming instructions are non-regulatory, and that any rule requiring additional documentation that is contained in the claiming instructions that did not go through the regulatory process required by the APA, but was used by the Controller in an

---

<sup>123</sup> Government Code sections 11346, et seq.

<sup>124</sup> *Tidewater Marine Western, Inc. v. Bradshaw* (1996) 14 Cal.4th 557, 570.

<sup>125</sup> *Kings Rehabilitation Center Inc. v. Premo* (1999) 69 Cal.App.4th 215, 219-220.

<sup>126</sup> *Union of American Physicians & Dentists v. Kizer* (1990) 223 Cal.App.3d 490, 495.

<sup>127</sup> *Union of American Physicians & Dentists* (1990), 223 Cal.App.3d 490, 501.

<sup>128</sup> *Union of American Physicians & Dentists* (1990), 223 Cal.App.3d 490, 506.

<sup>129</sup> *California Assn. of Nursing Homes v. Williams* (1970) 4 Cal.App.3d 800, 808.

<sup>130</sup> *California Assn. of Nursing Homes* (1970) 4 Cal.App.3d 800, 813-814.

<sup>131</sup> *California Assn. of Nursing Homes* (1970) 4 Cal.App.3d 800, 816.



audit to reduce costs, invalidates the audit to the extent the Controller used the underground rule to reduce costs.<sup>132</sup>

Based on the cases cited above, the Commission finds that the Controller's reduction of indirect costs, based solely on the Controller's change to the claiming instructions and its use of the new indirect cost rate rule, without evidence that notice and an opportunity for comment was provided to the claimant, is an invalid underground regulation.

The Controller's new indirect cost rate rule is included in the Controller's Mandated Cost Manual, "updated December 27, 2005," which applied to the fiscal year 2004-2005 reimbursement claims due to be filed just two weeks later. Although the new rule allows the use of the federal OMB Circular A-21 "if specifically allowed by a mandated program's Ps & Gs," the Parameters and Guidelines for the *Health Fee Elimination* Program do not contain that language and, thus, the Controller's change to the rule effectively prohibits the use of the federal method for calculating indirect costs for this program in fiscal year 2004-2005. There is no evidence in the record, such as a proof of service or certificate of mailing, that the Controller provided notice of the change in the rule to the claimant. The claimant asserts that it received no notice for the fiscal years in question and, in fact, it continued to calculate indirect costs using the federal method as it had for the previous two fiscal years.<sup>133</sup> The record also shows that the claimant was first made aware of the change in the rule when the Controller's draft audit report was received by the claimant for this matter on July 27, 2009.<sup>134</sup> By this time, the claimant could not have filed a request to amend the Parameters and Guidelines to specifically allow the use of the federal OMB method for the fiscal year 2004-2005 reimbursement claim, as suggested by the Controller. Government Code section 17557(d) states that "[a] parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims . . . and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year." Thus, even if the claimant filed a request to amend the Parameters and Guidelines on July 27, 2009 (the day the notice was received) and the Commission approved the request, the amendment would only apply to fiscal year 2008-2009 claims.

Moreover, *if* the updated Mandated Cost Manual was, in fact, issued to community college districts on December 27, 2005 (the date of the manual), the claimant would not have had sufficient notice or an opportunity to comment before the 2004-2005 reimbursement claim was due on January 15, 2006. Due process requires that a claimant have reasonable notice of any change that affects the substantive rights and liabilities of the parties.<sup>135</sup> Under similar circumstances, when parameters and guidelines are amended, the Government Code requires notice of an extra 120 days after the revised claiming instructions are issued to local government

---

<sup>132</sup> *Clovis Unified School Dist.* (2010) 188 Cal.App.4th 794, 799, 805.

<sup>133</sup> Exhibit A, IRC, pages 17.

<sup>134</sup> Exhibit A, IRC, pages 91 and 93 [claimant's response to draft audit report, where claimant states the following: "In prior years, federally approved indirect cost rates have been accepted by the Controller. The draft audit report contains no explanation as to why suddenly federally approved rates are no longer permissible."].

<sup>135</sup> *In re Cindy B.* (1987) 192 Cal.App.3d 771, 783-784.

before annual reimbursement claims are due.<sup>136</sup> Thus, in those cases, a full regulatory hearing is conducted to amend the parameters and guidelines *and* claimants are provided an additional four months before claims are due. In this case, if the Controller issued notice on December 27, 2005, notice, if it was actually provided at all, was at most only two weeks during the holiday season when most community colleges are not in session and many employees are on vacation.

Accordingly, under these circumstances, the Commission finds that the Controller's reduction of indirect costs in fiscal year 2004-2005, based solely on the Controller's change to the calculation of indirect cost rates, is incorrect as a matter of law.<sup>137</sup>

E. The Controller's Reduction for Understated Offsetting Revenues Is Correct as a Matter of Law, and Not Arbitrary, Capricious, or Entirely Lacking in Evidentiary Support.

The Controller reduced costs by \$694,471 because the claimant understated its offsetting health service fee authority. In each fiscal year, the claimant reported only those health service fees actually collected, and not the total amount of fees authorized to be charged. Using enrollment and BOGG exemption data, the Controller calculated the health fees that the claimant was authorized to charge, which resulted in a reduction of costs claimed.<sup>138</sup>

The claimant contends that it is only required to report as offsetting revenues, the fee revenue actually collected.<sup>139</sup>

The Commission finds that the correct calculation and application of offsetting revenue from student health fees has been resolved by the *Clovis Unified* decision, and that a reduction to the extent of the fee *authority*, rather than fee revenue actually collected, is correct as a matter of law.<sup>140</sup>

After the claimant filed its IRC, the court in *Clovis Unified* specifically addressed the Controller's practice of reducing claims of community college districts by the maximum fee amount that districts are statutorily authorized to charge students, whether or not districts choose to impose those fees. As expressed by the court, the "Health Fee Rule" states in pertinent part:

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced

---

<sup>136</sup> Government Code section 17560(c).

<sup>137</sup> The facts of this case are distinguishable from the Commission's decision in *Health Fee Elimination*, 08-4206-I-17 (Santa Monica Community College; adopted December 3, 2015). In the Santa Monica IRC, the Controller reduced indirect costs in 2003-2004, 2004-2005, and 2005-2006 because the claimant used the federal OMB Circular A-21, but did not obtain federal approval for its indirect cost rate proposals as required by the OMB Circular. In this case, the only reason for the reduction of indirect costs in 2004-2005 was the Controller's change to the claiming instructions.

<sup>138</sup> Exhibit A, IRC, page 80.

<sup>139</sup> Exhibit A, IRC, pages 19-26.

<sup>140</sup> *Clovis Unified School Dist.* (2010) 188 Cal.App.4th 794.

by the amount of student health fees authorized per the Education Code [section] 76355.<sup>141</sup> (Underline in original.)

The Health Fee Rule relies on Education Code section 76355(a), which provides in relevant part:

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

(a)(2) The governing board of each community college district may increase [the health service fee] by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).<sup>142</sup>

Pursuant to the plain language of Education Code section 76355(a)(2), the fee authority given to districts automatically increases at the same rate as the Implicit Price Deflator; when that calculation produces an increase of one dollar above the existing fee, the fee may be increased by one dollar.<sup>143</sup> The Chancellor of the California Community Colleges issues a notice to the governing boards of all community colleges when a fee increase is triggered. Accordingly, the court in *Clovis Unified* upheld the Controller’s use of the Health Fee Rule to reduce reimbursement claims based on the fees districts are *authorized* to charge. The court held that:

To the extent a local agency or school district “has the authority” to charge for the mandated program or increased level of service, that charge cannot be recovered as a state-mandated cost.<sup>144</sup>

The court also noted that, “this basic principle flows from common sense as well. As the Controller succinctly puts it, ‘Claimants can choose not to require these fees, but not at the state’s expense.’”<sup>145</sup> Additionally, in responding to the claimant’s argument that, “since the

---

<sup>141</sup> *Clovis Unified School Dist.* (2010) 188 Cal.App.4th 794, 811.

<sup>142</sup> Education Code section 76355(d)(2) (Stats. 1993, ch. 8 (AB 46); Stats. 1993, ch. 1132 (AB 39); Stats. 1994, ch. 422 (AB 2589); Stats. 1995, ch. 758 (AB 446); Stats. 2005, ch. 320 (AB 982)) [Formerly Education Code section 72246(e) (Stats. 1987, ch. 118)].

<sup>143</sup> See Education Code section 76355 (Stats. 1995, ch. 758 (AB 446)). The Implicit Price Deflator for State and Local Purchase of Goods and Services is a number computed annually (and quarterly) by the United States Department of Commerce as part of its statistical series on measuring national income and product, and is used to adjust government expenditure data for the effect of inflation.

<sup>144</sup> *Clovis Unified School Dist.* (2010) 188 Cal.App.4th 794, 812.

<sup>145</sup> *Ibid.*

Health Fee Rule is a claiming instruction, its validity must be determined *solely* through the Commission's P&G's,"<sup>146</sup> the court held:

To accept this argument, though, we would have to ignore, and so would the Controller, the fundamental legal principles underlying state-mandated costs. We conclude *the Health Fee Rule is valid*.<sup>147</sup> (Italics added.)

Since the *Clovis* case is a final decision of the court addressing the merits of the issue presented here, the Commission, under principles of stare decisis, is required to apply the rule set forth by the court.<sup>148</sup> In addition, the *Clovis* decision is binding on the claimant under principles of collateral estoppel.<sup>149</sup> Collateral estoppel applies when (1) the issue necessarily decided in the previous proceeding is identical to the one that is currently being decided; (2) the previous proceeding terminated with a final judgment on the merits; (3) the party against whom collateral estoppel is asserted is a party to or in privity with a party in the previous proceeding; and (4) the party against whom the earlier decision is asserted had a full and fair opportunity to litigate the issue.<sup>150</sup> The claimant was a party to the *Clovis* action.

The Commission further finds that the Controller's calculation of the claimant's authorized offsetting fee revenue is not arbitrary, capricious, or entirely lacking in evidentiary support, since the Controller used the enrollment data available and reported by the claimant. The Controller obtained student enrollment and Board of Governors Grant (BOGG) recipient data from the California Community Colleges Chancellor's Office and calculated the authorized health service fees using the authorized rates that the Chancellor's Office noticed during the fiscal years at issue.<sup>151</sup>

Therefore, the Commission finds that the Controller's reduction of \$694,471 based on the claimant's unreported offsetting fee authority is correct as a matter of law, and is not arbitrary, capricious, or entirely lacking in evidentiary support.

## V. Conclusion

Based on the foregoing, the Commission partially approves this IRC. The Commission finds that the Controller's reduction of indirect costs of \$4,896 for fiscal year 2004-2005, based solely on the change to the claiming instructions and its use of the new indirect cost rate rule, without evidence that notice and an opportunity for comment was provided to the claimant, is incorrect as a matter of law and requests that the Controller reinstate these costs to the claimant.

---

<sup>146</sup> *Ibid.* Italics in original.

<sup>147</sup> *Clovis Unified School Dist.* (2010) 188 Cal.App.4th 794, 812.

<sup>148</sup> *Fenske v. Board of Administration* (1980) 103 Cal.App.3d 590, 596.

<sup>149</sup> The petitioners in the *Clovis* case included Clovis Unified School District, El Camino Community College District, Fremont Unified School District, Newport-Mesa Unified School District, Norwalk-La Mirada Unified School District, Riverside Unified School District, San Mateo Community College District, Santa Monica Community College District, State Center Community College District, and Sweetwater Union High School District.

<sup>150</sup> *Roos v. Red* (2006) 130 Cal.App.4th 870, 879-880.

<sup>151</sup> Exhibit A, IRC, page 80.

The Commission further finds that the remaining reductions are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.

**DECLARATION OF SERVICE BY EMAIL**

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On March 17, 2017, I served the:

**Draft Proposed Decision, Schedule for Comments, and Notice of Hearing**  
*Health Fee Elimination*, 10-4206-I-35  
Former Education Code Section 72246 (Renumbered as 76355)<sup>1</sup>  
Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1);  
and Statutes 1987, Chapter 1118 (AB 2336)  
Fiscal Years: 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007  
San Mateo Community College District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 17, 2017 at Sacramento, California.



Jill L. Magee  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814  
(916) 323-3562

---

<sup>1</sup> Statutes 1993, chapter 8.

# COMMISSION ON STATE MANDATES

## Mailing List

**Last Updated:** 1/18/17

**Claim Number:** 10-4206-I-35

**Matter:** Health Fee Elimination

**Claimant:** San Mateo County Community College District

### TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

**Socorro Aquino**, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

**Lacey Baysinger**, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

**Kathy Blackwood**, Executive Vice Chancellor, *San Mateo County Community College District*

District Office, 3401 CSM Dr., San Mateo, CA 94402

Phone: (650) 358-6869

blackwoodk@smccd.edu

**Roxanne Brewer**, Executive Assistant, *San Mateo County Community College District*

3401 CSM Drive, San Mateo, CA 94402

Phone: (650) 358-6764

brewerr@smccd.edu

**Raymond Chow**, Chief Financial Officer, *San Mateo County Community College*

3401 CSM Drive, San Mateo, CA 94402

Phone: (650) 358-6742

chow@smccd.edu

**Marieta Delfin**, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-4320

mdelfin@sco.ca.gov

**Donna Ferebee**, *Department of Finance*

915 L Street, Suite 1280, Sacramento, CA 95814

Phone: (916) 445-3274  
donna.ferebee@dof.ca.gov

**Susan Geanacou**, *Department of Finance*  
915 L Street, Suite 1280, Sacramento, CA 95814  
Phone: (916) 445-3274  
susan.geanacou@dof.ca.gov

**Heather Halsey**, Executive Director, *Commission on State Mandates*  
980 9th Street, Suite 300, Sacramento, CA 95814  
Phone: (916) 323-3562  
heather.halsey@csm.ca.gov

**Rebecca Hamilton**, *Department of Finance*  
Education Systems Unit, 915 L Street, 7th Floor, Sacramento, CA 95814  
Phone: (916) 445-0328  
Rebecca.Hamilton@dof.ca.gov

**Ed Hanson**, *Department of Finance*  
Education Systems Unit, 915 L Street, 7th Floor, Sacramento, CA 95814  
Phone: (916) 445-0328  
ed.hanson@dof.ca.gov

**Jill Kanemasu**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 322-9891  
jkanemasu@sco.ca.gov

**Dan Kaplan**, Fiscal & Policy Analyst, *Legislative Analyst's Office*  
925 L Street, Suite 1000, Sacramento, CA 95814  
Phone: (916) 319-8353  
Dan.Kaplan@lao.ca.gov

**Anne Kato**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 324-5919  
akato@sco.ca.gov

**Christian Keiner**, *Dannis Woliver Kelly*  
**Claimant Representative**  
555 Capitol Mall, Suite 645, Sacramento, CA 95814  
Phone: (916) 978-4040  
ckeiner@dwkesq.com

**Jay Lal**, *State Controller's Office (B-08)*  
Division of Accounting & Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 324-0256  
JLal@sco.ca.gov

**Yazmin Meza**, *Department of Finance*  
915 L Street, Sacramento, CA 95814  
Phone: (916) 445-0328  
Yazmin.meza@dof.ca.gov

**Robert Miyashiro**, *Education Mandated Cost Network*  
1121 L Street, Suite 1060, Sacramento, CA 95814  
Phone: (916) 446-7517  
robertm@sscal.com



**Andy Nichols**, *Nichols Consulting*  
1857 44th Street, Sacramento, CA 95819  
Phone: (916) 455-3939  
andy@nichols-consulting.com

**Christian Osmena**, *Department of Finance*  
915 L Street, Sacramento, CA 95814  
Phone: (916) 445-0328  
christian.osmena@dof.ca.gov

**Arthur Palkowitz**, *Artiano Shinoff*  
2488 Historic Decatur Road, Suite 200, San Diego, CA 92106  
Phone: (619) 232-3122  
apalkowitz@as7law.com

**Keith Petersen**, *SixTen & Associates*  
P.O. Box 340430, Sacramento, CA 95834-0430  
Phone: (916) 419-7093  
kbsixten@aol.com

**Sandra Reynolds**, *Reynolds Consulting Group, Inc.*  
P.O. Box 894059, Temecula, CA 92589  
Phone: (951) 303-3034  
sandrareynolds\_30@msn.com

**Carla Shelton**, *Commission on State Mandates*  
980 9th Street, Suite 300, Sacramento, CA 95814  
Phone: (916) 327-6490  
carla.shelton@csm.ca.gov

**Camille Shelton**, Chief Legal Counsel, *Commission on State Mandates*  
980 9th Street, Suite 300, Sacramento, CA 95814  
Phone: (916) 323-3562  
camille.shelton@csm.ca.gov

**Jim Spano**, Chief, Mandated Cost Audits Bureau, *State Controller's Office*  
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 323-5849  
jspano@sco.ca.gov

**Dennis Speciale**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 324-0254  
DSpeciale@sco.ca.gov

**William Tunick**, Attorney, *Dannis Woliver Kelley*  
275 Battery Street, Suite 1150, San Francisco, CA 94111  
Phone: (415) 543-4111  
wtunick@dwkesq.com



**RECEIVED**  
 March 24, 2017  
 Commission on  
 State Mandates

**BETTY T. YEE**  
 California State Controller

March 23, 2017

Heather Halsey, Executive Director  
 Commission on State Mandates  
 980 Ninth Street, Suite 300  
 Sacramento, CA 95814

**Re: Draft Proposed Decision**

Incorrect Reduction Claim

*Health Fee Elimination*, 10-4206-I-35

Former Education Code Section 72246 (Renumbered as 76355)

Statutes 1984, Chapter 1 (1983-1984 2<sup>nd</sup> Ex. Sess.) (AB2X 1);

and Statutes 1987, Chapter 1118 (AB 2336)

Fiscal Years: 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007

San Mateo Community College District, Claimant

Dear Ms. Halsey:

The State Controller's Office (SCO) has reviewed the Commission on State Mandates' (Commission) Draft Staff Analysis (DSA) dated March 17, 2017, for the above incorrect reduction claim (IRC) filed by San Mateo Community College District. This letter constitutes the Controller's response to the DSA.

We support the Commission staff decision related to the following:

- The audit for fiscal year (FY) 2002-03 and FY 2003-04 was initiated in a timely manner and the audit for all fiscal years was completed on time.
- Reductions of unallowable services and supplies based on promotional items offered by the claimant are correct as a matter of law, and are not arbitrary, capricious, or entirely lacking in evidentiary support.
- Reductions of costs claimed as bad debt expenses resulting from uncollected student health fees are correct, as these costs are not identified in the Parameters and Guidelines as eligible for reimbursement.
- Reductions of indirect costs in FY 2002-03 and FY 2003-04 are correct as a matter of law.

P.O. Box 942850, Sacramento, CA 94250 ♦ (916) 445-2636  
 3301 C Street, Suite 700, Sacramento, CA 95816 ♦ (916) 324-8907  
 901 Corporate Center Drive, Suite 200, Monterey Park, CA 91754 ♦ (323) 981-6802

Heather Halsey, Executive Director

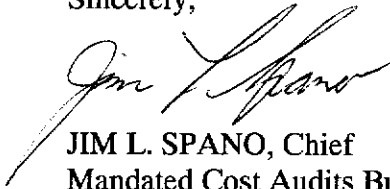
March 23, 2017

Page 2

- The indirect cost reduction for FY 2004-05 was incorrect as a matter of law. When the updated Mandated Cost Manual was issued to community college districts, the claimants likely would have had insufficient notice, or an opportunity to comment, before the FY 2004-05 reimbursement claim was due to the Controller. The Commission finds that \$4,896 of indirect costs should be reinstated to the claimant.
- Reductions based on understated offsetting health service fee revenues are correct as a matter of law, and are not arbitrary, capricious, or entirely lacking in evidentiary support.

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

Sincerely,



JIM L. SPANO, Chief  
Mandated Cost Audits Bureau  
Division of Audits

JLS/lr

17980

**DECLARATION OF SERVICE BY EMAIL**

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On March 24, 2017, I served the:

**Controller Comments on the Draft Proposed Decision**

*Health Fee Elimination*, 10-4206-I-35

Former Education Code Section 72246 (Renumbered as 76355)<sup>1</sup>

Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1);

and Statutes 1987, Chapter 1118 (AB 2336)

Fiscal Years: 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007

San Mateo Community College District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 24, 2017 at Sacramento, California.



Lorenzo Duran  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814  
(916) 323-3562

---

<sup>1</sup> Statutes 1993, chapter 8.

# COMMISSION ON STATE MANDATES

## Mailing List

**Last Updated:** 3/22/17

**Claim Number:** 10-4206-I-35

**Matter:** Health Fee Elimination

**Claimant:** San Mateo County Community College District

### TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

**Socorro Aquino**, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

**Lacey Baysinger**, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

**Kathy Blackwood**, Executive Vice Chancellor, *San Mateo County Community College District*

District Office, 3401 CSM Dr., San Mateo, CA 94402

Phone: (650) 358-6869

blackwoodk@smccd.edu

**Roxanne Brewer**, Executive Assistant, *San Mateo County Community College District*

3401 CSM Drive, San Mateo, CA 94402

Phone: (650) 358-6764

brewerr@smccd.edu

**Anita Dagan**, Manager, Local Reimbursement Section, *State Controller's Office*

Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740, Sacramento, CA 95816

Phone: (916) 324-4112

Adagan@sco.ca.gov

**Marieta Delfin**, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-4320

mdelfin@sco.ca.gov

**Donna Ferebee**, *Department of Finance*

915 L Street, Suite 1280, Sacramento, CA 95814  
Phone: (916) 445-3274  
donna.ferebee@dof.ca.gov

**Susan Geanacou**, *Department of Finance*  
915 L Street, Suite 1280, Sacramento, CA 95814  
Phone: (916) 445-3274  
susan.geanacou@dof.ca.gov

**Heather Halsey**, Executive Director, *Commission on State Mandates*  
980 9th Street, Suite 300, Sacramento, CA 95814  
Phone: (916) 323-3562  
heather.halsey@csm.ca.gov

**Rebecca Hamilton**, *Department of Finance*  
Education Systems Unit, 915 L Street, 7th Floor, Sacramento, CA 95814  
Phone: (916) 445-0328  
Rebecca.Hamilton@dof.ca.gov

**Ed Hanson**, *Department of Finance*  
Education Systems Unit, 915 L Street, 7th Floor, Sacramento, CA 95814  
Phone: (916) 445-0328  
ed.hanson@dof.ca.gov

**Jill Kanemasu**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 322-9891  
jkanemasu@sco.ca.gov

**Dan Kaplan**, Fiscal & Policy Analyst, *Legislative Analyst's Office*  
925 L Street, Suite 1000, Sacramento, CA 95814  
Phone: (916) 319-8353  
Dan.Kaplan@lao.ca.gov

**Anne Kato**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 324-5919  
akato@sco.ca.gov

**Christian Keiner**, *Dannis Woliver Kelly*  
**Claimant Representative**  
555 Capitol Mall, Suite 645, Sacramento, CA 95814  
Phone: (916) 978-4040  
ckeiner@dwkesq.com

**Yazmin Meza**, *Department of Finance*  
915 L Street, Sacramento, CA 95814  
Phone: (916) 445-0328  
Yazmin.meza@dof.ca.gov

**Robert Miyashiro**, *Education Mandated Cost Network*  
1121 L Street, Suite 1060, Sacramento, CA 95814  
Phone: (916) 446-7517  
robertm@sscal.com

**Andy Nichols**, *Nichols Consulting*  
1857 44th Street, Sacramento, CA 95819

Phone: (916) 455-3939  
andy@nichols-consulting.com

**Christian Osmena**, *Department of Finance*  
915 L Street, Sacramento, CA 95814  
Phone: (916) 445-0328  
christian.osmena@dof.ca.gov

**Arthur Palkowitz**, *Artiano Shinoff*  
2488 Historic Decatur Road, Suite 200, San Diego, CA 92106  
Phone: (619) 232-3122  
apalkowitz@as7law.com

**Keith Petersen**, *SixTen & Associates*  
P.O. Box 340430, Sacramento, CA 95834-0430  
Phone: (916) 419-7093  
kbsixten@aol.com

**Sandra Reynolds**, *Reynolds Consulting Group, Inc.*  
P.O. Box 894059, Temecula, CA 92589  
Phone: (951) 303-3034  
sandrareynolds\_30@msn.com

**Camille Shelton**, Chief Legal Counsel, *Commission on State Mandates*  
980 9th Street, Suite 300, Sacramento, CA 95814  
Phone: (916) 323-3562  
camille.shelton@csm.ca.gov

**Carla Shelton**, *Commission on State Mandates*  
980 9th Street, Suite 300, Sacramento, CA 95814  
Phone: (916) 327-6490  
carla.shelton@csm.ca.gov

**Bernata Slater**, Chief Financial Officer, *San Mateo County Community College*  
3401 CSM Drive, San Mateo, CA 94402  
Phone: (650) 358-6795  
slaterb@smccd.edu

**Jim Spano**, Chief, Mandated Cost Audits Bureau, *State Controller's Office*  
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 323-5849  
jspano@sco.ca.gov

**Dennis Speciale**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 324-0254  
DSpeciale@sco.ca.gov

**William Tunick**, Attorney, *Dannis Woliver Kelley*  
275 Battery Street, Suite 1150, San Francisco, CA 94111  
Phone: (415) 543-4111  
wtunick@dwkesq.com



DANNIS WOLIVER KELLEY

Attorneys at Law

RECEIVED  
April 06, 2017  
Commission on  
State Mandates

SAN FRANCISCO  
275 Battery Street  
Suite 1150  
San Francisco, CA 94111  
TEL 415.543.4111  
FAX 415.543.4384

LONG BEACH  
115 Pine Avenue  
Suite 500  
Long Beach, CA 90802  
TEL 562.366.8500  
FAX 562.366.8505

SAN DIEGO  
750 B Street  
Suite 2310  
San Diego, CA 92101  
TEL 619.595.0202  
FAX 619.702.6202

NOVATO  
1682 Novato Boulevard  
Suite 251  
Novato, CA 94947  
TEL 415.543.4111  
FAX 415.543.4384

CHICO  
2485 Notre Dame Boulevard  
Suite 370-A  
Chico, CA 95928  
TEL 530.343.3334  
FAX 530.924.4784

SACRAMENTO  
555 Capitol Mall  
Suite 645  
Sacramento, CA 95814  
TEL 916.978.4040  
FAX 916.978.4039

SAN LUIS OBISPO  
1065 Higuera Street  
Suite 301  
San Luis Obispo, CA 93401  
TEL 805.980.7900  
FAX 916.978.4039

**CHRISTIAN M. KEINER**

Attorney at Law  
ckeiner@DWKesq.com

**Sacramento**

April 6, 2017

**VIA EMAIL**

Heather Halsey  
Executive Director  
Commission on Draft Proposed Decision  
980 9th Street, Suite 300  
Sacramento, CA 95814

Re: **Comments on Draft Proposed Decision**  
*Health Fee Elimination, 10-4206-I-35*

Dear Ms. Halsey:

I write on behalf of the San Mateo County Community College District (District) with regard to the Draft Proposed Decision on the incorrect reduction claim *Health Fee Elimination, 10-4206-I-35* (IRC) issued on March 17, 2017.

The audit underlying the IRC eliminated nearly \$800,000 in reimbursement otherwise due to the District. The District raised several concerns regarding the audit in its IRC filed on November 24, 2010.<sup>1</sup>

After reviewing the Draft Proposed Decision, the District agrees with its conclusion that the audit's reduction of indirect costs claimed for fiscal year 2004-05 was incorrect as a matter of law.<sup>2</sup> The District, however, disagrees with the Draft Proposed Decision's conclusion as to the remaining contested matters and stands by the arguments made in its IRC.

Additionally, the District seeks to point out an apparent inconsistency between the underlying audit and the Draft Proposed Decision. The State Controller's audit included Finding 1:

The district claimed unallowable services and supplies totaling \$61,288. The district claimed \$7,976 to purchase food for exhibitor who participated in health fairs, to rent a popcorn card, and to purchase

<sup>1</sup> Exhibit A, IRC.

<sup>2</sup> Draft Proposed Decision, pp. 27-31.



Heather Halsey  
Commission on Draft Proposed Decision  
April 6, 2017  
Page 2

various promotional items (mood lamps, curling ribbons, tattoo bracelets, etc.). In addition, the district claimed \$53,312 that it identified as bad debt expense. The bad debt expense is related to uncollected bill student health fees.<sup>3</sup>

Thus, according to the audit, the total unallowable amount resulting from Finding 1, related to both the health fair expenses and the bad debt expense, was a total of \$61,288.

In contrast, the Draft Proposed Decision summarizes the audit as including:

- Reduction of \$61,288 for unallowable services and supplies for health fair promotional items, including food, rental fees for a popcorn cart, and other promotional items (mood lamps, curling ribbons, and tattoo bracelets). The Controller states that these are not expenditures the district is required to make in order to maintain the base-year level of health services.
- Reduction of \$53,312, claimed as a bad debt expense resulting from uncollected student health fees, which the Controller found was beyond the scope of the mandate and not reimbursable.<sup>4</sup>

This suggests the Draft Proposed Decision double-counted the \$53,312 reduction associated with bad debt expenses as part of the reduction related to health fair expenses. These same figures are repeated subsequently in the Draft Proposed Decision.<sup>5</sup>

While the District maintains its disagreement with the audit findings and renews its request that the findings be reversed, at a minimum the District requests that the Draft Proposed Decision be corrected to indicate that the total amount reduced as a result of Finding 1 was \$61,288 – \$7,976 associated with health fair costs and \$53,312 associated with bad bet expense.

The District appreciates the opportunity to provide, and the Commission's consideration of, these comments.

Best regards,

DANNIS WOLIVER KELLEY



Christian M. Keiner

CMK:fh

---

<sup>3</sup> Exhibit A, IRC, p. 72.

<sup>4</sup> Draft Proposed Decision, p. 17 (footnotes omitted.)

<sup>5</sup> See Draft Proposed Decision, pp. 22-23.

**DECLARATION OF SERVICE BY EMAIL**

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On April 6, 2017, I served the:

**Claimant Comments on the Draft Proposed Decision**

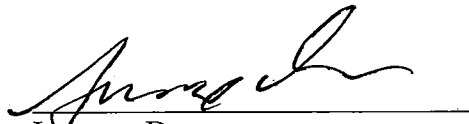
*Health Fee Elimination*, 10-4206-I-35

Former Education Code Section 72246 (Renumbered as 76355)<sup>1</sup>  
Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1);  
and Statutes 1987, Chapter 1118 (AB 2336)

Fiscal Years: 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007  
San Mateo Community College District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on April 6, 2017 at Sacramento, California.



Lorenzo Duran  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814  
(916) 323-3562

---

<sup>1</sup> Statutes 1993, chapter 8.

# COMMISSION ON STATE MANDATES

## Mailing List

**Last Updated:** 3/22/17

**Claim Number:** 10-4206-I-35

**Matter:** Health Fee Elimination

**Claimant:** San Mateo County Community College District

### TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

**Socorro Aquino**, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

**Lacey Baysinger**, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

**Kathy Blackwood**, Executive Vice Chancellor, *San Mateo County Community College District*

District Office, 3401 CSM Dr., San Mateo, CA 94402

Phone: (650) 358-6869

blackwoodk@smccd.edu

**Roxanne Brewer**, Executive Assistant, *San Mateo County Community College District*

3401 CSM Drive, San Mateo, CA 94402

Phone: (650) 358-6764

brewerr@smccd.edu

**Anita Dagan**, Manager, Local Reimbursement Section, *State Controller's Office*

Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740, Sacramento, CA 95816

Phone: (916) 324-4112

Adagan@sco.ca.gov

**Marieta Delfin**, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-4320

mdelfin@sco.ca.gov

**Donna Ferebee**, *Department of Finance*

915 L Street, Suite 1280, Sacramento, CA 95814  
Phone: (916) 445-3274  
donna.ferebee@dof.ca.gov

**Susan Geanacou**, *Department of Finance*  
915 L Street, Suite 1280, Sacramento, CA 95814  
Phone: (916) 445-3274  
susan.geanacou@dof.ca.gov

**Heather Halsey**, Executive Director, *Commission on State Mandates*  
980 9th Street, Suite 300, Sacramento, CA 95814  
Phone: (916) 323-3562  
heather.halsey@csm.ca.gov

**Rebecca Hamilton**, *Department of Finance*  
Education Systems Unit, 915 L Street, 7th Floor, Sacramento, CA 95814  
Phone: (916) 445-0328  
Rebecca.Hamilton@dof.ca.gov

**Ed Hanson**, *Department of Finance*  
Education Systems Unit, 915 L Street, 7th Floor, Sacramento, CA 95814  
Phone: (916) 445-0328  
ed.hanson@dof.ca.gov

**Jill Kanemasu**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 322-9891  
jkanemasu@sco.ca.gov

**Dan Kaplan**, Fiscal & Policy Analyst, *Legislative Analyst's Office*  
925 L Street, Suite 1000, Sacramento, CA 95814  
Phone: (916) 319-8353  
Dan.Kaplan@lao.ca.gov

**Anne Kato**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 324-5919  
akato@sco.ca.gov

**Christian Keiner**, *Dannis Woliver Kelly*  
**Claimant Representative**  
555 Capitol Mall, Suite 645, Sacramento, CA 95814  
Phone: (916) 978-4040  
ckeiner@dwkesq.com

**Yazmin Meza**, *Department of Finance*  
915 L Street, Sacramento, CA 95814  
Phone: (916) 445-0328  
Yazmin.meza@dof.ca.gov

**Robert Miyashiro**, *Education Mandated Cost Network*  
1121 L Street, Suite 1060, Sacramento, CA 95814  
Phone: (916) 446-7517  
robertm@sscal.com

**Andy Nichols**, *Nichols Consulting*  
1857 44th Street, Sacramento, CA 95819

Phone: (916) 455-3939  
andy@nichols-consulting.com

**Christian Osmena**, *Department of Finance*  
915 L Street, Sacramento, CA 95814  
Phone: (916) 445-0328  
christian.osmena@dof.ca.gov

**Arthur Palkowitz**, *Artiano Shinoff*  
2488 Historic Decatur Road, Suite 200, San Diego, CA 92106  
Phone: (619) 232-3122  
apalkowitz@as7law.com

**Keith Petersen**, *SixTen & Associates*  
P.O. Box 340430, Sacramento, CA 95834-0430  
Phone: (916) 419-7093  
kbsixten@aol.com

**Sandra Reynolds**, *Reynolds Consulting Group, Inc.*  
P.O. Box 894059, Temecula, CA 92589  
Phone: (951) 303-3034  
sandrareynolds\_30@msn.com

**Camille Shelton**, Chief Legal Counsel, *Commission on State Mandates*  
980 9th Street, Suite 300, Sacramento, CA 95814  
Phone: (916) 323-3562  
camille.shelton@csm.ca.gov

**Carla Shelton**, *Commission on State Mandates*  
980 9th Street, Suite 300, Sacramento, CA 95814  
Phone: (916) 327-6490  
carla.shelton@csm.ca.gov

**Bernata Slater**, Chief Financial Officer, *San Mateo County Community College*  
3401 CSM Drive, San Mateo, CA 94402  
Phone: (650) 358-6795  
slaterb@smccd.edu

**Jim Spano**, Chief, Mandated Cost Audits Bureau, *State Controller's Office*  
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 323-5849  
jspano@sco.ca.gov

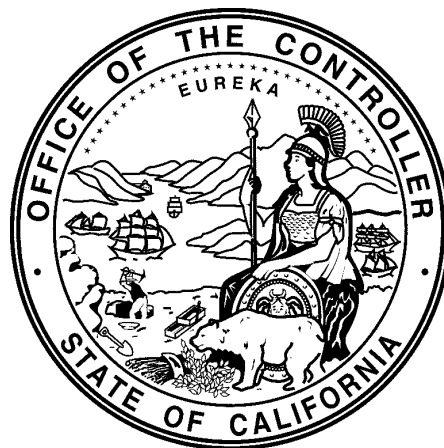
**Dennis Speciale**, *State Controller's Office*  
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816  
Phone: (916) 324-0254  
DSpeciale@sco.ca.gov

**William Tunick**, Attorney, *Dannis Woliver Kelley*  
275 Battery Street, Suite 1150, San Francisco, CA 94111  
Phone: (415) 543-4111  
wtunick@dwkesq.com

**Exhibit F**

# MANDATED COST MANUAL FOR COMMUNITY COLLEGES

STATE OF CALIFORNIA



**STEVE WESTLY**  
STATE CONTROLLER

---

## FOREWORD

These claiming instructions are issued to help claimants prepare claims for submission to the State Controller's Office (SCO). These instructions are based upon SCO's interpretation of the State of California statutes, regulations, and parameters and guidelines (P's & G's) adopted by the Commission on State Mandates (COSM).

The following are important provisions of statutory changes resulting from AB 2856, effective January 1, 2005, and information on the SCO's adopted *Time Study Guidelines*.

### AB 2856 (Chapter 890, Statutes of 2004)

1. Government Code (GC) Section 17517.5 defines "cost savings authorized by the state" as any decreased costs that a local agency or school district realizes as a result of any statute enacted or any executive order adopted that permits or requires the discontinuance of, or a reduction in, the level of service of an existing program that was mandated before January 1, 1975.
2. GC Section 17551(c) specifies that test claims shall be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.
3. GC Section 17557(b), (d), and (f) allow the COSM, when adopting parameters and guidelines, to adopt a reasonable reimbursement methodology that balances accuracy and simplicity. GC Section 17518.5 further defines and provides specific conditions for reasonable reimbursement methodologies.
4. GC Section 17557(d) specifies the effective date for an amendment to P's & G's. A P's & G's amendment submitted within 90 days of the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original P's & G's. A P's & G's amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, and on or before January 15 following a fiscal year, shall establish reimbursement eligibility for that fiscal year.
5. GC Section 17558.5(a) requires the SCO to complete a reimbursement claim audit no later than two years after the date that SCO starts the audit.

Previously, the GC stated: (1) the SCO may initiate an audit no later than three years after the date that the actual reimbursement claim was filed or last amended, whichever is later; and (2) if no payment was made to the claimant, the time period to initiate an audit commences from the date of initial payment of the claim. These provisions remain in effect.

6. GC Section 17558.5(b) allows the SCO to conduct a field review of any claim after the claim has been submitted and before the claim is reimbursed.

### Time Study Guidelines

1. The SCO has approved Time Study Guidelines. A time study is one method of determining a reasonable reimbursement methodology discussed in AB 2856. The guidelines specify that a time study is appropriate when an activity is repetitive in nature. Time studies are not appropriate for activities that require a varying level of effort.

The Time Study Guidelines allow claimants to file reimbursement claims using the guidelines for costs incurred on or after January 1, 2005. However, from an audit perspective, the SCO allows claimants to use time studies when costs incurred before January 1, 2005, are not supported by actual time records, provided the activity is a task repetitive in nature.

2. This manual has been updated to include these guidelines.

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

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

Prepared by the State Controller's Office  
Updated December 27, 2005



## TABLE OF CONTENTS

<b>SECTION 1</b>	<b>Appropriation Information</b>	<b>Page</b>
1.	Reimbursable State Mandated Cost Programs	1
2.	Appropriations for the 2005-06 Fiscal Year	2
<b>SECTION 2</b>	<b>Filing a Claim</b>	
1.	Introduction	1
2.	Types of Claims	1
3.	Minimum Claim Amount	3
4.	Filing Deadline for Claims	3
5.	Payment of Claims	3
6.	State Mandates Apportionment System (SMAS)	4
7.	Direct Costs	5
8.	Indirect Costs	9
9.	Time Study Guidelines	12
10.	Offsets Against State Mandated Claims	14
11.	Notice of Claim Adjustments	16
12.	Audit of Costs	16
13.	Source Documents	16
14.	Claim Forms and Instructions	17
15.	Retention of Claiming Instructions	17
16.	Retention of Claim Records and Supporting Documentation	18
<b>SECTION 3</b>	<b>State Mandated Cost Programs</b>	
	<b>Program Name</b>	<b>Chapter/Statute    Program Number</b>
	Absentee Ballots	Ch. 77/78            231
	Collective Bargaining	Ch. 961/75           232
	Grand Jury Proceedings	Ch. 1170/96          243
	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

## TABLE OF CONTENTS (Continued)

### SECTION 3 State Mandated Cost Programs (continued)

Program Name	Chapter/Statute	Program Number
Peace Officers Procedural Bill of Rights	Ch. 465/76	239
Photographic Record of Evidence	Ch. 875/85	240
Sex Offenders: Disclosure by Law Enforcement Officers	Ch. 908/96	241
Sexual Assault Response Procedures	Ch. 105/87	247
Threats Against Peace Officers	Ch. 1249/92	242

### SECTION 4 Appendix

	Page
A. State of California Travel Expense Guidelines	1-3
B. GC Sections 17500 – 17616	1-18

## 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.

2004-05 Reimburse- ment Claims	2005-06 Estimated Claims	Community College Districts		
x	x	Chapter	77/78	Absentee Ballots
x	x	Chapter	961/75	Collective Bargaining
x	N/A <sup>1</sup>	Chapter	1170/96	Grand Jury Proceedings
x	x	Chapter	1120/96	Health Benefits for Survivors of Peace Officers and Firefighters
x	x	Chapter	1/84	Health Fee Elimination
x	x	Chapter	1116/92	Integrated Waste Management
N/A <sup>2</sup>	N/A <sup>1</sup>	Chapter	783/95	Investment Reports
x	x	Chapter	284/98	Law Enforcement College Jurisdiction Agreements
N/A <sup>2</sup>	N/A <sup>1</sup>	Chapter	126/93	Law Enforcement Sexual Harassment Training
x	x	Chapter	486/75	Mandate Reimbursement Process
x	N/A <sup>3</sup>	Chapter	641/86	Open Meetings Act/Brown Act Reform
x	x	Chapter	875/85	Photographic Record of Evidence
x	x	Chapter	465/76	Peace Officers Bill of Rights
x	x	Chapter	908/96	Sex Offenders Disclosure by Law Enforcement Officers
x	x	Chapter	105/87	Sexual Assault Response Procedure

<sup>1</sup> 2005-06 State Budget Act, (Chapter 38/39, Statutes of 2005), Item 6110-295-0001, Provision 4.

<sup>2</sup> 2004-05 State Budget Act, (Chapter 205, Statutes of 2004), Item 6110-295-0001.

<sup>3</sup> Commission on State Mandates set aside this program as directed by AB 138, Statutes of 2005.

**APPROPRIATIONS FOR THE 2005-06 FISCAL YEAR**

**Source of State Mandated Cost Appropriations**

Schedule	Program	Amount Appropriated
<b>Chapter 38/05, Item 6870-295-0001</b>		
Chapter 77/78	Absentee Ballots	0 <sup>1</sup>
Chapter 961/75	Collective Bargaining	0 <sup>1</sup>
Chapter 1120/*96	Health Benefits for Survivors of Peace Officers and Firefighters	0 <sup>1</sup>
Chapter 1/84	Health Fee Elimination	\$1,000
Chapter 1116/92	Integrated Waste Management	0 <sup>1</sup>
Chapter 284/98	Law Enforcement College Jurisdiction Agreements	1,000
Chapter 486/75	Mandate Reimbursement Process	0 <sup>1</sup>
Chapter 641/86	Open Meetings Act/Brown Act Reform	0 <sup>2</sup>
Chapter 465/76	Peace Officers Bill of Rights	0 <sup>1</sup>
Chapter 875/85	Photographic Record of Evidence	0 <sup>1</sup>
Chapter 908/96	Sex Offenders Disclosure by Law Enforcement Officers	2,000
Chapter 105/87	Sexual Assault Response Procedure	0 <sup>1</sup>
Chapter 961/75	Threats Against Peace Officers	0 <sup>1</sup>
		<b>\$4,000</b>

**SUSPENDED MANDATES FOR 2005-06 FISCAL YEAR**

Chapter 126/93	Law Enforcement Sexual Harassment Training <sup>3</sup>
Chapter 1170/96	Grand Jury Proceedings <sup>3</sup>
Chapter 783/95	Investment Reports <sup>3</sup>

<sup>1</sup> In accordance with Budget Item 6110-295-0001, Provision 5, as follows: The Controller shall not make any payments 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. Refer to the Community College Manual.

<sup>2</sup> The Commission on State Mandates set aside this program as directed by AB 138, Statutes of 2005.

<sup>3</sup> Budget Item 6110, Provision 4, suspended these mandates for the 2005-06 fiscal year.

## FILING A CLAIM

### 1. Introduction

The law in the State of California, (GC Sections 17500 through 17617), provides for the reimbursement of costs incurred by community college districts (CCD) for costs mandated by the State. Costs mandated by the State means any increased costs which a CCD 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 CCD 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 Commission on State Mandates (COSM) may approve the program for inclusion in the State Mandates Apportionment System (SMAS). For programs included in SMAS, the SCO determines the amount of each claimant's entitlement based on an average of three consecutive fiscal years of actual costs adjusted by any changes in the Implicit Price Deflator (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 CCD 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 2004-05 fiscal year, may be filed by January 15, 2006 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 CCD, 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 CCD 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, following the third fiscal year used to develop the entitlement claim, 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.

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. The form FAM-43 is included in the claiming instructions for SMAS programs. 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.

### **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, or 15 days after the date the appropriation for the claim is effective, whichever is later. 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 consider 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 P's & G's, the determination of allowable and unallowable costs for mandates is based on the P's & G's 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 P's & G's.
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 should not be claimed as direct program costs unless specified as reimbursable under the program's P's & G's. These costs 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 CCD 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 the Implicit Price Deflator (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 CCD 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 average daily attendance.

In the event a CCD has incurred costs for three consecutive fiscal years but did not file a reimbursement claim in one or more of those fiscal years, the CCD 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 CCD 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 CCD 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.

## 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 CCD 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:

- Paid holidays
- Vacation earned
- Sick leave taken
- Informal time off
- Jury duty
- 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> $[(EAS + Benefits) \div APH] = PHR$ $[(\$26,000 + \$8,099)] \div 1,800 \text{ hrs} = 18.94$	<b>Description:</b> EAS = Employee's Annual Salary APH = Annual Productive Hours PHR = Productive Hourly Rate
---	--

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

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

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

- As illustrated in Table 3, both methods produce the same productive hourly rate.
- Reimbursement for personnel services includes, but is not limited to, compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include employer's contributions for social security, pension plans, insurance, workmen's compensation insurance and similar payments. These benefits are eligible for reimbursement as long as they are distributed equitably to all activities. Whether these costs are allowable is based on the following presumptions:
- The amount of compensation is reasonable for the service rendered.
  - The compensation paid and benefits received are appropriately authorized by the governing board.
  - Amounts charged for personnel services are based on payroll documents that are supported by time and attendance or equivalent records for individual employees.
  - The methods used to distribute personnel services should produce an equitable distribution of direct and indirect allowable costs.

For each of the employees included in the claim, the claimant must use reasonable rates and hours in computing the wage cost. If a person of a higher-level job position, perform 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 a 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 parameters and guidelines 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:

**Table 3: Calculating an Average Productive Hourly Rate**

	<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 hrs. = \$8.34			

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

A CCD 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 Insurance	5.25%
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 the CCD.

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

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

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

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

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

<b>Supplies</b>	<u>Supplies Used</u>	<u>Unit Cost of Supplies 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 CCD 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 P’s & G’s 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 P's & G's for the particular mandate. Equipment rentals used solely for the mandate is 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 pro rata 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 P's & G's specify them as allowable. If they are allowable, the parameters and guidelines 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 pro rata 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 P's & G's may specify certain limitations on expenses, or that expenses can only be reimbursed in accordance with the State Board of Control travel standards. When claiming travel expenses, the claimant must explain the purpose of the trip, identify the name and address of the persons incurring the expense, the date and time of departure and return for the trip, description of each expense claimed, the cost of transportation, number of private auto miles 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. To be allowable, a cost must be allocable to a particular cost objective. Indirect costs must be distributed to benefiting cost objectives on bases which produce an equitable result related to the benefits derived by the mandate.

A CCD may claim indirect costs using the Controller's methodology (FAM-29C) outlined in the following paragraphs. If specifically allowed by a mandated program's P's & G's, a district may alternately choose to claim indirect costs using either (1) a federally approved rate prepared in

accordance with Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate.

The SCO developed FAM-29C to be consistent with OMB Circular A-21, cost accounting principles as they apply to mandated cost programs. The objective is to determine an equitable rate to allocate administrative support to personnel who performed the mandated cost activities. The FAM-29C methodology uses a direct cost base comprised of salary and benefit costs and operating expenses. Form FAM-29C provides a consistent indirect cost rate methodology for all CCD's mandated cost programs.

FAM-29C uses total expenditures that districts report in their *California Community Colleges Annual Financial and Budget Report* (CCFS-311), Expenditures by Activity for the General Fund – Combined. The computation excludes Capital Outlay and Other Outgo in accordance with OMB Circular A-21. The indirect cost rate computation includes any depreciation or use allowance applicable to district buildings and equipment. Districts calculate depreciation or use allowance costs separately from the CCFS-311 report and should calculate them in accordance with OMB Circular A-21.

OMB Circular A-21, Section C.4, states that cost is allocable to a particular cost objective in accordance with the relative benefits received. Also, Section E.2.b. states that the overall objective of the cost allocation process is to distribute indirect costs to the institution's major functions in proportions reasonably consistent with their use of the institution's resources. In addition, Section E.2.c. notes that where certain items or categories of expense relate to less than all functions, such expenses should be set aside for selective allocation.

OMB Circular A-21, Section H, describes a simplified method for indirect cost rate calculations. However, Section H.1.b. states that the simplified method should not be used where it produces results that appear inequitable. As previously noted, FAM-29C strives to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by CCD. For example, library costs and department administration expenses, normally classified fully or partly as indirect costs in OMB Circular A-21, are instead classified as direct costs for FAM-29C. These costs do not benefit mandated cost activities. In summary, FAM-29C indirect costs include Operation and Maintenance of Plant; Planning, Policy Making, and Coordination; General Institutional Support Services (excluding Community Relations); and depreciation or use allowance. Community Relations includes fundraising costs, which are unallowable under OMB Circular A-21. If the district claims any costs from these indirect accounts as a direct mandate-related costs, the same costs should be reclassified as direct on FAM-29C.

Table 4 presents an example of the FAM-29C methodology.

**Table 4: Indirect Cost Rate for Community Colleges**

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGE DISTRICTS					FORM FAM 29-C	
(1) Claimant			(02) Period of Claim			
Activity	EDP	Total Costs Per CCFS-311	Less: Capital Outlay and Other Outgo	FAM 29-C Adjusted Total	Indirect	Direct
Instructional Activities	599	\$ 51,792,408	\$ (230,904)	\$ 51,561,504		\$ 51,561,504
Instruct. Admin. & Instruct. Governance	6000	6,882,034	(216,518)	6,665,516		6,665,516
Instructional Support Services	6100	4,155,095	(9,348)	4,145,747		4,145,747
Admissions and Records	6200	2,104,543	(3,824)	2,100,719		2,100,719
Student Counseling and Guidance	6300	4,570,658	(1,605)	4,569,053		4,569,053
Other Student Services	6400	5,426,510	(41,046)	5,385,464		5,385,464
Operation and Maintenance of Plant	6500	8,528,585	(111,743)	8,416,842	8,416,842	-
Planning, Policy Making, and Coordination	6600	5,015,333	(23,660)	4,991,673	4,991,673	-
General Institutional Support Services	6700			-		-
Community Relations	6710	885,089	(6,091)	878,998		878,998
Fiscal Operations	6720	1,891,424	(40,854)	1,850,570	1,850,570	-
Human Resources Management	6730	1,378,288	(25,899)	1,352,389	1,352,389	-
Non-instructional Staff Retirees' Benefits and Retirement Incentives	6740	1,011,060		1,011,060	1,011,060	-
Staff Development	6750	108,655	(8,782)	99,873	99,873	-
Staff Diversity	6760	30,125		30,125	30,125	-
Logistical Services	6770	2,790,091	(244,746)	2,545,345	2,545,345	-
Management Information Systems	6780	2,595,214	(496,861)	2,098,353	2,098,353	-
Other General Institutional Support Services	6790	33,155	(4,435)	28,720	28,720	-
Community Services and Economic Development	6800	340,014		340,014		340,014
Ancillary Services	6900	1,148,730	(296)	1,148,434		1,148,434
Auxiliary Operations	7000			-		-
Depreciation or Use Allowance - Building				-	2,620,741	
Depreciation or Use Allowance - Equipment				-	1,706,396	
				-		
<b>Totals</b>		<u>\$100,687,011</u>	<u>\$ (1,466,612)</u>	<u>\$ 99,220,399</u>	<u>\$26,752,087</u>	<u>\$ 76,795,449</u>
					<b>(A)</b>	<b>(B)</b>
<b>Indirect Cost Rate (A)/(B)</b>					<u>34.84%</u>	

## 9. Time Study Guidelines

### Background

For costs incurred on or after January 1, 2005, a reasonable reimbursement methodology can be used as a formula for reimbursing CCD costs mandated by the state that meets certain conditions specified in GC Section 17518.5(a). For costs incurred prior to January 1, 2005, a time study can only be substituted for continuous records of actual time spent for a specific fiscal year if the program's P's & G's allows for the use of time studies.

Two methods are acceptable for documenting employee time charged to mandated cost programs: Actual Time Reporting and Time Study, which are described below. Application of time study results is restricted. As explained in Time Study Results below, the results may be projected forward a maximum of two years provided the claimant meets certain criteria.

### Actual Time Reporting

The P's & G's define reimbursable activities for each mandated cost program. (Some P's & G's refer to reimbursable activities as reimbursable components.) When employees work on multiple activities and/or programs, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that meets the following standards (which clarify documentation requirements discussed under the Reimbursable Activities section of recent P's & G's):

- They must reflect an after-the-fact (contemporaneous) distribution of the actual activity of each employee;
- They must account for the total activity for which each employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and
- They must be signed by the employee.

Budget estimates or other distribution percentages determined before services are performed do not qualify as support for time distribution.

### Time Study

In certain cases, a time study may be used to substitute for continuous records of actual time spent on multiple activities and/or programs. An effective time study requires that an activity be a task that is repetitive in nature. Activities that require a varying level of effort are not appropriate for time studies.

### Time Study Plan

A time study plan is necessary before conducting the time study. The claimant must retain the time study plan for audit purposes. The plan needs to identify the following:

- Time period(s) to be studied – The plan must show that all time periods selected are representative of the fiscal year, and that the results can be reasonably projected to approximate actual costs.
- Activities and/or programs to be studied – For each mandated program included, the time study must separately identify each reimbursable activity defined in the mandated program's P's & G's, which are derived from the program's Statement of Decision. If a reimbursable activity in the P's & G's identifies separate and distinct sub-activities, they must also be treated as individual activities.



For example, sub-activities (a), (b), and (c) under reimbursable activity (B)(1) of the local agency's Domestic Violence Treatment Services: Authorization and Case Management program relate to information to be discussed during victim notification by the probation department and therefore are not separate and distinct activities. These sub-activities do not have to be separately studied.

- Process used to accomplish each reimbursable activity – Use flowcharts or similar analytical tools and/or written desk procedures to describe the process for each activity.
- Employee universe – The employee universe used in the time study must include all positions whose salaries and wages are to be allocated by means of the time study.
- Employee sample selection methodology – The plan must show that employees selected are representative of the employee universe, and the results can be reasonably projected to approximate actual costs. In addition, the employee sample size should be proportional to the variation in time spent to perform a task. The sample size should be larger for tasks with significant time variations.
- Time increments to be recorded – The time increments used should be sufficient to recognize the number of different activities performed and the dynamics of these responsibilities. Very large increments (such as one hour or more) might be used for employees performing only a few functions that change very slowly over time. Very small increments (a number of minutes) may be needed for employees performing more short-term tasks.

Random moment sampling is not an acceptable alternative to continuous time records for mandated cost claims. Random moment sampling techniques are most applicable in situations where employees perform many different types of activities on a variety of programs with small time increments throughout the fiscal year.

### Time Study Documentation

Time studies must:

- Be supported by time records that are completed contemporaneously;
- Report activity on a daily basis;
- Be sufficiently detailed to reflect all mandated activities and/or programs performed during a specific time period; and
- Coincide with one or more pay periods.

Time records must be signed by the employee (electronic signatures are acceptable) and be supported by corroborating evidence which validates that the work was actually performed. As with actual time reporting, budget estimates or other distribution percentages determined before services are performed do not qualify as valid time studies.

### Time Study Results

Time study results must be summarized to show how the time study supports the costs claimed for each activity. Any variations from the procedures identified in the original time study plan must be documented and explained.

Current-year costs must be used to prepare a time study. Claimants may project time study results to no more than two subsequent fiscal years. A claimant may not apply time study results retroactively.

- Annual Reimbursement Claims – Claimants may use time studies to support costs incurred on or after January 1, 2005. Claimants may not use time studies for the period July 1, 2004,

through December 31, 2004, unless (1) the program's P's & G's specifically allow time studies, and (2) the time study is prepared based on mandated activity occurring between July 1, 2004, and December 31, 2004.

- **Initial Claims** – When filing an initial claim for new mandated programs, claimants may only use time study results for costs incurred on or after January 1, 2005. Claimants may not use time studies to support costs incurred before January 1, 2005, unless (1) the program's P's & G's specifically allow time studies, and (2) the claimant prepares separate time studies for each fiscal year preceding January 1, 2005, based on mandated activity occurring during those years.

When projecting time study results, the claimant must certify that there have been no significant changes between years in either: (1) the requirements of each mandated program activity or (2) the processes and procedures used to accomplish the activity. For all years, the claimant must maintain corroborating evidence that validates the mandated activity was actually performed. Time study results used to support subsequent years' claims are subject to the recordkeeping requirements for those claims.

## 10. Offset Against State 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 CCD 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 a CCD 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

\* CCD 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 are 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 a CCD receiving special project funds based on approved actual costs. Local assistance revenues for special projects must be applied proportionately to approve costs.

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

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

\*\* CCD 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**

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 (OMB) 2 CFR Part 225.

## 11. 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.

## 12. 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 P's & G's adopted by the COSM. If any adjustments are made to a claim, a "Notice of Claim Adjustment" specifying the claim component adjusted, the amount adjusted, and the reason for the adjustment will be mailed within 30 days after payment of the claim.

Pursuant to GC Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by CCD 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 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 is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed no later than two years after the date that the audit is commenced. 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.

## 13. 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.

For costs incurred on or after January 1, 2005, a reasonable reimbursement methodology can be used as a formula for reimbursing a CCD mandated by the state that meets certain conditions specified in 17518.5(a). For costs incurred prior to January 1, 2005, time study can substitute for continuous records of actual time spent for a specific fiscal year only if the program's P's & G's allow for the use of time studies.

## 14. 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.

A CCD has the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget (OMB) 2 CFR Part 225) or from FAM-29C.

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

This form contains a certification that must be signed by an authorized officer of the CCD. 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

## 15. Retention of Claiming Instructions

For your convenience, the revised claiming instructions in this package have been arranged in alphabetical order by program name. These revisions should be inserted in the School Mandated Cost Manual and the old forms they replace should be removed. The instructions should then be retained permanently for future reference, and the forms should be duplicated to meet your filing requirements. Annually, updated forms and any other information or instructions claimants may need to file claims, as well as instructions and forms for all new programs released throughout the

year will be placed on the SCO's web site at [www.sco.ca.gov/ard/local/locreim/index.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

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

## **16. Retention of Claim Records and Supporting Documentation**

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and that 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 Adjustments" 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 SCO 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 SCO 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.

## PARAMETERS AND GUIDELINES AMENDMENT

Elections Code Sections 3003 and 3024

Statutes 1978, Chapter 77  
Statutes 2002, Chapter 1032

### *Absentee Ballots*

#### **I. SUMMARY OF THE MANDATE**

Elections Code section 3003, as added by Statutes 1978, chapter 77, and amended by Statutes 1994, chapter 920, requires that absentee ballots be available to any registered voter.<sup>1</sup> The Board of Control, predecessor agency to the Commission on State Mandates, determined at its hearing of June 17, 1981, that a reimbursable state mandate requiring an “increased level of service” exists in Statutes 1978, chapter 77. Under prior law, absentee ballots were provided only when the following conditions were met:

- a. illness,
- b. absence from precinct at day of election,
- c. physical handicap,
- d. conflicting religious commitments, or
- e. voter’s residence is more than ten miles from his polling place.

Elections Code section 3024, as added by Statutes 2002, chapter 1032<sup>2</sup> requires the Commission on State Mandates to amend these parameters and guidelines to “delete school districts, county boards of education, and community college districts from the list of eligible claimants.” AB 3005 specifies that the cost to administer absentee ballots when issues and elective offices related to school districts, as defined by Government Code section 17519, are included on a ballot election with non-education issues and elective offices shall not be fully or partially prorated to a school district.

#### **II. ELIGIBLE CLAIMANTS**

“Local agencies,” as defined in Government Code section 17518, that have incurred increased costs as a direct result of this mandate are eligible to claim reimbursement of those costs. “School districts,” as defined in Government Code section 17519, that have incurred increased costs as a direct result of administering their own election program are eligible to claim reimbursement of those costs. School districts cannot claim reimbursement when the county election official administers a school district election.

#### **III. PERIOD OF REIMBURSEMENT**

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government

---

<sup>1</sup> Statutes 1994, chapter 920 only renumbered Elections Code section 3003.

<sup>2</sup> Assembly Bill No. 3005 (2001-2002 Reg. Sess.), hereafter referred to as AB 3005.

Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years costs shall be submitted within 120 days of issuance of the claiming instructions by the State Controller.

For initial claims and annual claims filed prior to September 30, 2002, including amendments thereof, if the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564. For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given fiscal year do not exceed \$1000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

#### A. Local Agencies

Government Code section 17557, prior to its amendment by Statutes 1998, chapter 681 (effective September 22, 1998) stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for that fiscal year.

Statutes 1978, chapter 77 became effective on January 1, 1979. The test claim was filed on January 2, 1981. Therefore, in accordance with Section 17557, as in effect on the date of the filing of the test claim, all costs incurred by local agencies in compliance with Statutes 1978, chapter 77 are eligible for reimbursement on or after July 1, 1980. The first claim submitted will report costs incurred from July 1, 1980 through June 30, 1981.

#### B. School Districts

California Code of Regulations, title 2, section 1185.3, prior to its amendment (effective September 13, 1999), stated that a parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before November 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. An amendment was filed on August 25, 1997. Therefore, in accordance with Section 1185.3, as in effect on the date of the filing of the parameters and guidelines amendment, all costs incurred by school districts in compliance with Statutes 1978, chapter 77 are eligible for reimbursement on or after July 1, 1996 through September 27, 2002.

Effective September 13, 1999, California Code of Regulations, title 2, section 1183.2, states that a parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. This amendment, as required by AB 3005, was effective September 28, 2002. Therefore, only those costs incurred by school districts to administer their own election program in compliance with Statutes 1978, chapter 77 are eligible for reimbursement on or after September 28, 2002.

### **IV. REIMBURSABLE ACTIVITIES**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the



event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

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

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, these parameters and guidelines shall provide reimbursement only for costs associated with the increase in absentee ballot filings, as determined under the formulas below.

#### A. Elections Done by the County Election Official and Billed to the Local Agency

Methods 1, 2 and 3, below, are intended for use where a local agency election is done by the county election official and billed to the local agency. When county election officials provide election services to other local agencies, the costs of those billed services pursuant to the Uniform District Election Law (Elections Code section 10500 et seq.) shall not be included in the county's reimbursement claim.

##### Method 1

This method applies when the county election official does all calculations and provides a billing that distinguishes the reimbursable amount and the non-reimbursable amount billed.

If the county election official determines the claimant's pro rata share of reimbursable costs and reports the pro rata share of these costs in a separate bill or as a line item on a bill, the claimant may claim the amount paid to the county for the reimbursable costs.

##### Method 2

This method assumes that the percentage increase in absentee ballots is uniform throughout the county, and uses the countywide figures to determine the percentage of reimbursable costs.

1. Obtain data from county election official on the number of reimbursable absentee ballots (n), the number of absentee ballots cast (z) for the fiscal year, and the amount billed to the local agency by the county for total absentee ballot costs.
2. Calculate the Reimbursable Cost Percentage

$$\frac{n}{z} \cdot 100 = \text{Reimbursable Cost Percentage (p)}$$

3. Calculate the Reimbursable Costs

$$\frac{p}{100} \cdot \text{amount billed by county} = \text{Amount of Reimbursable Costs}$$

Method 3

This method is more complex, and requires the local agency to have data on numbers of ballots and absentee ballots filed in the local agency area. It requires the collection of more data, which may or may not be readily available.

1. Base Year Calculation (remains the same for all fiscal years claimed)

w) Number of ballots cast in the district or local agency area from January 1, 1975 through December 30, 1978 (w)

x) Number of absentee ballots cast in the district or local agency area from January 1, 1975 through December 30, 1978 (x)

2. Calculation for Fiscal Year Claimed (compute for each fiscal year claimed)

y) Number of ballots cast in the district or local agency area in fiscal year claimed (y)

z) Number of absentee ballots cast in the district or local agency area in fiscal year claimed (z)

3. Formula for Calculating Number of Reimbursable Absentee Ballots Filed

$$z - \frac{(x \cdot y)}{w} = \text{Number of reimbursable absentee ballots (n)}$$

4. Calculation of Reimbursable Cost Percentage

$$\frac{n}{z} \cdot 100 = \text{Reimbursable Cost Percentage (p)}$$

5. Calculation of Reimbursable Costs

$$\frac{p}{100} \cdot \text{amount billed by county} = \text{Amount of Reimbursable Costs}$$

B. Local Agencies or School Districts that Administer their Own Elections

Method 4, below, is intended for use where local agencies and school districts do their own elections and thus have the information on both numbers of ballots and absentee ballots, as well as the per-ballot cost information needed for item 4.

Method 4

1. Base Year Calculation (remains the same for all fiscal years claimed)

w) Number of ballots cast in the district or local agency area from January 1, 1975 through December 30, 1978 (w)

x) Number of absentee ballots cast in the district or local agency area from January 1, 1975 through December 30, 1978 (x)

2. Calculation for Fiscal Year Claimed (compute for each claim)
  - y) Number of ballots cast in the district or local agency area in fiscal year claimed (y)
  - z) Number of absentee ballots cast in the district or local agency area in fiscal year claimed (z)

3. Formula for Calculating Number of Reimbursable Absentee Ballots Filed

$$z - \frac{(x \cdot y)}{w} = \text{Number of reimbursable absentee ballots (n)}$$

4. Calculation of Cost Per Absentee Ballot Filing (See section V. Claim Preparation and Submission)

- |  |          |
|--|----------|
| a. Material                              | \$ _____ |
| b. Postage                               | \$ _____ |
| c. Labor                                 | \$ _____ |
| d. Overhead                              | \$ _____ |
| e. Cost per Absentee Ballot<br>(a+b+c+d) | \$ _____ |

5. Computation of Reimbursement

- |  |          |
|--|----------|
| A. Number of reimbursable filings (Item 3)(n)  | _____    |
| B. Cost per Absentee Ballot filing (Item 4)(e) | \$ _____ |
| Total Reimbursement (A • B)                    | \$ _____ |

**V. CLAIM PREPARATION AND SUBMISSION**

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

## 2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

## 3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

## 4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

## 5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

### B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

#### Local Agencies

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and

B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

### School Districts

School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

## **VI. RECORD RETENTION**

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>3</sup> is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment

---

<sup>3</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

## **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

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

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

## **IX. REMEDIES BEFORE THE COMMISSION**

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and California Code of Regulations, title 2, section 1183.2.

<b>CLAIM FOR PAYMENT</b>			<b>For State Controller Use Only</b>		<b>Program</b>	
<b>Pursuant to Government Code Section 17561</b>			(19) Program Number 00231		<b>231</b>	
<b>ABSENTEE BALLOTS</b>			(20) Date Filed ___/___/___			
			(21) LRS Input ___/___/___			
<b>L A B E L  H E R E</b>	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>			
	(02) Claimant Name		(22) AB-1, (03)(a)			
	County of Location		(23) AB-1, (03)(b)			
	Street Address or P.O. Box		(24) AB-1, (03)(c)			
	City		(25) AB-1, (03)(d)			
	State					
Zip Code						
<b>Type of Claim</b>		<b>Estimated Claim</b>		<b>Reimbursement Claim</b>		
(03) Estimated <input type="checkbox"/>		(09) Reimbursement <input type="checkbox"/>		(26) AB-1, (05)(e)		
(04) Combined <input type="checkbox"/>		(10) Combined <input type="checkbox"/>		(27) AB-1, (06)		
(05) Amended <input type="checkbox"/>		(11) Amended <input type="checkbox"/>		(28) AB-1, (07)		
				(29) AB-1, (08)		
<b>Fiscal Year of Cost</b>		(06) <b>20__ / 20__</b>		(12) <b>20__ / 20__</b>		
				(30) AB-1, (09)		
<b>Total Claimed Amount</b>		(07)		(13)		
				(31) AB-1, (10)		
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)		(32) AB-1, (11)		
<b>Less: Prior Claim Payment Received</b>		(15)		(33) AB-1, (12)		
<b>Net Claimed Amount</b>		(16)		(34) AB-1, (13)		
<b>Due from State</b>		(08)		(17)		
				(35)		
<b>Due to State</b>				(18)		
				(36)		
<b>(37) CERTIFICATION OF CLAIM</b>						
<p>In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.</p> <p>I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.</p> <p>The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.</p>						
Signature of Authorized Officer				Date		
_____				_____		
Type or Print Name				Title		
(38) Name of Contact Person for Claim				Telephone Number ( ) - Ext.		
_____				_____		
E-Mail Address				_____		
_____				_____		

<b>Program</b> <b>231</b>	<b>ABSENTEE BALLOTS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
------------------------------	---	------------------------------

- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form AB-1 and enter the amount from line (09).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form AB-1, line (09). The total claimed amount should exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), not to exceed \$1,000.
- (15) If filing an actual reimbursement claim and an estimated claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g. AB-1.2, (03)(a) means the information is located on form AB-1.2, block (03), line (a). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

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

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

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

**Address, if delivered by other delivery service:**

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



<b>Program</b> <b>231</b>	<b>MANDATED COSTS ABSENTEE BALLOTS CLAIM SUMMARY</b>	<b>FORM AB-1</b>
------------------------------	--	----------------------

(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
---------------	--	--------------------------

**Method 4**  
This method requires the school district to have data on the number of ballots and absentee ballots filed.

(03) (a) Number of ballots cast from 01/01/75 through 12/30/78	
(b) Number of absentee ballots cast from 01/01/75 through 12/30/78	
(c) Number of ballots cast in the fiscal year of claim	
(d) Number of absentee ballots cast in the fiscal year of claim	

Direct Costs	Object Accounts				
(04) Total Cost of Absentee Ballots in the Fiscal Year of Claim	(a) Salaries and Benefits	(b) Services and Supplies	(c) Travel and Training	(d) Fixed Assets	(e) Total
(05) Total Direct Costs					

<b>Indirect Costs</b>	
(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%] %
(07) Total Indirect Costs	[Line (06) x line (05)(a)]
(08) Total Cost of Absentee Ballots in the Fiscal Year of Claim	[Line (05)(e) + line (07)]
(09) Number of Reimbursable Absentee Ballots Filed	[Line (03)(d) - {line (03)(b) x line (03)(c) ÷ line (03)(a)}]
(10) Amount Billed by the County (attach billing statement)	
(11) Increased Costs	[Line (10) x {line (09) ÷ line (03)(d)}]

<b>Cost Reduction</b>	
(12) Less: Offsetting Savings	
(13) Less: Other Reimbursements	
(14) Total Claimed Amount	[Line (11) - {line (12) + line (13)}]

Program <b>231</b>	<b>ABSENTEE BALLOTS CLAIM SUMMARY Instructions</b>	<b>FORM AB-1</b>
-----------------------	--	----------------------

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.  
Form AB-1 must be filed for a reimbursement claim. Do not complete form AB-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form AB-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) (a) Enter the number of ballots cast from January 1, 1975, through December 30, 1978.  
(b) Enter the number of absentee ballots cast from January 1, 1975, through December 30, 1978.  
(c) Enter the number of ballots cast in the fiscal year of claim.  
(d) Enter the number of absentee ballots cast in the fiscal year of claim.
- (04) Enter the total costs from form AB-2, line (05), columns (d), through (g) to form AB-1, block (04), columns (a), through (d) in the appropriate row. Total the row.
- (05) Enter the total for each row.
- (06) Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Enter the result of multiplying Total Direct Costs, line (05)(e), by the Indirect Cost Rate, line (06).
- (08) Enter the sum of Total Direct Costs, line (05)(e), and Total Indirect Costs, line (07).
- (09) To determine the number of additional absentee ballot filings that are reimbursable, multiply the number of absentee ballots cast from 01/01/75 to 12/30/78, line (03)(b), by the number of ballots cast in the fiscal year of claim, line (03)(c). Divide that product by the number of ballots cast from 01/01/75 to 12/30/78, line (03)(a). Subtract the quotient from the number of ballots cast in the fiscal year of claim, line (03)(d). Enter the difference as the number of additional ballot filings.
- (10) Enter the amount that was billed to the community college district by the county.
- (11) Enter the product of multiplying line (10) by the quotient from dividing line (09) by line (03)(d).
- (12) If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (13) If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (14) Subtract the sum of Offsetting Savings, line (12), and Other Reimbursements, line (13), from Increased Costs, line (11). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

Program <b style="font-size: 2em;">231</b>	<b>MANDATED COSTS</b> <b>ABSENTEE BALLOTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>AB-2</b>
---	---	----------------------------

(01) Claimant	(02) Fiscal Year Costs Were Incurred
---------------	--------------------------------------

(03) Reimbursable Component: Total Cost of Absentee Ballots in the Fiscal Year of Claim

(04) Description of Expenses: Complete columns (a) through (g).	<b>Object Accounts</b>
---	------------------------

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Services and Supplies	(f) Travel and Training	(g) Fixed Assets

(05) Total <input type="text"/> Subtotal <input type="text"/> Page: ___ of ___					
--	--	--	--	--	--

<b>Program</b> <b>231</b>	<b>ABSENTEE BALLOTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>AB-2</b>
------------------------------	---	----------------------------

- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form AB-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, etc. Contract services are reimbursable to the extent that the activities performed require special skill or knowledge that are not readily available from the claimant's staff. If a piece of equipment acquired for the Absentee Ballots program is also utilized for other programs, only a prorated cost of the equipment is reimbursable. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be three years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns							Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Salaries and Benefits</b>	Salaries Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
	Benefits Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Services and Supplies</b>	Supplies Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
	Contract Services Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service		Cost= Hourly Rate x Hours Worked or Total Contract			Copy of Contract and Invoices
<b>Travel and Training</b>	Travel Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode			Cost = Rate x Days or Miles  or Total Travel Cost		
	Training Employee Name/Title Name of Class		Dates Attended			Registration Fee		
<b>Fixed Assets</b>	Description of Equipment Purchased		Unit Cost				Cost= Unit Cost x Usage	

- (05) Total line (04), columns (d) through (g) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (g) to form AB-1, block (04), columns (a) through (d) in the appropriate row.

# Collective Bargaining

## 1. Summary of Chapters 961/75 and 1213/91

The Rodda Act repealed Education Code Article 5 (commencing with § 13080), of Chapter 1 of Division 10 and added Chapter 10.7 (commencing with § 3540) to Division 4 of Title 1 of the Government Code, relating to public educational employment relations.

The Rodda Act, which became operative July 1, 1976, repealed the Winton Act and enacted provisions requiring the employer and employee to meet and negotiate, thereby creating a collective bargaining atmosphere for public school employers. It also established the Public Employment Relations Board (PERB). PERB is responsible for issuing formal interpretations and rulings regarding collective bargaining under the Rodda Act.

Government Code Section 3547.5 as added by Chapter 1213, Statutes of 1991, requires school districts to publicly disclose major provisions of a collective bargaining agreement after negotiations but before the agreement becomes binding.

On July 17, 1978, the Commission on State Mandates (COSM), (formerly Board of Control) determined that Chapter 961, Statutes of 1975, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

On August 20, 1998, COSM determined that Chapter 1213, Statutes of 1991, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

## 2. Eligible Claimants

Any school district (K-12), county office of education, or community college district that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

## 3. Appropriations

These claiming instructions are issued following the adoption of the amended parameters and guidelines by COSM. To determine if this program is funded in subsequent fiscal years, refer to the schedule "Appropriation for State Mandated Cost Programs" in the *Annual Claiming Instructions for State Mandated Costs* issued in October of each year to county superintendents of schools and superintendents of schools.

## 4. Types of Claims

### A. Reimbursement and Estimated Claims

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

### B. Minimum Claim

Section 17564(a) of the Government Code provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school districts, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual district's claim does not exceed \$200. A combined claim must show the individual claim costs for each district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating school district. A school district may

withdraw from the combined claim form by providing a written notice of its intent to file a separate claim to the county superintendent of schools and the State Controller's Office at least 180 days prior to the deadline for filing the claim.

## 5. Filing Deadline

- A. Initial Claims-** -County offices of education and school districts that submitted 1998-99 fiscal year claims for professional and consultant services at the \$100 per hour rate may amend their claims to be reimbursed at the \$135 per hour rate.

Pursuant to Government Code Section 17561, Subdivision (d)(1)(A), initial claims must be filed within 120 days from the issuance date of claiming instructions. Accordingly:

- (1) Amended reimbursement claims for the 1998-99 fiscal year must be filed with the State Controller's Office and postmarked by August 3, 2000. If the amended reimbursement claim is filed after the deadline of August 3, 2000, the approved amount of the difference between the \$100 and \$135 rate change must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.
- (2) An amended 1999-00 estimated claim for professional and consultant services at the \$135 per hour rate may be filed with the State Controller's Office and postmarked by August 3, 2000. Timely filed amended estimated claims will be paid before late claims.

## B. Annually Thereafter

Refer to the item "Reimbursable State Mandated Cost Programs" contained in the cover letter for mandated cost programs issued annually in October that identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_/19\_\_ Reimbursement Claim" and/or "19\_\_/20\_\_ Estimated Claim," claims may be filed as follows:

- (1) An estimated claim filed with the State Controller's Office must be postmarked by January 15 of the fiscal year in which costs will be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year. If the school district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the school district may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the "Appropriation for State Mandated Cost Programs" in the previous fiscal year's annual claiming instructions.

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by January 15 following the fiscal year in which costs will be incurred. If the claim is filed after the deadline but by January 15 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

## 6. Reimbursable Activities

The objective of the reporting forms is to determine the Rodda Act costs incurred during the current year and compare them with the adjusted costs incurred in the base year under the Winton Act. The first three claim components listed below apply to both the Winton Act and Rodda Act. Components D through F, which apply to the Rodda Act, represent activities that were not required under the Winton Act.

**A. Determining Bargaining Units and Exclusive Representation**

The cost of determining appropriate bargaining units, exclusive representation and representatives are reimbursable. Activities determined to be eligible reimbursements for this component are as follows:

**(1) Bargaining Unit Lists**

Development of proposed lists for the bargaining unit determination hearings.

(a) Contract services necessary for development of proposed lists.

(b) Salaries and benefits of district employees and related costs necessary to develop proposed lists.

**(2) PERB Hearings**

Representation costs for the school employer at PERB hearings held to determine the bargaining units and their exclusive representative.

(a) Salaries and benefits of district employees used to prepare for and represent employer at hearings.

(b) Contract services used to prepare for and represent the employer at hearings.

**(3) Substitutes**

The cost of hiring substitutes to replace the employer and exclusive bargaining unit witnesses required testifying at PERB hearings. The claimant must include with the claim, a list of teacher witnesses, their job classifications, and the date they were required to testify.

The cost of substitute release time for employee witnesses asked to attend PERB hearings by bargaining units, but not required to testify, is not eligible for reimbursement in this component.

**(4) Travel**

Travel Expenses incurred by district employer representatives required to attend PERB hearings. Reimbursement shall reflect the rate specified by the regulations governing employees of the local school district. However, the reimbursement cannot exceed the rate adopted by the Board of Control for state employees.

**(5) Transcript**

The cost of preparing one transcript per PERB hearing is reimbursable.

**B. Election of Unit Representation**

The cost of elections and decertification elections of unit representatives is reimbursable in the event PERB determines that a question of representation exists and orders an election held by secret ballot. The claimant must include with the claim, any PERB agreements or orders that state how the election must be held.

Activities eligible for reimbursement for this component are as follows:

**(1) Precinct Voting List**

The salaries, benefits, and related cost of developing and preparing a precinct list, if required by PERB.

**(2) Ballot Tally Observers**

The salary and benefits of a school employer representative, if required by PERB to observe the ballot count.

### C. Cost of Negotiations

Costs associated with receipt of the exclusive representative's initial contract proposal, holding public hearings, providing a reasonable number of copies of the employer's contract proposal to the public, development and presentation of the initial district contract proposal, negotiation of the contract, reproduction and distribution of the final contract agreement. The claimant must include with the claim, a listing of the dates of all negotiation sessions held during the fiscal year of claim.

Activities determined to be eligible for reimbursement of this component are as follows:

(1) Representative's Contract Proposal

The employer's cost of analyzing the exclusive representative's initial contract proposal.

- (a) Salaries and benefits for public school employer representatives and supporting personnel participating in planning sessions and related contract services.

(2) Public Hearings

The cost of holding public hearings related to the contract negotiations.

(3) Public Distribution of Proposed Contract

The cost of providing a reasonable number of copies of the district's proposed contract to the public.

- (a) Reproduction of copies of the initial contract proposal for the district's supervisory, management, and confidential representatives are reimbursable.
- (b) A reasonable number of copies of the initial contract for distribution to the public is reimbursable.

(4) District Contract Proposal

The cost of employer salaries and benefits necessary for development and presentation of the initial district proposal and related contract services.

(5) Negotiation

The cost of negotiating a contract with the employee representatives.

- (a) Salaries and benefits for district employer representatives participating in negotiations and related contract services. Reimbursable costs for a maximum of five school district representatives per unit per negotiating session will be reimbursed.
- (b) Substitutes hired so that exclusive bargaining unit representatives can attend negotiations. List the job classification of the bargaining unit representative who required a substitute. List the dates and time the substitute worked. Substitute costs for a maximum of five representatives per unit negotiating per session are reimbursable.

(6) Public Distribution of Final Contract

The cost of reproduction of the contract and distribution of the final contract agreement.

- (a) Reproduction of copies of the initial contract for distribution to the district's supervisory, management, and confidential employee representatives.
- (b) A reasonable number of copies of the final contract for purposes of public information.

**The following costs are not eligible for reimbursement of this component:**

- (c) The cost of copies of the final contract provided to the collective bargaining unit members.
- (d) The salaries of union representatives.



**D. Impasse Proceedings**

The cost of impasse proceedings is reimbursable. Activities determined to be reimbursable for this component are as follows:

**(1) Mediation**

Representation costs for the school employer at mediation sessions are reimbursable.

- (a) Salaries and benefits for district employees to prepare and represent the employer at the sessions. Cost for a maximum of five public school employer representatives per mediation session will be reimbursed.
- (b) Contract services used to prepare for and represent the employer at the sessions.
- (c) The cost of substitutes hired to allow exclusive bargaining unit representatives to attend impasse proceedings. List the job classification of the employee witnesses and the dates and time of their attendance at mediation sessions. Reimbursement to a public school district employer is limited to the cost of hiring a maximum of five substitutes to replace five representatives so they can attend a mediation session.
- (d) The cost of renting facilities for the sessions.
- (e) The cost of the mediator is not eligible for reimbursement.

**(2) Fact Finding**

The cost of development and publication of the findings of the panel.

- (a) All the costs of the district employer representative serving on the fact-finding panel.
- (b) Fifty percent of the cost of the fact-finding panel mutually incurred by the employer representative and the employee bargaining unit representative. This may include the cost of teacher substitutes so that witnesses can attend fact-finding proceedings and the rental of facilities required to conduct the fact-finding hearing.
- (c) Special costs imposed on the district for the development of unique data required by a fact-finding panel. Describe the special costs and explain why this data would not have been required by a fact-finding panel under the Winton Act.

**E. Collective Bargaining Agreement Disclosure**

Disclosure of collective bargaining agreement *after* the negotiation and *before* adoption by the governing body, as required by Government Code Section 3547.5 and California State Department of Education Management Advisory 92-01 (or subsequent replacement).

- (1) Prepare the disclosure forms and documents.
- (2) Distribute a copy of the disclosure forms and documents to board members with a copy of the proposed agreement.
- (3) Make a copy of the disclosure forms and documents and the proposed agreement available to the public, prior to the day of the public meeting.
- (4) Train employer's personnel to prepare the disclosure forms and documents.
- (5) Materials and supplies necessary to prepare the disclosure forms and documents.

For items (1) through (3) above, list the date(s) of the public hearing(s) at which the major provisions of the agreement were disclosed in accordance with the requirements of Government Code Section 3547.5 and the Department of Education Advisory 92-01 (or subsequent replacement).

Procedures or formats that exceed those or duplicate activities required under any other statute or executive orders are not reimbursable under this component.

**F. Contract Administration**

The cost of contract administration and adjudication of contract disputes either by arbitration or litigation is reimbursable.

Activities determined to be reimbursable for this component are as follows:

**(1) Training Sessions**

Reasonable costs incurred for a reasonable number of training sessions held for supervisory and management personnel regarding contract administration and interpretation of the negotiated contract.

**(2) Grievances**

(a) Salaries and benefits of public school personnel involved in adjudication of contract disputes along with related contract services.

(b) Substitutes hired so that representative of an exclusive bargaining unit can attend adjudication hearings regarding contract disputes. List the job classifications of the employee witnesses and the dates and time they were required to attend adjudication hearings.

(c) The cost of one transcript per hearing is reimbursable.

**(3) Contract Disputes Presented Before PERB**

(a) Public school employer costs regarding contract disputes that are presented before PERB.

(b) Litigation costs incurred by a public school employer as a defendant in a court suit involving contract disputes may be reimbursable. (See (4) "Appeal of PERB Ruling," below, if claimant is the plaintiff).

(c) Expert witness fees if the witness is called by the public school employer.

(d) Reasonable reproduction costs for copies of a new contract that is required as a result of a dispute.

(e) A public school employer's portion of an arbitrator's fees (50% of costs) for adjudicating grievances.

**(4) Appeal of PERB Ruling**

Reasonable claimant costs associated with a contract dispute are reimbursable when the claimant is the plaintiff in a court suit to appeal a PERB ruling and the claimant is the prevailing party.

(a) The costs incurred become eligible for reimbursement in the fiscal year in which the appeal process has been exhausted.

(b) The claimant must include with the claim a copy of the court's ruling.

(c) If the claim includes costs associated with more than one appeal, the costs associated with each appeal must be shown separately.

No reimbursement is allowed where the public school employer has filed action directly with the courts without first submitting the dispute to PERB, if required.

No reimbursement shall be provided for filing of a brief with the court by a person who is not party to a litigation (i.e., amicus curiae).

**The following costs are not eligible for reimbursement of this component:**

(d) Contract interpretations conducted at staff meetings.

- (e) Personal development and informational programs (i.e., classes, conferences, seminars, workshops) and time spent by employees attending such meetings.
- (f) Labor/management non-adversarial training sessions
- (g) Purchase of books and subscriptions for personal development and information purposes.

### **G. Unfair Labor Practice Charges**

The cost of unfair labor practice adjudication process and public notice complaints are reimbursable.

Activities determined to be reimbursable for this component are as follows:

#### **(1) Unfair Labor Practice Presented to PERB**

- (a) Salaries and benefits of public school district representatives and related contract services.
- (b) The cost of substitutes hired to replace representatives of an exclusive bargaining unit required to attend adjudication hearings regarding unfair labor practice charges.
- (c) The cost of a transcript for each PERB hearing.
- (d) Reasonable reproduction costs.
- (e) Expert witness fees if the witness is called by the public school district.

#### **(2) Appeal of a PERB Ruling**

Claimant costs associated with the appeal of a PERB unfair labor practice decision are reimbursable if the claimant is the prevailing party.

- (a) The costs incurred become eligible for reimbursement in the fiscal year in which the appeal process has been exhausted.
- (b) The claim must include a copy of the court's ruling.
- (c) If the claim includes costs associated with more than one appeal, the costs associated with each appeal must be shown separately.

#### **The following costs are not eligible for reimbursement of this component:**

- (d) Appeal of an unfair labor practice if PERB is the prevailing party.
- (e) The filing of a brief with the court by a person who is not party to the litigation (i.e., amicus curiae).

## **7. Reimbursement Limitations**

### **A. Fringe Benefits**

The actual fringe benefit costs may be claimed if supported by an itemized list of the costs, such as for: Retirement, social security, health and dental insurance, workers' compensation, etc.. If no itemization is submitted, twenty one percent of direct salary may be used for computing the fringe benefit costs.

### **B. Contract Services**

The contract services guidelines in 8.A.(3) shall prevail, except that the reimbursable fee for collective bargaining contract services will not exceed \$135 per hour. Additionally, annual retainer fees shall be based on a fee not greater than \$135 per hour. The claims that are based on annual retainers shall contain a certification that the fee is no greater than \$135 per hour. Reasonable expenses will also be paid if identified on the monthly billings of consultants. However, travel expenses for consultants and experts (including attorneys) hired by the claimant shall not be

reimbursed in an amount higher than that received by state employees as established under Title 2, Division 2, Section 700ff, California Code of Regulations.

### C. Travel Expenses

Reimbursement of business and travel expenses is limited to an amount and type of that which can be claimed by state employees. Refer to Appendix B, State of California, Travel Expense Guidelines, for current per diem rates.

### D. Other Revenue Sources

Any offsetting savings or reimbursement the claimant received from any source including, but not limited to, service fees collected, federal funds, and other state funds as a direct result of this mandate shall be identified and deducted so only net local cost is claimed.

### E. Governing Authority

Salaries and expenses of the governing authority e.g. the Board of Trustees and Superintendent of Schools, are not reimbursable as a direct cost. These are costs of general government as described by the federal guideline "Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government," ASMB C-10.

### F. Quantify "Increased" Costs

Determination of increased costs for each of these components requires the cost of current year Rodda Act activities to be offset (reduced) by the cost of the base year Winton Act activities. The Winton Act base year is generally fiscal year 1974-75.

Winton Act base year costs are adjusted by the Implicit Price Deflator (IPD) prior to offset against the current year Rodda Act costs for claim components, 6.A., 6.B., and 6.C. The IPD shall be listed in the annual claiming instructions.

Base Year	Adjustment	
1974-75	1.490	1979-80 FY
1974-75	1.560	1980-81 FY
1974-75	1.697	1981-82 FY
1974-75	1.777	1982-83 FY

The cost of a claimant's current year Rodda Act activities are offset (reduced) by the cost of the base year Winton Act activities either by matching each component when claimants can provide sufficient documentation to segregate each component of the Winton Act base year activity costs or, by combining all three components when claimant cannot satisfactorily segregate each component of the Winton Act base year costs.

All allowable activity costs for Rodda Act components, 6.D., 6.E., 6.F., and 6.G., are increased costs since there were no similar activities required by the Winton Act; therefore no Winton Act base year offset is to be calculated.

## 8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphic presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms CB-1 and CB-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in this program. The claim forms provided for this program can be duplicated

and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary.

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

This form is used to segregate the detailed costs by claim component. A separate form CB-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

##### **(1) Salaries and Benefits**

Identify the employee(s) and/or show the classification of each employee(s) involved. Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate, and related fringe benefits.

Reimbursement of personnel services includes compensation paid for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g. annual leave, sick leave) and the employer's contribution to social security, pension plans, insurance, and workers' compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities that the employee performs.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate. The worksheet used to compute the hourly salary rate must be submitted with your claim. Actual benefit percent must be itemized. If no itemization is submitted, twenty one percent (21%) must be used for computation of claim costs. Identify the classification of employees committed to functions required under the Winton Act and those required by Chapter 961, Statutes of 1975.

##### **(2) Materials and Supplies**

Only expenditures that can be identified as a direct result of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate. The cost of materials and supplies that are not used exclusively for the mandate is limited to the pro rata portion used to comply with this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

##### **(3) Contract Services**

Show the name(s) of professionals or consultants separately, specify the functions performed relative to the mandate, length of appointment, and the itemized costs of such services. Invoices must be submitted as supporting documentation with the claim. The maximum reimbursable fee for contract services is \$135 per hour. Annual retainer fees shall be no greater than \$135 per hour. Reasonable expenses will also be paid as identified on the monthly billings of consultants.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

##### **(4) Travel**

Travel expenses for mileage, per diem, lodging, and other employee entitlements are reimbursable in accordance with the rules of the local jurisdiction. Give the name(s) of the traveler(s), purpose of travel, inclusive dates, destination points, and costs.

Source documents may include, but are not limited to, employee travel expense claims, receipts and other documents evidencing the travel expenses.

For audit purposes all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

**B. Form CB-1, Claim Summary**

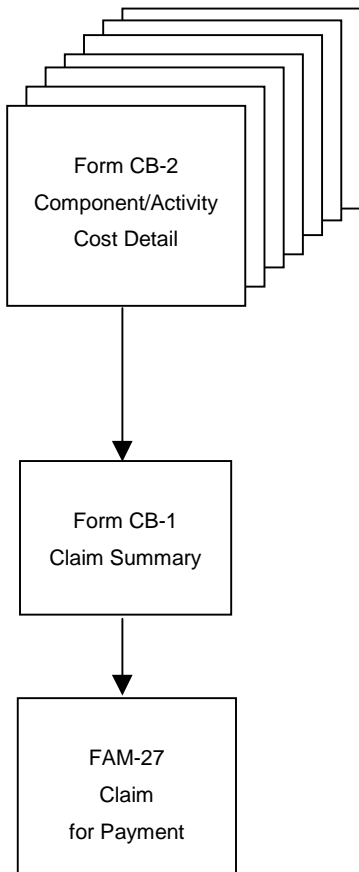
This form is used to summarize direct costs by cost component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from form CB-2 and carried forward to form FAM-27.

School districts and county offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. Community college districts must use one of the following three alternatives: A federally approved rate based on OMB Circular A-21; the State Controller's FAM-29C that utilizes CCFS-311.

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

This form contains a certification that must be signed by an authorized officer of the school district. All applicable information from form CB-1 must be carried forward to this form in order for the State Controller's Office to process the claim for payment.

Illustration of Forms



**Form CB-2, Component/Activity Cost Detail**

Complete a separate form CB-2 for each cost component claimed.

A. Determining Bargaining Units and Exclusive Representation

- (1) Bargaining Unit Lists
- (2) PERB Hearings
- (3) Substitutes
- (4) Travel Costs
- (5) Transcripts

B. Election of Unit Representation

- (1) Precinct Voting List
- (2) Ballot Tally Observers

C. Cost of Negotiations

- (1) Representative's Contract Proposal
- (2) Public Hearings
- (3) Public Distribution of Proposed Contract
- (4) District Contract Proposal
- (5) Negotiation
- (6) Public Distribution of Final Contract

D. Impasse Proceedings

- (1) Mediation
- (2) Fact Finding

E. Collective Bargaining Agreement Disclosure

- (1) Prepare Disclosure Forms and Documents
- (2) Distribute Forms and Documents
- (3) Copy Forms and Documents
- (4) Train Employer's Personnel
- (5) Purchase Necessary Supplies

F. Contract Administration

- (1) Training Sessions
- (2) Grievances
- (3) Contract Disputes Presented to PERB
- (4) Appeal of a PERB Ruling

G. Unfair Labor Practice Charges

- (1) Unfair Labor Practice Presented to PERB
- (2) Appeal of a PERB Ruling

<b>CLAIM FOR PAYMENT</b>			<b>For State Controller Use Only</b>		<b>Program</b>	
<b>Pursuant to Government Code Section 17561</b>			(19) Program Number 00232		<b>232</b>	
<b>COLLECTIVE BARGAINING</b>			(20) Date Filed ___/___/___			
			(21) LRS Input ___/___/___			
<b>L A B E L  H E R E</b>	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>			
	(02) Claimant Name		(22) CB-1, (03)(1)(e)			
	County of Location		(23) CB-1, (03)(2)(e)			
	Street Address or P.O. Box		(24) CB-1, (03)(3)(e)			
	City		(25) CB-1, (03)(4)(e)			
	State		(26) CB-1, (03)(5)(e)			
Zip Code		(27) CB-1, (03)(6)(e)				
<b>Type of Claim</b>		<b>Estimated Claim</b>		<b>Reimbursement Claim</b>		
(03) Estimated <input type="checkbox"/>		(09) Reimbursement <input type="checkbox"/>		(28) CB-1, (03)(7)(e)		
(04) Combined <input type="checkbox"/>		(10) Combined <input type="checkbox"/>		(29) CB-1, (04)(d)		
(05) Amended <input type="checkbox"/>		(11) Amended <input type="checkbox"/>				
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20 ___	(12) <b>20</b> ___/20 ___	(30) CB-1, (04)(e)			
<b>Total Claimed Amount</b>	(07)	(13)	(31) CB-1, (05)(e)			
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32) CB-1, (07)			
<b>Less: Prior Claim Payment Received</b>		(15)	(33) CB-1, (11)			
<b>Net Claimed Amount</b>		(16)	(34) CB-1, (12)			
<b>Due from State</b>	(08)	(17)	(35) CB-1, (14)			
<b>Due to State</b>		(18)	(36) CB-1, (15)			
<b>(37) CERTIFICATION OF CLAIM</b>						
<p>In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.</p> <p>I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.</p> <p>The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.</p>						
Signature of Authorized Officer			Date			
_____			_____			
Type or Print Name			Title			
(38) Name of Contact Person for Claim			Telephone Number ( ) - Ext.			
_____			_____			
E-Mail Address			_____			



Program <b>232</b>	<b>COLLECTIVE BARGAINING</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
-----------------------	--	------------------------------

- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing a combined estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form CB-1 and enter the amount from line (16).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an " X " in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X " in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form CB-1, line (16). The total claimed amount must be a minimum of \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., CB-1, (03)(01)(e), means the information is located on form CB-1, block (03), line (1), column (e). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 35.19% should be shown as 35. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

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

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

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

**Address, if delivered by other delivery service:**

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

<b>Program 232</b>	<b>MANDATED COSTS COLLECTIVE BARGAINING CLAIM SUMMARY</b>	<b>FORM CB-1</b>
------------------------	---	----------------------

(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
---------------	--	--------------------------

Rodda Act Direct Costs	Cost Elements				
(03) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Travel and Training	(d) Contract Services	(e) Total
1. Determining Bargaining Units and Exclusive Representation					
2. Election of Unit Representation					
3. Cost of Negotiations					
4. Impasse Proceedings					
5. Collective Bargaining Agreement Disclosure					
6. Contract Administration					
7. Unfair Labor Practice Charges					
(04) Total Rodda Act Direct Costs					

Winton Act Direct Costs					
(05) Base Year, 1974-75 Direct Costs					
(06) Base Year Direct Costs Adjusted by IPD				[Line (05)(e) x 3.564 for 2004-05 F.Y.]	
(07) Increased Direct Costs				[Line (04)(e) – line (06)]	

Indirect Costs					
(08) Total Rodda Act Direct Costs less Contract Services				[Line (04)(e) – line (04)(d)]	
(09) Base Year Costs less Contract Services adjusted by IPD				[(Line (05)(e) - line (05)(d)) x 3.564]	
(10) Increased Direct Costs less Contract Services				[Line (08) - line (09)]	
(11) Indirect Cost Rate				[Federally approved OMB A-21, FAM-29C, or 7%]	%
(12) Increased Indirect Costs				[Line (10) x line (11)]	
(13) Total Increased Direct and Indirect Costs				[Line (07) + line (12)]	

Cost Reduction					
(14) Less: Offsetting Savings					
(15) Less: Other Reimbursements					
(16) Total Claimed Amount				[Line (13) – {line (14) + line (15)}]	

<b>Program 232</b>	<b>COLLECTIVE BARGAINING CLAIM SUMMARY Instructions</b>	<b>FORM CB-1</b>
------------------------	---	----------------------

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.
- Form CB-1 must be filed for a reimbursement claim. Do not complete form CB-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form CB-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) For each of the reimbursable components, enter the total allowable cost from form CB-2, line (05), columns (d) through (g) onto form CB-1, block (03), lines (1) through (7), columns (a) through (d). Total each line and enter in column (e).
- (04) Add columns (03)(d) and (e) for Cost Elements, and enter the totals on this line.
- (05) Method A. Enter the 1974-75 Winton Act (base year) costs on line (05)(e). Enter on line (05)(d) any contract service costs included in line (05)(e).
- Method B. Enter the amount from form CB-1.1, line (04)(b) onto line (05)(e). Enter on line (05)(d) any contract service costs included in line (05)(e).
- (06) Method A. Multiply the base year cost on line (05)(e) by the implicit price deflator (IPD). The 2004-05 IPD is 3.564.
- Method B. Enter the amount from form CB-1.1, line (04)(d).
- (07) Subtract the Base Year Direct Costs Adjusted by the IPD, line (06), from Total Rodda Act Direct Cost, line (04)(e).
- (08) Subtract Total Contract Services, line (04)(d), from Total Rodda Act Direct Costs, line (04)(e).
- (09) Subtract Base Year Contract Services, line (05)(d), from Base Year, 1974-75 Direct Costs, line (05)(e), and multiply the remainder by the IPD.
- (10) Subtract Base Year Costs less Contract Services adjusted by the IPD, line (09), from Total Rodda Act Direct Costs less Contract Services, line (08).
- (11) Community college districts may use the federally approved OMB A-21 rate, the rate computed using form FAM-29C, or the 7% indirect cost rate.
- (12) Multiply Incremental Direct Costs less Contract Services, line (10), by Indirect Cost Rate, line (11).
- (13) Enter the sum of Incremental Costs, line (07), and Incremental Indirect Costs, line (12).
- (14) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (15) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (16) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (14), and Other Reimbursements, line (15), from Total Direct and Indirect Costs, line (13). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

PROGRAM <b>232</b>	<b>MANDATED COSTS</b>  <b>COLLECTIVE BARGAINING</b>  <b>DETERMINING WINTON ACT COSTS</b>	<b>FORM</b> <b>CB-1.1</b>
(01) Claimant	(02) Fiscal Year	20__/20__

NOTE: Beginning with the 1992-93 claims, a community college has the option of using Method A or Method B for this segment of the claim to determine increased costs due to the Rodda Act.

Method A: Community college districts have been using this method in previous fiscal years to determine increased costs. The community college district reduces the current Rodda Act costs by the total 1974-75 Winton Act (base year) cost adjusted by annual changes in the implicit price deflator. Rodda Act costs in excess of the adjusted Winton Act costs are claimable. If a community college district chooses to continue with this method, do not complete form CB-1.1.

Method B: This method is new. It may be advantageous for a community college district to use this method if the district can provide cost documentation for each 1974-75 Winton Act cost component listed below. The Rodda Act has the three similar matching cost components. Under each matched component, report only the amount of Winton Act costs adjusted by changes in the implicit price deflator for which current Rodda Act costs exist. Examples: (1) If the Rodda Act costs exceed the adjusted Winton Act costs for the component, all Winton Act costs of the component must be reported for purposes of reducing the Rodda Act costs. (2) If the adjusted Winton Act costs exceed current Rodda Act costs for the component, residual Winton Act costs do not have to be applied against current Rodda Act costs of other components. If Method B is chosen, the claimant must complete the following:

- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs are being filed.
- (03) Complete the following:
  - (a) Enter in column (a) the current Rodda Act costs for each of the three cost components, if any.
  - (b) Enter in column (b) the amount of the 1974-75 Winton Act costs applicable to each of the three components. The total on line (4) column (b) should be the same as shown on form CB-1, line (5)(e).
  - (c) Enter in column (c) the product of multiplying the 1974-75 Winton Act cost component in column (b) by the implicit price deflator specified for the fiscal year of the claim.
  - (d) Enter in each row, column (d), the lesser amount of column (a) or column (c). Total column (d) and forward the amount to form CB-1, line (06).

Similar Cost Components of the Rodda Act and Winton Act	(a) Current Rodda Act Costs	(b) 1974-75 Winton Act Costs Applied	(c) 1974-75 Winton Act Costs Adjusted by IPD	(d) Winton Act Costs to be Applied
1. Determination of Bargaining and Exclusive Representation	\$	\$	\$	\$
2. Election of Unit Representation				
3. Meet and Confer (Cost of Negotiations)				
4. Totals	\$	\$	\$	\$



<b>PROGRAM</b> <b>232</b>	<b>MANDATED COSTS</b> <b>COLLECTIVE BARGAINING</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>CB-2</b>
------------------------------	--	----------------------------

(01) Claimant	(02) Fiscal Year Costs Were Incurred
---------------	--------------------------------------

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Determining Bargaining Units and Exclusive Representation	<input type="checkbox"/> Collective Bargaining Agreement Disclosure
<input type="checkbox"/> Election of Unit Representation	<input type="checkbox"/> Contract Administration
<input type="checkbox"/> Cost of Negotiations	<input type="checkbox"/> Unfair Labor Practice Charges
<input type="checkbox"/> Impasse Proceedings	

(04) Description of Expenses: Complete columns (a) through (g)	<b>Object Accounts</b>
--	------------------------

(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Travel	(g) Contract Services

(05) Total <input style="width: 40px;" type="text"/>	Subtotal <input style="width: 40px;" type="text"/>	Page: ___ of ___				
--	--	------------------	--	--	--	--

<b>PROGRAM</b> <b>232</b>	<b>COLLECTIVE BARGAINING</b> <b>Component/Activity Cost Detail</b> <b>Instructions</b>	<b>FORM</b> <b>CB-2</b>
------------------------------	--	----------------------------

- (01) Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year costs were incurred.
- (03) Reimbursable Components. Check the box that indicates the cost component being claimed. Check only one box per form. A separate form CB-2 shall be prepared for each component that applies.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee name(s), position title(s), a brief description of the activities performed, actual time spent by each employee, productive hourly rate(s), fringe benefit(s), materials and supplies used, travel, and contract services. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
<b>Benefits</b>	Title Activities	Benefit Rate	Hours Worked	Benefits = Benefit Rate x Salaries				
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
<b>Travel</b>	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode			Total Travel Cost = Rate x Days or Miles		
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Cost = Hourly Rate x Hours Worked	

- (05) Total line (04), columns (d), (e), (f) , and (g) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component costs, number each page. Enter totals from line (05), columns (d), (e), (f), and (g) to form CB-1, block (03), columns (a), (b), (c), and (d) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2003-21

GRAND JURY PROCEEDINGS  
(COMMUNITY COLLEGES)

OCTOBER 6, 2003

In accordance with Government Code Section (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Grand Jury Proceedings (GJP) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On June 27, 2002, the COSM, determined that Penal Code Sections 914, 933, 933.05, and 938.4, as added or amended by Chapter 1170, Statutes of 1996, Chapter 443, Statutes of 1997, and Chapter 230, Statutes of 1998, established costs mandated by the State according to the provisions listed in the P's & G's. For your reference, the P's and G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college, as defined in GC Section 17519, that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**Initial Claims**

Reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Costs incurred in implementing the provisions of Chapter 1170, Statutes of 1996, are reimbursable for fiscal years 1997-98 through 2002-03; costs incurred in implementing the provisions of Chapter 443, Statutes of 1997, are reimbursable for the period, January 1, 1998, to June 30, 1998, and fiscal years 1998-99 through 2002-03; costs incurred in implementing the provisions of Chapter 230, Statutes of 1998, are reimbursable for the period, January 1, 1999, to June 30, 1999, and fiscal years 1999-00 through 2002-03 and must be filed with the SCO and be delivered or postmarked on or before **February 3, 2004**. An estimated claim for the 2003-04 fiscal year may be filed by **February 3, 2004**. Claims filed after the deadline will be reduced by a late penalty of 10%.

In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline will not be accepted.**



### **Minimum Claim Cost**

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).

### **Reimbursement of Claims**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. 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 (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure Section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

### **Audit of Costs**

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

Pursuant to GC Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a claimant 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. 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 last amended regardless of the year of costs incurred. When no funds were appropriated for initial claims at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and shall be made available to the SCO on request.

## Retention of Claiming Instructions

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

## Address for Filing Claims

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

If delivered by  
U.S. Postal Service:

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

If delivered by  
other delivery services:

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

## PARAMETERS AND GUIDELINES

Penal Code Sections 914, 933, 933.05, and 938.4

Statutes 1996, Chapter 1170

Statutes 1997, Chapter 443

Statutes 1998, Chapter 230

### *Grand Jury Proceedings*

#### **I. SUMMARY OF THE MANDATE**

Statutes 1996, chapter 1170; Statutes 1997, chapter 443; and Statutes 1998, chapter 230 added or amended Penal Code sections 914, 933, 933.05, and 938.4 relating to grand jury operations.

These statutes:

- Expand the required response of local entities to a grand jury finding.
- Require the local superior court to ensure the grand jury receives specified training.
- Delete language that excluded required responses to grand jury findings on fiscal matters.
- Require a grand jury meeting to be held with the local entity that is the subject of the investigation unless the court considers it detrimental.
- Require a county to support grand jury operations and provide a suitable room for its use.
- Require the county clerk to forward copies of the grand jury report and public agency responses to the State Archivist.

On June 27, 2002, the Commission on State Mandates (Commission) adopted its Statement of Decision that the test claim legislation constitutes a reimbursable state-mandated program upon local governments within the meaning of article XIII B, section 6, of the California Constitution and Government Code section 17514 for the following activities:

- Providing comments to the grand jury report including fiscal matters in the report.
- Providing training and consultation to the grand jury.
- Meeting with the subject of an investigation.
- Providing a meeting room and support for the grand jury.
- Forwarding copies of the grand jury report and responses to the State Archivist.

## II. ELIGIBLE CLAIMANTS

Any county, city, city and county, special district, joint powers agency, and school districts, including community college districts,<sup>1</sup> that have incurred increased costs as a direct result of this mandate are eligible to claim reimbursement of those costs.

## III. PERIOD OF REIMBURSEMENT

Government Code section 17557 states that a test claim must be submitted on or before June 30 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for this mandate was filed on June 30, 1999. Therefore, costs incurred for compliance with Statutes 1996, chapter 1170 are eligible for reimbursement on or after July 1, 1997.

Statutes 1997, chapter 443 was operative January 1, 1998, and Statutes 1998, chapter 230 was operative January 1, 1999. Therefore, costs incurred for compliance with Statutes 1997, chapter 443 are reimbursable on or after January 1, 1998, and costs incurred for compliance with Statutes 1998, chapter 230 are reimbursable on or after January 1, 1999.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

If total costs for a given year do not exceed \$1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

## IV. REIMBURSABLE ACTIVITIES

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

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

---

<sup>1</sup> Penal Code section 933.5 has been interpreted to limit the grand jury's investigation into K-12 school districts (other than into public offenses and misconduct) to the district's financial affairs that affect the assessing and taxing powers of the district. (*Board of Trustees of Calaveras Unified School District v. Leach* (1968) 258 Cal.App.2d 281.)

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

A. One-Time County Activities

1. Developing policies and procedures for the activities listed in section IV. of these parameters and guidelines. (*Reimbursement period begins July 1, 1997.*)
2. Developing a training program for grand jurors that consider or take action on civil matters. As required by the court, reimbursement is limited to training for report writing, interviews, and grand jury's scope of responsibility and statutory authority. Costs to the county for the court to meet with the district attorney, county counsel, and at least one former grand juror to consult regarding grand jury training are reimbursable. (Pen. Code, § 914, subd. (b)). (*Reimbursement period begins January 1, 1998.*)

B. On-Going County Activities

1. Training each grand jury that considers or takes action on civil matters, as outlined in section IV. A. above (Pen. Code, § 914, subd. (b)). (*Reimbursement period begins January 1, 1998.*)
2. Grand jury meeting(s) with the subjects(s) of the grand jury's investigation(s) regarding the investigation.<sup>2</sup> Grand jury participation in the meeting(s) is reimbursable (Pen. Code, § 933.05, subd. (e)). (*Reimbursement period begins January 1, 1998.*)
3. Providing a suitable meeting room and providing support to the grand jury as the superior court determines is necessary (Pen. Code, § 938.4). See sections V. A3 and A4 for claiming the pro rata share of the meeting room cost if it is used for other purposes. (*Reimbursement period begins January 1, 1998.*)
4. The county clerk submitting a copy of the grand jury report and responses from the person or entity that is the subject of the grand jury report to the State Archivist. This includes the cost of duplication, mailing, or other form of transmittal (Pen. Code, § 933, subd. (b)). (*Reimbursement period begins January 1, 1999.*)

C. On-Going Local Agency or School District Activities<sup>3</sup> (*Reimbursement period begins July 1, 1997.*)

1. Preparing a response to each grand jury finding including those involving fiscal matters. The responding person or entity shall include one of the following into the response for each finding:
  - a. The respondent agrees with the finding.

---

<sup>2</sup> During an investigation, the grand jury shall meet with the subject of that investigation. (Pen. Code, § 933.05, subd. (e).)

<sup>3</sup> Any county, city, city and county, special district, joint powers agency, or school or community college district that is responding to a grand jury report.

- b. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
2. Preparing a response to each grand jury recommendation in which the responding person or entity shall report one of the following actions for each recommendation:
- a. The recommendation has been implemented, with a summary regarding the implemented action.
  - b. The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.
  - c. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report regarding the grand jury finding.
  - d. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

(Pen. Code, § 933.05, subd. (a) and (b).)

3. A local agency or school district meeting with the grand jury as the subject of an investigation is reimbursable (Pen. Code, §933.05, subd. (e)). (*Reimbursement period begins January 1, 1998.*)

## V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

### A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

#### 1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

#### 2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

### 3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report dates when services were performed and itemize all costs for those services. If the contract services are also used for purposes other than the reimbursable activities, only the pro rata portion of the service used to implement the reimbursable activities can be claimed.

### 4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

### 5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

### 6. Training

Report the name and job classification of each employee attending training necessary to implement the reimbursable activities, as specified in Section IV of this document. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

### B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

#### Local Agencies

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of

using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate, which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

#### K-12 School Districts

School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

#### Community College Districts

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

## VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>1</sup> is subject to the initiation

---

<sup>1</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.



of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV. must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

## **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

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

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

## **IX. REMEDIES BEFORE THE COMMISSION**

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and California Code of Regulations, title 2, section 1183.2.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>GRAND JURY PROCEEDINGS</b>	For State Controller Use Only (19) Program Number 00243 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">243</span>
--	---	---

L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>		
	(02) Claimant Name		(22) GJP-1, (04)(1)(a)(f)		
	County of Location		(23) GJP-1, (04)(1)(b)(f)		
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) GJP-1, (04)(2)(a)(f)		
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) GJP-1, (04)(2)(b)(f)		
	<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	(26) GJP-1, (04)(2)(c)(f)	
		(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27) GJP-1, (04)(2)(d)(f)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) GJP-1, (04)(03)(f)		
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29) GJP-1, (06)		
<b>Fiscal Year of Cost</b>	(06) ___/___	(12) ___/___	(30) GJP-1, (07)		
<b>Total Claimed Amount</b>	(07)	(13)	(31) GJP-1, (09)		
<b>Less: 10% Late Penalty</b>		(14)	(32) GJP-1, (10)		
<b>Less: Prior Claim Payment Received</b>		(15)	(33)		
<b>Net Claimed Amount</b>		(16)	(34)		
<b>Due from State</b>	(08)	(17)	(35)		
<b>Due to State</b>		(18)	(36)		

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college 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>243</b>	<b>GRAND JURY PROCEEDINGS</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) If filing a combined estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (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 GJP-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 and supporting schedules for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form GJP-1, line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by **February 3, 2004**, 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% penalty).
- (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. GJP-1, (04)(1)(a)(f), means the information is located on form GJP-1, block (04)(1), line (a), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the district's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

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

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

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

**Address, if delivered by other delivery service:**

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

<b>Program</b> <b>243</b>	<b>MANDATED COSTS</b>					<b>FORM</b> <b>GJP-1</b>
<b>GRAND JURY PROCEEDINGS</b>						
<b>CLAIM SUMMARY</b>						
(01) Claimant			(02) Type of Claim		Fiscal Year	
			Reimbursement <input type="checkbox"/>		___ / ___	
			Estimated <input type="checkbox"/>			
<b>Claim Statistics</b>						
(03) Leave blank.						
<b>Direct Costs</b>		<b>Object Accounts</b>				
(04) Reimbursable Components		(a)	(b)	(c)	(d)	(e)
<b>On-Going Costs</b>		Salaries and Benefits	Materials and Supplies	Contract Services	Fixed Assets	Travel and Training
		(f)				
		Total				
<b>1. Preparing a Response</b>						
a.	Agrees with Finding					
b.	Disagrees with Finding					
<b>2. Preparing Other Response</b>						
a.	Implemented Action					
b.	Future Implementation					
c.	Further Analysis					
d.	No Implementation					
<b>3. Meeting with Grand Jury</b>						
a.	Regarding Investigation					
(05) Total Direct Costs						
<b>Indirect Costs</b>						
(06) Indirect Cost Rate				[From J-380 or J-580]	%	
(07) Total Indirect Costs				[Line (06) x line (05)(a)]		
(08) Total Direct and Indirect Costs				[Line (05)(f) + line (07)]		
<b>Cost Reduction</b>						
(09) Less: Offsetting Savings						
(10) Less: Other Reimbursements						
(11) Total Claimed Amount				[Line (08) - {(line (09) + line (10))}]		

<b>Program 243</b>	<b>GRAND JURY PROCEEDINGS CLAIM SUMMARY Instructions</b>	<b>FORM GJP-1</b>
------------------------	--	-----------------------

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form GJP-1 must be filed for a reimbursement claim. Do not complete form GJP-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 GJP-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Leave blank.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form GJP-2, line (05), columns (d) through (h) to form GJP-1, block (04), columns (a) through (e) in the appropriate row. Total each row.
- (05) Total columns (a) through (f).
- (06) Enter the indirect cost rate from the Department of Education form J-380 or J-580 as applicable for the fiscal year of costs.
- (07) Enter the result of multiplying Total Salaries and Benefits, line (05)(a), by the Indirect Cost Rate, line (06).
- (08) Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, that reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

<b>Program 243</b>	<b>MANDATED COSTS GRAND JURY PROCEEDINGS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM GJP-2</b>
------------------------	---	-----------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Reimbursable Components: Check only one box per form to identify the component being claimed.

**1. Preparing a Response**     Agrees with Finding                       Disagree with Finding

**2. Preparing Other Response**     Implemented Action                       Future Implementation                       Further Analysis

No Implementation

**3. Meeting with Grand Jury**     Regarding Investigation

(04) Description of Expenses **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Fixed Assets	(h) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___						
--	--	--	--	--	--	--

<b>Program</b> <span style="font-size: 2em;"><b>243</b></span>	<b>GRAND JURY PROCEEDINGS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>GJP-2</b>
---	---	-----------------------------

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form GJP-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, and travel and training expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries and Benefits</b>	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Salaries									
Benefits	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost= Hourly Rate x Hours Worked or Total Contract Cost			Copy of Contract and Invoices
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost= Unit Cost x Usage		
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days					Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode					or Total Travel Cost	
Training	Employee Name/Title Name of Class		Dates Attended					Registration Fee	

- (05) Total line (04), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (h) to form GJP-1, block (04), columns (a) through (e) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2001-07  
HEALTH BENEFITS FOR SURVIVORS OF  
PEACE OFFICERS AND FIREFIGHTERS  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for Health Benefits for Survivors of Peace Officers and Firefighters (HB). These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Labor Code (LC) Section 4856 as added by Chapter 1120, Statutes of 1996, requires community college districts to provide lifelong health benefits to the survivors of peace officers and firefighters who died in the line of duty **after** September 30, 1996. Chapter 193, Statutes of 1997, requires community college districts to provide health benefits to survivors of peace officers and firefighters killed in the line of duty **before** September 30, 1996. Chapter 193, Statutes of 1997, also amended LC Section 4856 to apply these benefits retroactively.

On October 26, 2000, the COSM determined that LC Section 4856 establishes costs mandated by the State according to the provisions listed in the attached P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

### **Eligible Claimants**

Any community college district, employing peace officers pursuant to Penal Code Section 830, and incurring increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### **Filing Deadlines**

#### **A. Initial Claims**

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. If the death of the peace officer or firefighter occurred **before** 9/30/96, reimbursement claims for Chapter 193, Statutes of 1997, for the period 1/1/98 to 6/30/98 and fiscal years 1998-99 and 1999-00, must be filed with the SCO and be delivered or postmarked on or before **October 2, 2001**. If death occurred **after** 9/30/96, for Chapter 1120, Statutes of 1996, reimbursement costs for fiscal years 1997-98 through 1999-00, must be filed with the SCO and be delivered or postmarked on or before **October 2, 2001**. Estimated claims for the 2000-01 fiscal year must also be delivered or postmarked on or before **October 2, 2001**. Thereafter, having received payment for an estimated claim, the claimant must file an annual reimbursement claim by January 15 of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000.



Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among fiscal years. If the claims are late, the penalty should be applied to a single fiscal year.

In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline, or without the requested supporting documentation, will not be accepted.**

## **B. Estimated Claims**

Unless otherwise specified in the claiming instructions, community college districts are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. Claimants can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, claimants must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Timely filed claims will be paid before late claims.

### **Minimum Claim Cost**

For initial claims and annual claims filed **on or after September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564.

### **Reimbursement of Claims**

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported and if such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, employee time records that identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics.

### **Audit of Costs**

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

On-site audits will be conducted by the SCO as deemed necessary. Accordingly, all documentation to support actual costs claimed must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or amended regardless of the year of costs incurred. When no funds are appropriated for initial claims at the time the

claim is filed, supporting documents must be retained for two years from the date of initial payment of the claim. Claim documentation shall be made available to the SCO on request.

### **Retention of Claiming Instructions**

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.htm](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

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

If delivery is by  
U.S. Postal Service:

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

If delivery is by  
other delivery services:

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

## **Parameters and Guidelines**

Labor Code Section 4856, Government Code Section 21635  
Statutes of 1996, Chapter 1120  
Statutes of 1997, Chapter 193

### *Health Benefits for Survivors of Peace Officers and Firefighters*

---

#### **I. SUMMARY AND SOURCE OF THE MANDATE**

Statutes of 1996, chapter 1120 enacted Labor Code section 4856, which requires local agencies to provide lifelong health benefits to the survivors of peace officers and firefighters who die in the line of duty. Statutes of 1997, chapter 193 further amended Labor Code section 4856 by applying this benefit retroactively. Additionally, chapter 1120 amended Government Code section 21635, by deleting language exempting local agencies from collective bargaining under the Meyers-Milias-Brown Act with their employees for survivor health benefits.

On October 26, 2000, the Commission adopted its Statement of Decision that the test claim legislation constitutes a reimbursable state mandated program upon local governments within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

#### **II. ELIGIBLE CLAIMANTS**

1. Providing Survivor Health Benefits (Labor Code Section 4856)  
Counties, cities, a city and county, and special districts, as defined in Government Code section 17518 that employ peace officers and firefighters, and school districts, as defined in Government Code section 17519, that employ peace officers are eligible claimants.
2. Collective Bargaining (Government Code Section 21635)  
Counties, cities, a city and county, and special districts, as defined in Government Code section 17518 are eligible claimants.

#### **III. PERIOD OF REIMBURSEMENT**

Section 17557 of the Government Code, prior to its amendment by Statutes of 1998, chapter 681, (effective September 22, 1998), stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for this mandate was filed on June 9, 1998.

Statutes of 1996, chapter 1120, an urgency statute, became effective September 30, 1996. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *after* September 30, 1996. And it allows collective bargaining for the continued health benefits coverage of a surviving spouse. Therefore, costs incurred for Statutes of 1996, chapter 1120, are eligible for reimbursement on or after July 1, 1997.

Statutes of 1997, chapter 193, became effective on January 1, 1998. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *before* September 30, 1996. Therefore, cost incurred for Statutes of 1997, chapter 193, are eligible for reimbursement on or after January 1, 1998.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d)(1) of the Government Code, all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

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

#### **IV. REIMBURSABLE ACTIVITIES**

For each eligible claimant, all direct and indirect costs of labor, materials, supplies and services, training and travel for the performance of the following activities, are eligible for reimbursement:

##### **Component A. Providing Survivor Health Benefits (Labor Code Section 4856)**

1. Developing or updating internal policies, procedures and manuals as necessary to provide health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856 (one-time activity).
2. Upon the death of a peace officer or firefighter killed in the line of duty, the ongoing costs of maintaining files, manually or electronically, related to providing health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856, is reimbursable.
3. **Dependent Notification**
  - a. Upon the death of a peace officer or firefighter killed in the line of duty, providing a one-time notification to the surviving spouse that the local government employer must continue providing health benefits to the deceased employee's spouse and minor dependents under the same terms and conditions provided before death, or prior to the accident or injury that caused death. If there is no surviving spouse, then providing a one-time notification to the minor dependents, or guardian, that the local

government employer must continue providing health benefits until the minor dependents reach the age of 21 years.

- b. Providing a one-time notice to the minor dependents of peace officers or firefighters killed in the line of duty, when they are no longer eligible for continued health benefits under the surviving spouse's coverage. Or, if there is no surviving spouse, when the minor dependents reach the age of 21 years.
  - c. Upon remarriage of the surviving spouse, providing a one-time notice to the surviving spouse that the new spouse or stepchildren cannot be added as family members under the continued health benefits coverage of the surviving spouse.
4. Upon the death of a peace officer or firefighter killed in the line of duty, communicating with the insurance plan provider for the purpose of notifying the insurance plan provider of the peace officer's or firefighter's death, and coordinating with the insurance plan provider to ensure that the deceased peace officer's or firefighter's surviving spouse and eligible dependents will continue receiving health benefits under the same terms and conditions as provided before death, or prior to the accident or injury that caused death.
  5. Upon the death of a peace officer or firefighter killed in the line of duty, the amount of the insurance premiums paid to HMOs, or the contributions to self-insured pools, for the continued health benefits coverage to the deceased peace officer's or firefighter's surviving spouse, as required under Labor Code section 4856, is reimbursable. Eligible minor dependents are provided health benefits under the surviving spouse's coverage. If there is no surviving spouse, eligible dependents are provided health benefits until the age of 21 years. A surviving spouse's new spouse or stepchildren are ineligible for continued health benefits under the surviving spouse's coverage.

Component B. Collective Bargaining for the Continued Health Benefits Coverage of a Surviving Spouse (Government Code Section 21635)

1. Developing or updating internal policies, procedures and manuals as necessary to collectively bargain with local employee representatives (one-time activity).
2. Maintaining files manually or electronically related to collective bargaining.
3. The cost of up to five employer representatives and the cost of up to five employee representatives will be reimbursed for the following activities if a representative of a recognized employee organization requests that the local governmental employer meet and confer in good faith.
  - a. Reviewing the recognized employee organization's initial contract proposal.
  - b. Developing and presenting the local government employer's response to the recognized employee organization's initial contract proposal.
  - c. Participating in negotiating planning sessions in preparation of pending negotiations with the recognized employee organization's representatives.

- d. Negotiating with the recognized employee organization's representatives.
- e. Holding public hearings, pursuant to Government Code 3505.1, so that the governing board can approve the memorandum of understanding.
- f. Reproducing and distributing to employer representatives (supervisory, management, and confidential) that portion of the final contract agreement. Reproducing and distributing copies of the final contract to collective bargaining unit members are not reimbursable.

**V. CLAIM PREPARATION AND SUBMISSION**

Claims for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV of this document.

SUPPORTING DOCUMENTATION

Claimed costs shall be supported by the following cost element information:

A. Direct Costs

Direct Costs are defined as costs that can be traced to specific goods, services, units, programs, activities or functions.

Claimed costs shall be supported by the following cost element information:

1. Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity, the productive hourly rate, and related employee benefits.

Reimbursement includes compensation paid for salaries, wages, and employee benefits. Employee benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and workers' compensation insurance. Employee benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

2. Materials and Supplies

Only expenditures that can be identified as a direct cost of this mandate may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

3. Contract Services

Contracted services for participation of employer representatives in contract negotiations and negotiation planning sessions will be reimbursed. Provide the name(s) of the

contractor(s) who performed the services, including any fixed contracts for services. Describe the reimbursable activity(ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Submit contract consultant and attorney invoices with the claim.

#### 4. Travel

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of travel, inclusive dates and times of travel, destination points and travel costs.

#### 5. Training

The cost of training an employee to perform the mandated activities is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended, and the location. Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem.

#### B. Indirect Costs

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

#### Cities, Counties, and Special Districts

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the OMB A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

#### School Districts

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.
3. Community colleges have the option of using (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21 "Cost Principles of Educational Institutions", (2) the rate calculated on State Controller's Form FAM-29C, or (3) a 7% indirect cost rate.

#### **VI. SUPPORTING DATA**

For audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs and their relationship to the state mandated program. All documentation in support of the claimed costs shall be made available to the State Controller's Office, as may be requested, and all reimbursement claims are subject to audit during the period specified in Government Code, section 17558.5, subdivision (a).



**VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds and other state funds shall be identified and deducted from this claim.

**VIII. STATE CONTROLLER’S OFFICE REQUIRED CERTIFICATION**

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller’s claiming instructions, for those costs mandated by the State contained herein.

**IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH BENEFITS FOR SURVIVORS OF                  PEACE OFFICERS AND FIREFIGHTERS</b>	For State Controller Use Only (19) Program Number 00233 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>233</b>
---	---	-----------------------

L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) HB-1, (03)	
	County of Location		(23) HB-1, (04)(A)(1)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) HB-1, (04)(B)(1)(f)	
	City	State	Zip Code	(25) HB-1, (04)(B)(2)(f)

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) HB-1, (04)(B)(3)(f)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) HB-1, (04)(B)(4)(f)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) HB-1, (04)(B)(5)(f)	
			(29) HB-1, (06)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20 ___	(12) <b>20</b> ___/20 ___	(30) HB-1, (07)	
<b>Total Claimed Amount</b>	(07)	(13)	(31) HB-1, (09)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32) HB-1, (10)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer	Date

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

<b>Program</b> <b>233</b>	<b>HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
------------------------------	---	------------------------------

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

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

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

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

**Address, if delivered by other delivery service:**

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

Program <b>233</b>	<b>MANDATED COSTS</b> <b>HEALTH BENEFITS FOR SURVIVORS OF</b> <b>PEACE OFFICERS AND FIREFIGHTERS</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HB-1</b>			
(01) Claimant		(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>			
		Fiscal Year 20__/20__			
<b>Claim Statistics</b>					
(03) Number of peace officers and firefighters who died in the line of duty during the fiscal year					
<b>Direct Costs</b>	<b>Object Accounts</b>				
(04) Reimbursable Components	(a)	(b)	(c)	(d)	(f)
	Salaries and Benefits	Materials and Supplies	Contract Services	Travel and Training	Total
<b>A. One-Time Costs</b>					
1. Develop Policies & Procedures					
<b>B. Ongoing Costs</b>					
1. File Maintenance					
2. Dependent Notification					
3. Insurance Notification					
4. Continued Coverage					
(05) Total Direct Costs					
<b>Indirect Costs</b>					
(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]				%
(07) Total Indirect Costs	[Line (06) x line (05)(a)]				
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]				
<b>Cost Reduction</b>					
(09) Less: Offsetting Savings					
(10) Less: Other Reimbursements					
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]				

<b>Program</b> <b>233</b>	<b>HEALTH BENEFITS FOR SURVIVORS OF                  PEACE OFFICERS AND FIREFIGHTERS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>HB-1</b>
------------------------------	---	----------------------------

- (01) Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A separate form HB-1 should be completed for each department.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form HB-1 must be filed for a reimbursement claim. Do not complete form HB-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HB-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the number of peace officers and firefighters who died in the line of duty during the fiscal year of the claim.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form HB-2, line (05), columns (d) through (g) to form HB-1, block (04), columns (a) through (d) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

Program <b style="font-size: 24pt;">233</b>	<b>MANDATED COSTS</b> <b>HEALTH BENEFITS FOR SURVIVORS OF</b> <b>PEACE OFFICERS AND FIREFIGHTERS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	FORM HB-2
--	---	--------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

**One-Time Costs:**     Develop Policies and Procedures (A1)

**Ongoing Costs:**     File Maintenance (A2)                       Insurance Notification (A4)

Dependent Notification (A3)                       Continued Coverage (A5)

(04) Description of Expenses			Object Accounts			
(a) Employee Names, Job Classifications, Functions Performed, Description of Expenses, and *Date of Death	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
--	--

<b>Program</b> <b>233</b>	<b>HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM HB-2</b>
<b>Instructions</b>		

(01) Claimant. Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A separate form HB-2 should be completed for each department.

(02) Fiscal Year. Enter the fiscal year for which costs were incurred.

(03) Reimbursable Components. Each component title lists the corresponding reimbursable activity from the Parameters and Guidelines. For example, Continued Coverage (A5), means the component description is listed in the Parameters and Guidelines under Section IV. Reimbursable Activities, Component A. 5.

Check the box which indicates the cost component being claimed. Check only one box per form. A separate form HB-2 shall be prepared for each applicable component.

(04) \*Date of Death. Enter the date of death for each peace officer and firefighter in block (04), column (a).

Ch. 193/97, Death **before** 9/30/96: Reimbursement of costs for the period 1/1/98 to 6/30/98 and fiscal years 1998-99 and 1999-00 for actual claims and 2000-01 for estimated claims.

Ch. 1120/96, Death **after** 9/30/96: Reimbursement of costs for fiscal years 1997-98 through 1999-00 for actual claims and 2000-01 for estimated claims.

Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, travel expenses, etc. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial payment at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries</b>	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked  Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked or Total Contract			Invoice
<b>Travel and Training</b>	Purpose of Trip Name and Title  Departure and Return Date	Per Diem Rate  Mileage Rate  Travel Cost	Days  Miles  Travel Mode				Cost = Rate x Days or Miles  or Total Travel Cost		
Travel									
Training	Employee Name/Title  Name of Class		Dates Attended				Registration Fee		

(05) Total line (04), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (h) to form HB-1, block (04), columns (a) through (e) in the appropriate row.

## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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



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

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

## 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

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

## 7. Reimbursement Limitations

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

## 8. Claiming Forms and Instructions

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

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

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

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

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

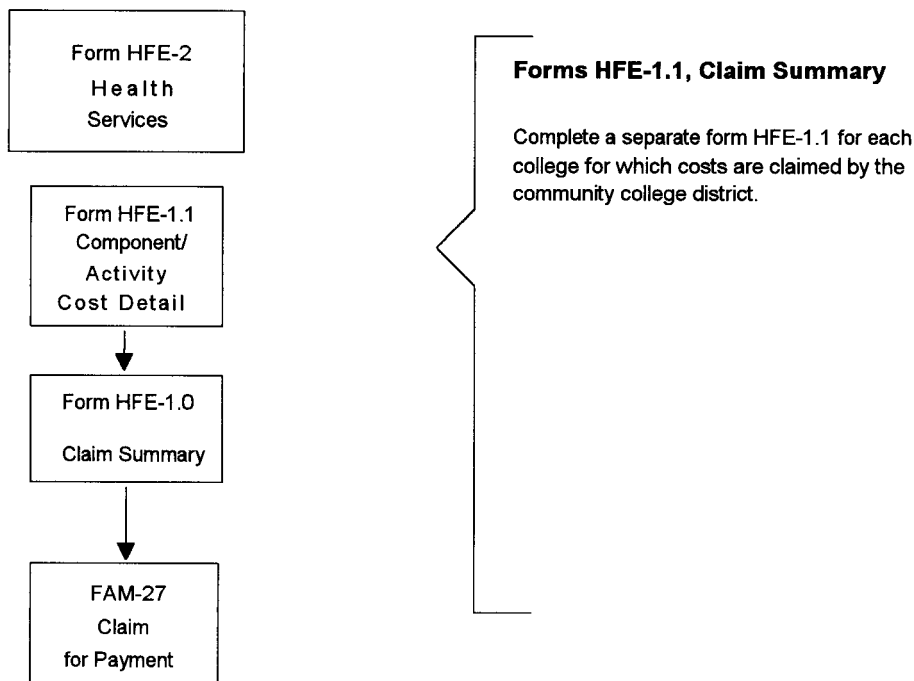
**C. Form HFE-1.0, Claim Summary**

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

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

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

**Illustration of Claim Forms**



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

L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) HFE-1.0, (04)(b)	
	County of Location		(23)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25)	

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

**(37) CERTIFICATION OF CLAIM**

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

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

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

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

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

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

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

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

- (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)]

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

(01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.

(02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

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

(03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.

(04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

<b>Program</b> <span style="font-size: 2em; font-weight: bold;">234</span>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
---	--	-------------------------------

(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)}]

<b>Program 234</b>	<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.1</b>
------------------------	--	-------------------------

- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office (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.
  
- (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. Effective with the Summer Session of 2004, the student fees for health supervision and services are \$13.00 per semester, \$10.00 for summer school, and \$10.00 for each quarter.
  
- (09) Enter the sum of student health fees that could have been collected, other than exempt students.
  
- (10) Enter the difference of the cost of providing health services at the 1986-87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
  
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a detailed schedule of savings with the claim.
  
- (12) Enter the total of other reimbursements received from any source, (i.e., federal, other state programs, etc..) Submit a detailed schedule of reimbursements with the claim.
  
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986-87 Health Service Cost excluding Student Health Fees.



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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>	<b>FORM</b> <b>HFE-2</b>
--	-----------------------------

(01) Claimant:	(02) Fiscal Year costs were incurred:
----------------	---------------------------------------

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.	(a) FY 1986/87	(b) FY of Claim
<ul style="list-style-type: none"> <li>Child Abuse</li> <li>Birth Control/Family Planning</li> <li>Stop Smoking</li> <li>Library, Videos and Cassettes</li> </ul>		
First Aid, Major Emergencies		
First Aid, Minor Emergencies		
First Aid Kits, Filled		
Immunizations <ul style="list-style-type: none"> <li>Diphtheria/Tetanus</li> <li>Measles/Rubella</li> <li>Influenza</li> <li>Information</li> </ul>		
Insurance <ul style="list-style-type: none"> <li>On Campus Accident</li> <li>Voluntary</li> <li>Insurance Inquiry/Claim Administration</li> </ul>		
Laboratory Tests Done <ul style="list-style-type: none"> <li>Inquiry/Interpretation</li> <li>Pap Smears</li> </ul>		
Physical Examinations <ul style="list-style-type: none"> <li>Employees</li> <li>Students</li> <li>Athletes</li> </ul>		
Medications <ul style="list-style-type: none"> <li>Antacids</li> <li>Antidiarrheal</li> <li>Aspirin, Tylenol, Etc</li> <li>Skin Rash Preparations</li> <li>Eye Drops</li> <li>Ear Drops</li> <li>Toothache, oil cloves</li> <li>Stingkill</li> <li>Midol, Menstrual Cramps</li> <li>Other, list</li> </ul>		
Parking Cards/Elevator Keys <ul style="list-style-type: none"> <li>Tokens</li> <li>Return Card/Key</li> <li>Parking Inquiry</li> <li>Elevator Passes</li> <li>Temporary Handicapped Parking Permits</li> </ul>		

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

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2003-06  
INVESTMENT REPORTS  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Investment Reports (INR) program. These claiming instructions are issued subsequent to adoption of the program's amended parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On March 27, 1997, the COSM determined that the provisions of GC Section 53646, subdivisions (a), (b), and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, imposed a new program or a higher level of service in an existing program, by requiring agencies to render an annual statement of investment policy and to render quarterly reports of investments. These instructions incorporate amendments to the original mandate that was filed on October 13, 2000. For your reference, the amended P's & G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college district, as defined in GC Section 17519, that have incurred increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**A. Reimbursement Claims**

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Reimbursement claims for fiscal years 1999-00 through 2001-02 must be filed with the SCO and be delivered or postmarked on or before **September 9, 2003**.

Beginning with the 2002-03 fiscal year, estimated claims may be filed with the SCO and be delivered or postmarked on or before **September 9, 2003** or an actual claim for the 2002-03 fiscal year may be filed by January 15, 2004, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%.

Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline will not be accepted.**

## **B. Estimated Claims**

Unless otherwise specified in the claiming instructions, claimants are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. Claimants can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, claimants must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

### **Minimum Claim Cost**

For initial claims and annual claims filed **on or after September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564. The county superintendent of schools shall determine if the submission of a combined claim is economically feasible and shall be responsible for disbursing the funds to each school district. Combined claims may be filed only when the county is the fiscal agent for the school districts. A combined claim must show the individual claim costs for each eligible school district.

### **Reimbursement of Claims**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported and, if such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, employee time records that identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics. Refer to Sections IV and V of the attached amended P's & G's.

### **Audit of Costs**

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

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

claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and shall be made available to the SCO on request.

**Retention of Claiming Instructions**

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

**Address for Filing Claims**

Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents to:

If delivered by  
U.S. Postal Service:

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

If delivered by  
Other delivery services:

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

## PARAMETERS AND GUIDELINES AMENDMENT

Government Code Section 53646, Subdivisions (a), (b), and (e)

Statutes 1995, Chapter 783  
Statutes 1996, Chapter 156  
Statutes 1996, Chapter 749

### *Investment Reports*

#### **I. SUMMARY OF THE MANDATE**

Statutes 1995, chapter 783 repealed the 1993 version of Government Code section 53646, and replaced it with a new section. Statutes 1996, chapter 156, an urgency bill, and Statutes 1996, chapter 749, amended subdivisions (a) and (e) of section 53646. Government Code section 53646 requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

On March 27, 1997, the Commission on State Mandates determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Statutes 1995, chapter 783, and amended by Statutes 1996, chapters 156 and 749, impose a new program or a higher level of service in an existing program upon specified local agencies and school districts within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).

#### **II. ELIGIBLE CLAIMANTS**

The eligible claimants are any county, city, city and county or other public agency or political subdivision of the state, including school districts as defined in Government Code section 17519.

#### **III. PERIOD OF REIMBURSEMENT**

Government Code section 17557, prior to its amendment by Statutes 1998, chapter 681 (effective September 22, 1998), states that a test claim shall be submitted on or before December 31st following a given fiscal year to establish eligibility for that fiscal year. The test claim for *Investment Reports* was filed on December 23, 1996, establishing eligibility for fiscal year 1995-1996. However, the test claim statutes were not in effect on July 1, 1995. Therefore, initial reimbursement claims were filed for costs incurred, as follows:

Costs incurred pursuant to Statutes 1995, chapter 783 are reimbursable on or after January 1, 1996.

Costs incurred pursuant to Statutes 1996, chapter 156 an urgency statute, are reimbursable on or after July 12, 1996.

- Costs incurred pursuant to Statutes 1996, chapter 749 are reimbursable on or after January 1, 1997.

California Code of Regulations, title 2, section 1183.2, states that a parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. An amendment was filed on October 13, 2000. Therefore, in accordance with Section 1183.2, all costs incurred by eligible claimants in compliance with Statutes 1995, chapter 783, and Statutes 1996, chapters 156 and 749 are eligible for reimbursement on or after July 1, 1999.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable.

Pursuant to Government Code section 17561, subdivision (d)(1), all claims for reimbursement of costs shall be submitted within 120 days of issuance of the claiming instructions by the State Controller.

For initial claims and annual claims filed prior to September 30, 2002, including amendments thereof, if the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564. For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given fiscal year do not exceed \$1000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

#### **IV. REIMBURSABLE ACTIVITIES**

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

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

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.



For each eligible claimant, the following activities are reimbursable:

A. Statement of Investment Policy

Prepare and submit the annual statement of investment policy, and changes to:

1. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.<sup>1</sup>
2. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

B. Quarterly Report of Investments

1. Implementation Costs

Develop or modify existing policies and procedures for compiling data necessary to render the quarterly report of investments, as required in Government Code section 53646, subdivisions (b)(1), (2), (3) and/or (e), and update same as needed pursuant to the annual statement of investment policy.

2. Ongoing Costs

Compile data necessary to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report. (Gov. Code, § 53646, subd. (b) (1), (2), and (3) and/or (e).)

a. For each investment that is held on the last day of each quarter and included in a quarterly report of investments, the following activities are eligible for reimbursement:

1. One-time data entry into investment reporting application or software:
  - the type of investment and issuer,
  - date of maturity, and
  - par and dollar amount invested
2. Providing a description of any of the local agency's funds, investments or programs, including lending programs that are under the management of contracted parties.
3. Obtaining and reporting current market value as of the date of the quarterly report, and reporting the source of this valuation for all investments held by the local agency<sup>2</sup> and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.

---

<sup>1</sup>For the period from January 1, 1996, through December 31, 1996, counties are eligible for reimbursement for the costs incurred to carry out this activity.

<sup>2</sup> Government Code section 53630, subdivision (a), defines "local agency" as "county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state."

4. Providing required copies of the most recent statement(s) received by a local agency<sup>3</sup> from the Local Agency Investment Fund, the Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, a county investment pool, or any combination of these. [Unit Cost Per Page]
  5. Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply. (Gov. Code, § 53646, subd. (b) (2).)
- b. Compiling the cash flow information necessary to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and non-investment revenue, plus investment revenue anticipated from securities held at the end of the quarter (Gov. Code, § 53636, subd. (b)(3).).
  - c. Automated Systems. The use of specialized software for compiling information required in the quarterly reports of investments is reimbursable. However, if the specialized software is used for other purposes, only the pro rata cost of the software, including licensing agreement, that is *directly related* to the reimbursable activities specified above, may be claimed under Materials and Supplies and/or Contracted Services.
3. Non-Reimbursable Activities
 

The following activities are not reimbursable:

    - a. Duplicate entry of investment transactions<sup>4</sup> into custodian bank records or other databases.
    - b. Producing and presenting reports of transactions related to securities not held at the end of a quarter.
    - c. Determining if investment transactions related to securities not held at the end of the quarter comply with the investment policy.
    - d. Accumulating and compiling data necessary to prepare the monthly reports of investment transactions pursuant to Government Code section 53607, or any other monthly investment reports.

## V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

---

<sup>3</sup> Ibid.

<sup>4</sup> Type of investment and issuer, date of maturity, and par and dollar amount invested. (Gov. Code, § 53646, subd. (b).)

## A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

### 1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

### 2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

### 3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

### 4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

### 5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

### 6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity

according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
3. Community colleges have the option of using (1) a federally approved rate, using the cost accounting principles from the OMB Circular A-21 "Cost Principles of Educational Institutions", (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.
4. Counties, Cities and Special Districts

Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachment A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

- a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates.

The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

- b. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachment A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

## **VI. RECORD RETENTION**

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>5</sup> is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

## **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim. Service fees collected include cost reimbursements received by counties pursuant to Government Code sections 27135, 27013 and 53684, subdivision (b).

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

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

---

<sup>5</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

## **IX. REMEDIES BEFORE THE COMMISSION**

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and California Code of Regulations, title 2, section 1183.2.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>INVESTMENT REPORTS</b>	For State Controller Use Only (19) Program Number 00235 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>235</b>
--	---	-----------------------

LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) INR-1, (03)	
	County of Location	(23) INR-1, (04)(1)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) INR-1, (04)(2)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) INR-1, (06)	

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

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer	Date

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

<b>Program 235</b>	<b>INVESTMENT REPORTS Certification Claim Form Instructions</b>	<b>FORM FAM-27</b>
------------------------	---	------------------------

- (01) Enter the payee number assigned by the State Controller's Office..
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form INR-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form INR-1, line (11). The total claimed amount must exceed \$1,000.
- (14) **Filing Deadline. Initial Claims of Ch. 783/95 et seq.** If the reimbursement claims for fiscal years 1999-00 through 2001-02 and estimated claims for 2002-03 are filed after **September 9, 2003**, the claims must be reduced by a late penalty. Costs for all initial reimbursement claims must be filed separately to the fiscal year in which the costs were incurred. Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., INR-1, (04)(1)(f), means the information is located on form INR-1, block (04), line (1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

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

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

**Address, if delivered by other delivery service:**

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



Program <b>235</b>	<b>MANDATED COSTS                  INVESTMENT REPORTS                  CLAIM SUMMARY</b>	<b>FORM                  INR-1</b>
-----------------------	--	--

(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	20__ / 20 __

**Claim Statistics**

(03) Number of investment reports prepared during the fiscal year	
---	--



Object Accounts						
-----------------	--	--	--	--	--	--

	(a)	(b)	(c)	(d)	(e)	(f)
	Salaries and Benefits	Materials and Supplies	Training and Travel	Contract Services	Fixed Assets	Total
1. Statement of Investment Policy						
2. Quarterly Report of Investments						
(05) Total Direct Costs						

**Indirect Costs**

(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs	[Line (06) x line (05)(a)]	
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]	

**Cost Reduction**

(09) Less: Offsetting Savings, if applicable	
(10) Less: Other Reimbursements, if applicable	
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]

<b>Program</b> <b>235</b>	<b>INVESTMENT REPORTS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>INR-1</b>
------------------------------	--	-----------------------------

- (01) Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A form INR-1 should be completed for each department.
  
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form INR-1 must be filed for a reimbursement claim. Do not complete form INR-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form INR-1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
  
- (03) Enter the number of investment reports that were prepared during the fiscal year.
  
- (04) For each reimbursable component, enter the total from form INR-2, line (05), columns (d), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e) in the appropriate row. Total each row.
  
- (05) Total columns (a) through (f).
  
- (06) Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
  
- (07) Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
  
- (08) Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
  
- (09) If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
  
- (10) If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
  
- (11) Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

<b>Program</b>  <span style="font-size: 24pt; font-weight: bold;">235</span>	<b>MANDATED COSTS</b> <b>INVESTMENT REPORTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>INR-2</b>
--	---	-----------------------------

(01) Claimant	(02) Fiscal Year Costs Were Incurred
---------------	--------------------------------------

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

Statement of Investment Policy
  Quarterly Report of Investments

(04) Description of Expenses: Complete columns (a) through (h). **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Training and Travel	(g) Contract Services	(h) Fixed Assets

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
--	--

<b>Program</b> <b>235</b>	<b>INVESTMENT REPORTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>INR-2</b>
------------------------------	---	-----------------------------

- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form INR-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, training costs, etc. Contract services are reimbursable to the extent that the activities performed require special skill or knowledge that are not readily available from the claimant's staff. If equipment or specialized software required for the quarterly report is acquired and is also utilized for other programs, only the prorated cost of the expense is reimbursable. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Title  Activities	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description Of Materials, Specialized Software and Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Travel and Training</b>	Purpose of Trip	Per Diem Rate	Days Miles			Cost = Rate x Days or Miles or Total Travel Cost			
Travel	Name and Title Departure and Return Date	Mileage Rate Travel Cost	Travel Mode						
Training	Employee Name/ Title  Name of Class		Dates Attended			Registration Fee			
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Dates of Service				Cost = Hourly Rate x Hours Worked		Copy of Contract
<b>Fixed Assets</b>	Description of Equipment Purchased  Equipment ID	Unit Cost	Quantity Used				Cost = Unit Cost x Quantity Used		

- (05) Total line (04), columns (d), (e), (f), (g), and (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2002-05  
LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Law Enforcement College Jurisdiction Agreements program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Education Code Section 67381, as added by Chapter 284, Statutes of 1998, requires law enforcement agencies of all public colleges and universities and some independent post secondary institutions to enter into written agreements with local law enforcement agencies delineating their respective geographical boundaries for investigating certain violent crimes on campuses. § 67381 further requires the agreements to be posted for public viewing and a copy to be transmitted to the Legislative Analyst.

On April 26, 2001, the COSM determined that Chapter 284/98, establishes costs mandated by the State according to the provisions listed in the attached P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

### **Eligible Claimants**

Any community college or joint powers authority between community colleges that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### **Filing Deadlines**

#### **A. Reimbursement Claims**

Reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Costs incurred in implementing the provisions of this program are reimbursable for the period January 1, 1999, through June 30, 1999, and fiscal years 1999-00, and 2000-01 and must be filed with the SCO and be delivered or postmarked on or before **August 6, 2002**. Estimated claims for 2001-02 fiscal year must also be delivered or postmarked on or before **August 6, 2002**. Thereafter, having received payment for an estimated claim, the claimant must file an annual reimbursement claim by January 15 of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000.

In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline will not be accepted.**

## **B. Estimated Claims**

Unless otherwise specified in the claiming instructions, school districts are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. Claimants can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, claimants must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

### **Minimum Claim Cost**

GC Section 17564 provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds two hundred dollars (\$200), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds \$200, even if the individual school district's, direct service district's, or special district's claims do not each exceed \$200. The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the SCO, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

### **Reimbursement of Claims**

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported and, if such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, employee time records that identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics.

### **Audit of Costs**

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

On-site audits will be conducted by the SCO as deemed necessary. Accordingly, all documentation to support actual costs claimed must be retained for a period of two years after

the end of the calendar year in which the reimbursement claim was filed or amended regardless of the year of costs incurred. When no funds are appropriated for initial claims at the time the claim is filed, supporting documents must be retained for two years from the date of initial payment of the claim. Claim documentation shall be made available to the SCO on request.

**Retention of Claiming Instructions**

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.htm](http://www.sco.ca.gov/ard/local/locreim/index.htm).

**Address for Filing Claims**

Submit a signed, original form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by

U.S. Postal Service:

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

If delivered by

Other delivery services:

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

## **Parameters and Guidelines**

Education Code Section 67381

Statutes of 1998, Chapter 284

### *Law Enforcement College Jurisdiction Agreements*

#### **I. SUMMARY OF THE MANDATE**

Education Code section 67381 requires law enforcement agencies of all public colleges and universities and some independent postsecondary institutions to enter into written agreements with local law enforcement agencies delineating their respective geographical boundaries for investigating certain violent crimes on campuses. The section further requires the agreements to be posted for public viewing and a copy to be transmitted to the Legislative Analyst.

On April 26, 2001, the Commission on State Mandates (Commission) adopted the Statement of Decision for *Law Enforcement College Jurisdiction Agreements* (98-TC-20, formerly *Campus Safety Plans*.) The Commission found that Education Code section 67381 constitutes a new program or higher level of service and imposes costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. Accordingly, the Commission approved this test claim for the following reimbursable activities:

1. Preparing the written agreements, or
2. Reviewing and modifying existing agreements to conform with section 67381, and
3. Placing these written agreements in a place of public viewing and transmitting them to the Legislative Analyst.

The Commission further found that that the activity of community colleges being responsible for their own costs of investigating crimes and incidents on campuses does not constitute a reimbursable state mandate.

#### **II. ELIGIBLE CLAIMANTS**

Any community college, or joint powers authority between community colleges, which incurs increased costs as a result of this mandate is eligible to claim reimbursement.

#### **III. PERIOD OF REIMBURSEMENT**

The test claim for this mandate was submitted on June 25, 1999. Therefore, pursuant to Government Code section 17557, all mandated costs incurred on or after January 1, 1999, which is the effective date of Statutes of 1998, chapter 284, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17551, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of release of claiming instructions by the State Controller.

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



#### **IV. REIMBURSABLE ACTIVITIES**

For each eligible claimant, the following activities are eligible for reimbursement:

##### **A. Written Agreements**

For campus law enforcement agencies to enter into written agreements with local law enforcement agencies, to designate which law enforcement agency shall have operational responsibility for the investigation of each Part I violent crime<sup>1</sup> occurring on each campus and delineate the specific geographical boundaries of each agency's operational responsibility, including maps as necessary.

If a campus law enforcement agency already has a written agreement, to review and modify the existing agreement to conform to Education Code section 67381.

##### **B. Public Viewing**

For the community college to make the written agreements available for public viewing.

##### **C. State Reporting**

For the community college to transmit a copy of each written agreement it has entered into, and any other information it deems pertinent to the implementation of the agreement, to the Legislative Analyst.

The activity of community colleges being responsible for their own costs of investigating crimes and incidents on campuses is not reimbursable.

##### **D. Training**

To train staff on implementing the reimbursable activities listed in section IV, activities A through C, of these parameters and guidelines. (One-time activity for each employee.)

#### **V. CLAIM PREPARATION AND SUBMISSION**

Each claim for reimbursement pursuant to this mandate must be timely filed and identify each of the following cost elements to each reimbursable activity identified in Section IV of this document.

##### **A. Direct Cost Reporting**

Direct costs are those costs incurred specifically for the reimbursable activities. Direct costs that are eligible for reimbursement are:

###### **1. Salaries and Benefits**

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

###### **2. Materials and Supplies**

---

<sup>1</sup> Per Education Code section 67381, subdivision (i), "Part 1 violent crimes" means willful homicide, forcible rape, robbery, and aggravated assault, as defined in the Uniform Crime Reporting Handbook of the Federal Bureau of Investigation.

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

## VI. SUPPORTING DATA

### A. Source Documents

For auditing purposes, all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements.

### B. Record Keeping

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the State Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended.\* See the State Controller's claiming instructions regarding retention of required documentation during the audit period.

## VII. OFFSETTING SAVINGS AND REIMBURSEMENTS

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds and other state funds shall be identified and deducted from this claim.

---

\* This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

### **VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION**

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

### **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Parameters and guidelines may be amended pursuant to Title 2, California Code of Regulations, section 1183.2.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561  <b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS</b>	For State Controller Use Only	Program <span style="font-size: 2em; font-weight: bold;">212</span>
	(19) Program Number 00212	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

L A B E L  H E R E	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) LECJ-1, (04)(1)(f)	
	County of Location	(23) LECJ-1, (04)(2)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) LECJ-1, (04)(3)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) LECJ-1, (04)(4)(f)	

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

**(37) CERTIFICATION OF CLAIM**

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

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

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

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

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

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

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

<b>Program 212</b>	<b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS Certification Claim Form Instructions</b>	<b>FORM FAM-27</b>
------------------------	--	------------------------

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

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

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

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

*Address, if delivered by other delivery service:*

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

<b>Program</b> <b>212</b>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>LECJ-1</b>
------------------------------	---	------------------------------

(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/20__
---------------	--	--------------------------

**Claim Statistics**

(03) (Leave Blank)

Direct Costs	Object Accounts					
(04) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Fixed Assets	(e) Travel and Training	(f) Total
1. Written Agreements						
2. Public Viewing						
3. State Reporting						
4. Training						
(05) Total Direct Costs						



**Indirect Costs**

(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs	[Line (05)(a) x line (06)]	
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]	



**Cost Reduction**

(09) Less: Offsetting Savings	
(10) Less: Other Reimbursements	
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]

<b>Program 212</b>	<b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS CLAIM SUMMARY Instructions</b>	<b>FORM LECJ-1</b>
------------------------	---	------------------------

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form LECJ-1 must be filed for a reimbursement claim. Do not complete form LECJ-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form LECJ-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Leave blank.
- (04) Reimbursable Components. For each reimbursable component, enter the totals from form LECJ-2, line (05), columns (d) through (h), to form LECJ-1, block (04), columns (a) through (e), in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by Total Salaries and Benefits, line (05)(a).
- (08) Total Direct and Indirect Costs. Enter the sum of the Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.



<b>Program 212</b>	<b>MANDATED COSTS LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM LECJ-2</b>
------------------------	--	------------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Written Agreements	<input type="checkbox"/> Public Viewing
<input type="checkbox"/> State Reporting	<input type="checkbox"/> Training

(04) Description of Expenses	<b>Object Accounts</b>
------------------------------	------------------------

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Fixed Assets	(h) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
--	--

<b>Program</b> <span style="font-size: 2em; font-weight: bold;">212</span>	<b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>LECJ-2</b>
---	--	------------------------------

- (01) Claimant. Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A separate form LECJ-2 should be completed for each department.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form LECJ-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, travel and training expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. If no funds are appropriated for the initial payment at the time the claims are filed, supporting documents must be retained for three years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Title Activities	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked			Copy of Contract
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Usage		
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days					Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode					or Total Travel Cost	
Training	Employee Name/Title Name of Class		Dates Attended					Registration Fee	

- (05) Total line (04), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (h) to form LECJ-1, block (05), columns (a) through (e) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2001-03  
LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for Law Enforcement Sexual Harassment Training (LESH). These claiming instructions are issued subsequent to the adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Penal Code Section 13519.7, subdivisions (a) and (c), as added by Chapter 126, Statutes of 1993, require peace officers who are victims of sexual harassment in the workplace to follow sexual harassment complaint guidelines developed by the Commission on Peace Officer Standards and Training, and that peace officers who completed their basic training before January 1, 1995, receive supplementary training on sexual harassment in the workplace.

On September 28, 2000, the COSM determined that Penal Code Section 13519.7, subdivisions (a) and (c), establish costs mandated by the State according to the provisions listed in the P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

### **Eligible Claimants**

Any community college district employs peace officers and incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### **Filing Deadlines**

Pursuant to Penal Code Section 13519.7, subdivision (c), the supplementary training on sexual harassment in the workplace should have been completed by January 1, 1997. Therefore, it is anticipated that a majority of the training costs would have been incurred prior to the 1998-99 fiscal year. However, if costs are being claimed for the 1998-99 and subsequent fiscal years, include a brief explanation of why the sexual harassment training was not completed until that time on form LESH-2.

### **A. Initial Claims**

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Therefore, reimbursement claims for the 1996-97 through 1999-00 fiscal years and an estimated claim for the 2000-01 fiscal year must be filed with the SCO and must be delivered or postmarked on or before **August 28, 2001**. Thereafter, having received payment for an estimated claim, the claimant must file an annual reimbursement claim by January 15 of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000.

Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among fiscal years. If the claims are late, the penalty should be applied to a single fiscal year.

In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline or without the requested supporting documentation will not be accepted.**

## **B. Estimated Claims**

Unless otherwise specified in the claiming instructions, community college districts are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. Claimants can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, claimants must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs.

Estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. However, 2000-01 estimated claims must be filed with the SCO and postmarked by **August 28, 2001**. Timely filed claims will be paid before late claims.

## **Minimum Claim Cost**

GC Section 17564(a) provides that no claim shall be filed pursuant to GC Section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of community colleges, as the fiscal agent for the district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual claim does not exceed \$200. A combined claim must show the individual claim costs for each eligible district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing the county superintendent and the SCO with a written notice of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim. Claims should be rounded to the nearest dollar.

## **Reimbursement of Claims**

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported and if such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, employee time records that identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics.

### **Audit of Costs**

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

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

### **Retention of Claiming Instructions**

Claiming instructions and forms should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary. For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.htm](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

Submit a signed, original and form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by  
U.S. Postal Service:

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

If delivered by  
other delivery services:

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

## **Parameters and Guidelines**

Penal Code Section 13519.7, Subdivisions (a) and (c)  
Statutes of 1993, Chapter 126

### *Law Enforcement Sexual Harassment Complaint Procedures and Training*

#### **I. SUMMARY OF MANDATE**

Penal Code Section 13519.7 as added by Statutes of 1993, Chapter 126, requires, in subdivision (a), that city police departments, county sheriffs' departments, districts, and state university departments follow sexual harassment complaint guidelines developed by the Commission on Peace Officer Standards and Training (POST) and, in subdivision (c), that peace officers, who completed their basic training before January 1, 1995, receive supplementary training on sexual harassment in the workplace by January 1, 1997.

On September 28, 2000, the Commission on State Mandates (Commission) adopted its Statement of Decision on the subject test claim, finding that Penal Code section 13519.7, subdivisions (a) and (c), constitutes a reimbursable state mandated program as follows:

“The sexual harassment guidelines, entitled “Sexual Harassment in the Workplace, Guidelines and Curriculum, 1994” which were developed by POST in response to Penal Code section 13519.7, subdivision (a), constitute a reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514;”

“Penal Code section 13519.7, subdivision (c), which requires peace officers to receive a one-time, two-hour course on sexual harassment by January 1, 1997, constitutes a reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 when the sexual harassment training occurs during the employee's regular working hours, or when the sexual harassment training occurs outside the employee's regular working hours and is an obligation imposed by an MOU existing on January 1, 1994 (the effective date of the statute), which requires the local agency to provide or pay for continuing education training, for the following increased ‘costs mandated by the state’:

- Salaries, benefits, and incidental expenses for each veteran officer to receive a one-time, two-hour course on sexual harassment; and
- Costs to present the one-time, two-hour course in the form of materials and trainer time.”

## **II. ELIGIBLE CLAIMANTS**

Cities, counties, city and county, school districts and community college districts that employ peace officers, and special districts as defined in Government Code section 17520 that are authorized by statute to maintain a police department.<sup>1</sup>

## **III. PERIOD OF REIMBURSEMENT**

Section 17557 of the Government Code, prior to its amendment by Statutes of 1998, Chapter 681, stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. This test claim was filed by the County of Los Angeles on December 23, 1997. Therefore, costs incurred in implementing Statutes of 1993, Chapter 126, after July 1, 1996, are eligible for reimbursement.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d)(1) of the Government Code, all claims for reimbursement shall be submitted within 120 days of notification by the State Controller of the enactment of the claim's bill.

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

## **IV. REIMBURSABLE ACTIVITIES**

### **A. Sexual Harassment Complaint Procedures**

Local law enforcement agency costs incurred in following the sexual harassment guidelines developed by POST are reimbursable as follows:

#### One-time Costs

For the development of a local law enforcement agency's sexual harassment complaint policies and procedures, including:

1. Developing a formal written procedure for the acceptance of complaints from peace officers who are the victims of sexual harassment training in the workplace,
2. Providing a written copy of the local agency's complaint procedure to every peace officer employee,
3. Using definitions and examples of sexual harassment as contained in the Code of Federal Regulations (29 CFR 1604.11) and California Government Code Section 12950,
4. Identifying the specific steps complainants should follow for initiating a complaint,
5. Addressing supervisory/management responsibilities to intervene and/or initiate an investigation when possible sexual harassment is observed in the workplace,
6. Stating that agencies must attempt to prevent retaliation, and under the law, sanctions can be imposed if complainants and/or witnesses are subjected to retaliation,
7. Identifying parties to whom the incident should/may be reported, allowing complainant to circumvent their normal chain of command in order to report a sexual harassment incident, including stating that the complainant is always entitled to go directly to the California Department of Fair Employment Housing (DFEH) and/ or the Federal Equal Employment Opportunity Commission (EEOC) to file a complaint,

---

<sup>1</sup> Penal Code section 13507 defines "district" to include the school districts, community college districts, and special districts authorized by statute to maintain a police department for purposes of the chapter on local officer standards and training.

8. Requiring that all complaints shall be fully documented by the person receiving the complaint,
9. Requiring that all sexual harassment prevention training shall be documented for each person and maintained in an appropriate file.

#### B. Sexual Harassment Training

Local law enforcement agency costs incurred in conducting sexual harassment training during their employee's regular working hours, or outside the employee's regular working hours and is an obligation imposed by an MOU existing on January 1, 1994 which requires that the local agency provide or pay for continuing education training, are reimbursable.

#### Claimant-Sponsored Training

Costs incurred in conducting a one-time, two-hour supplementary training class on sexual harassment in the workplace for each peace officer who completed basic training before January 1, 1995, are reimbursable as follows:

1. Training the trainers to conduct the training,
2. Obtaining training materials including, but not limited to, training videos and audio visual aids,
3. A one-time, two-hour sexual harassment training course for each peace officer veteran that includes:
  - a. Instructor time to prepare and teach the two-hour sexual harassment class,
  - b. Trainee time to attend the two-hour sexual harassment class.

#### Outside Training

Costs incurred in attending a one-time, two-hour outside training class which meets the requirements of the mandated training on sexual harassment in the workplace for peace officers, who completed their basic training before January 1, 1995, are reimbursable as follows:

1. Trainee time to attend the one-time, two-hour sexual harassment class,
2. Training fees for each peace officer attending the one-time, two-hour class,
3. Purchase of training materials for each peace officer attending the one-time, two-hour class.

### **V. CLAIM PREPARATION AND SUBMISSION**

Claims for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV of this document and they must be supported by the following cost element information:

#### A. Direct Cost

Direct cost are defined as cost that can be traced to specific goods, services, units, programs, activities or functions and shall be supported by the following cost element information:

##### 1. Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate and related fringe benefits.



Reimbursement for personal services includes compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contribution of social security, pension plans, insurance and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities, which the employee performs.

## 2. Materials and Supplies

Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

## 3. Contract Services

Provide the name(s) of the contractor(s) who performed the services, including any fixed contract for services. Describe the reimbursable activity (ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services.

## 4. Fixed Assets

List the costs of the fixed assets that have been acquired specifically for the purpose of this mandate. If the fixed asset is utilized in some way not directly related to the mandated program, only the pro-rata portion of the asset, which is used for the purposes of the mandated program, is eligible for reimbursement.

## 5. Travel

Travel expenses for mileage, per diem, lodging and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of the travel, inclusive dates and times of travel, destination points and travel costs.

## 6. Training

The cost of training an employee to perform the mandated activities as specified in section IV of these parameters and guidelines, is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended and the location. Reimbursable costs may include salaries and benefits of trainees and trainers, registration fees, transportation, lodging, per diem, and incidental audiovisual aids. If the training encompasses subjects broader than this mandate, only the pro rata portion of the training costs can be claimed.

## B. Indirect Costs

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

## 1. Special Districts, Counties and Cities

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the OMB A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) for the department if the indirect cost rate exceeds 10%. If more than one department is claiming indirect costs for the mandated program, each department must have its own ICRP prepared in accordance with OMB A-87. An ICRP must be submitted with the claim when the indirect cost rate exceeds 10%.

## 2. School Districts

School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

## 3. Community Colleges

Community colleges have the option of using (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21 "Cost Principles of Educational Institutions", (2) the rate calculated on State Controller's Form FAM-29C, or (3) a 7% indirect cost rate.

## **VI. SUPPORTING DATA**

For audit purposes, all costs claimed shall be traceable to source documents (e.g., invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations) that show evidence of the validity of such costs and their relationship to the state mandated program. All documentation in support of the claimed costs shall be made available to the State Controller's Office, as may be requested, and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

## **VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, federal funds and other state funds shall be identified and deducted from this claim.

## **VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION**

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's Office claiming instructions, for those costs mandated by the State contained herein.

## **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b>	For State Controller Use Only (19) Program Number 00236 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	236
--	---	-----

LABEL HERE	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) LESH-1, (04)(a)	
	County of Location		(23) LESH-1, (04)(b)	
	Street Address or P.O. Box Suite		(24) LESH-1, (05)(A)(1)(e)	
	City State Zip Code		(25) LESH-1, (05)(B)(1)(e)	

Type of Claim	Estimated Claim	Reimbursement Claim		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) LESH-1, (05)(B)(2)(e)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) LESH-1, (07)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) LESH-1, (08)	
			(29) LESH-1, (10)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/___ <b>20</b> ___	(12) <b>20</b> ___/___ <b>20</b> ___	(30) LESH-1, (11)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

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

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

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

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

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

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

<b>Program</b> <b>236</b>	<b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
------------------------------	---	------------------------------

- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03), Estimated.
- (04) Leave blank.
- (05) If filing an amended claim, enter an "X" in the box on line (05), Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form LESH-1 and enter the amount from line (12).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09), Reimbursement.
- (10) Leave blank.
- (11) If filing an amended claim, enter an "X" in the box on line (11), Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form LESH-1, line (12). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., LESH-1, (05)(A)(1)(f), means the information is located on form LESH-1, block (05), component (A), line (1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 8.19% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

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

*Address, if delivered by other delivery service:*

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

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

<b>Program</b> <b>236</b>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>LESH-1</b>
------------------------------	--	------------------------------

(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
---------------	--	--------------------------

(03) Department	Leave blank.
-----------------	--------------

**Claim Statistics**

(04) Number of peace officers who received supplementary training on sexual harassment through:	
(a) Claimant-sponsored training during the fiscal year of the claim	
(b) Outside training during the fiscal year of the claim	

Direct Costs	Object Accounts				
(05) Reimbursable Components	(a) Salaries and Benefits	(b) Services and Supplies	(c) Fixed Assets	(d) Travel and Training	(e) Total
<b>A. One-Time Costs</b>					
1. Develop Policies & Procedures					
<b>B. Ongoing Costs</b>					
1. Claimant-Sponsored Training					
2. Outside Training					
(06) Total Direct Costs					

**Indirect Costs**

(07) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(08) Total Indirect Costs	[Line (06)(a) x line (07)]	
(09) Total Direct and Indirect Costs	[Line (06)(e) + line (08)]	

**Cost Reduction**

(10) Less: Offsetting Savings	
(11) Less: Other Reimbursements	
(12) Total Claimed Amount	[Line (09) - {line (10) + line (11)}]

<b>Program</b> <b>236</b>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING (SCHOOL DISTRICTS)</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>LESH-1</b>
------------------------------	---	------------------------------

- (01) Claimant. Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form LESH-1 must be filed for a reimbursement claim. Do not complete form LESH-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form LESH-1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Department. Leave blank.
- (04) (a) Enter the number of peace officers who received supplementary training on sexual harassment in the workplace through claimant-sponsored training during the fiscal year of the claim.  
 (b) Enter the number of peace officers who received supplementary training on sexual harassment in the workplace through outside training during the fiscal year of the claim.
- (05) Reimbursable Components. For each reimbursable component, enter the total from form LESH-2, line (05), columns (d) through (g) to form LESH-1, block (05), columns (a) through (d) in the appropriate row. Total each row.
- (06) Total Direct Costs. Total columns (a) through (e).
- (07) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (08) Total Indirect Costs. Multiply Total Salaries and Benefits, line (06)(a), by the Indirect Cost Rate, line (07).
- (09) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (06)(e), and Total Indirect Costs, line (08).
- (10) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (11) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (12) Total Claimed Amount. From Total Direct and Indirect Costs, line (09), subtract the sum of Offsetting Savings, line (10), and Other Reimbursements, line (11). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

<b>Program</b> <b>236</b>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>LESH-2</b>
------------------------------	---	------------------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

**One-Time Costs:**    Develop Policies and Procedures

**Ongoing Costs:**    Claimant-Sponsored Training                       Outside Training

(04) Description of Expenses: Complete columns (a) through (g). **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Services and Supplies	(f) Fixed Assets	(g) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/>	Page: ___ of ___
---	------------------

<b>Program</b> <b>236</b>	<b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>LESH-2</b>
------------------------------	---	------------------------------

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form LESH-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, travel and training expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial payment at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Salaries and Benefits</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
Salaries	Title							
Benefits	Activities	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Services and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
Supplies								
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service		Itemized Cost of Services Performed			Invoice
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage			Itemized Cost of Equipment Purchased		Invoice
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days				Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode				or Total Travel Cost	
Training	Employee Name/Title Name of Class		Dates Attended				Registration Fee	

- (05) Total line (04), columns (d) through (g) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (g) to form LESH-1, block (05), columns (a) through (d) in the appropriate row.



OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2005-04  
MANDATE REIMBURSEMENT PROCESS  
(COMMUNITY COLLEGES)  
FEBRUARY 14, 2005

In accordance with Government Code (GC) section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Mandate Reimbursement Process (MRP) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On March 27, 1986, the COSM determined that Chapter 486, Statutes of 1975, and Chapter 1459, Statutes of 1984, establish costs mandated by the State according to the provisions listed in the amended P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

For fiscal year 2004-05, these P's & G's are amended, pursuant to the requirements of Provision 8 of Item 0840-001-0001, and Provision 1 of Item 8885-001-0001, of the Budget Act of 2004 to include Appendix A.

### **Eligible Claimants**

Any community college that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### **Filing Deadlines**

#### **A. Reimbursement Claims**

Beginning with the 2004-05 fiscal year, estimated claims may be filed with the SCO and be delivered or postmarked on or before **June 15, 2005**, or an actual claim for the 2004-05 fiscal year may be filed by January 15, 2006, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000.

In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline or without the requested supporting documentation will not be accepted.**

#### **B. Estimated Claims**

Unless otherwise specified in the claiming instructions, community colleges are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. Claimants can simply enter the estimated amount on form FAM-27, line (07). However, if the

estimated claim exceeds the previous fiscal year's actual costs by more than 10%, claimants must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

### **Minimum Claim Cost**

GC section 17564(a) provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (\$1,000).

### **Reimbursement of Claims**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. 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, (or declare), under penalty of perjury under the laws of the State of California that the foregoing is true and correct." 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.

### **Audit of Costs**

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

Pursuant to 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 SCO 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 SCO to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO 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.

### **Retention of Claiming Instructions**

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

Questions or requests for hard copies of these instructions should be faxed to Ginny Brummels at (916) 323-6527, or e-mailed to **LRSDAR@sco.ca.gov**. Or, if you wish, you may call the Local Reimbursements Section at (916) 324-5729.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

### **Address for Filing Claims**

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

If delivered by  
U.S. Postal Service:

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

If delivered by  
other delivery services:

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

BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE AMENDMENT TO PARAMETERS  
AND GUIDELINES ON:

Statutes 1975, Chapter 486; Statutes 1984, Chapter 1459; Statutes 1995, Chapter 303 (Budget Act of 1995); Statutes 1996, Chapter 162 (Budget Act of 1996); Statutes 1997, Chapter 282 (Budget Act of 1997); Statutes 1998, Chapter 324 (Budget Act of 1998); Statutes 1999, Chapter 50 (Budget Act of 1999); Statutes 2000, Chapter 52 (Budget Act of 2000); Statutes 2001, Chapter 106 (Budget Act of 2001); Statutes 2002, Chapter 379 (Budget Act of 2002); Statutes 2003, Chapter 1577 (Budget Act of 2003); Statutes 2004, Chapter 208 (Budget Act of 2004)

No. CSM-4485

*Mandate Reimbursement Process*

ADOPTION OF AMENDMENT TO  
PARAMETERS AND GUIDELINES  
PURSUANT TO GOVERNMENT CODE  
SECTION 17557 AND TITLE 2,  
CALIFORNIA CODE OF REGULATIONS,  
SECTIONS 1183.2 AND 1185.3.

*(Adopted on December 9, 2004)*

**AMENDED PARAMETERS AND GUIDELINES**

On December 9, 2004, the Commission on State Mandates adopted the attached Amended Parameters and Guidelines.

\_\_\_\_\_  
PAULA HIGASHI, Executive Director

\_\_\_\_\_  
Date

## AMENDED PARAMETERS AND GUIDELINES

Statutes 1975, Chapter 486  
Statutes 1984, Chapter 1459  
Statutes 2004, Chapter 208 (Budget Act of 2004)

### *Mandate Reimbursement Process*

[For fiscal year 2004-2005, these parameters and guidelines are amended, pursuant to the requirements of: provision 8 of Item 0840-001-0001, and provision 1 of Item 8885-001-0001 of the Budget Act of 2004 to include Appendix A.]

Adopted: November 20, 1986  
First Amendment Adopted: March 26, 1987  
Second Amendment Adopted: October 26, 1995  
Third Amendment Adopted: January 30, 1997  
Fourth Amendment Adopted: September 25, 1997  
Fifth Amendment Adopted: October 29, 1998  
Sixth Amendment Adopted: September 30, 1999  
Seventh Amendment Adopted: September 28, 2000  
Eighth Amendment Adopted: October 25, 2001  
Ninth Amendment Adopted: February 27, 2003  
Tenth Amendment Adopted: September 25, 2003  
Eleventh Amendment Adopted: December 9, 2004

## **I. SUMMARY OF THE MANDATE**

Statutes 1975, chapter 486, established the Board of Control's authority to hear and make determinations on claims submitted by local governments that allege costs mandated by the state. In addition, Statutes 1975, chapter 486 contains provisions authorizing the State Controller's Office to receive, review, and pay reimbursement claims for mandated costs submitted by local governments.

Statutes 1984, chapter 1459, created the Commission on State Mandates (Commission), which replaced the Board of Control with respect to hearing mandate cost claims. This law established the "sole and exclusive procedure" by which a local agency or school district is allowed to claim reimbursement as required by article XIII B, section 6 of the California Constitution for state mandates under Government Code section 17552.

Together these laws establish the process by which local agencies receive reimbursement for state-mandated programs. As such, they prescribe the procedures that must be followed before mandated costs are recognized. They also dictate reimbursement activities by requiring local agencies and school districts to file claims according to instructions issued by the Controller.

On March 27, 1986, the Commission determined that local agencies and school districts incurred "costs mandated by the state" as a result of Statutes 1975, chapter 486, and Statutes 1984, chapter 1459. Specifically, the Commission found that these two statutes imposed a new program by requiring local governments to file claims in order to establish the existence of a mandated program as well as to obtain reimbursement for the costs of mandated programs.

## **II. ELIGIBLE CLAIMANTS**

Any local agency as defined in Government Code section 17518, or school district as defined in Government Code section 17519, which incurs increased costs as a result of this mandate is eligible to claim reimbursement of those costs.

## **III. PERIOD OF REIMBURSEMENT**

Pursuant to Government Code section 17560, reimbursement for state-mandated costs may be claimed as follows:

- (a) A local agency or school district may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).
- (b) A local agency or school district may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
- (c) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of section 17558 between October 15 and January 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

Reimbursable actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to

Government Code section 17561 (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of the issuance of the State Controller's claiming instructions. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

#### **IV. REIMBURSABLE ACTIVITIES**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable 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 (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct.", and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

##### **A. Scope of Mandate**

Local agencies and school districts filing successful test claims and reimbursement claims incur state-mandated costs. The purpose of this test claim is to establish that local governments cannot be made financially whole unless all state mandated costs -- both direct and indirect -- are reimbursed. Since local costs would not have been incurred for test claims and reimbursement claims but for the implementation of state-imposed mandates, all resulting costs are recoverable.

##### **B. Reimbursable Activities**

###### **1. Test Claims**

All costs incurred by local agencies and school districts in preparing and presenting successful test claims are reimbursable, including those same costs of an unsuccessful test claim if an adverse Commission ruling is later reversed as a result of a court order. These activities include, but are not limited to, the following: preparing and presenting test claims, developing parameters and guidelines, collecting cost data, and helping with the drafting of required claiming instructions. The costs of all successful test claims are reimbursable.

Costs that may be reimbursed include the following: salaries and benefits, materials and supplies, consultant and legal costs, transportation, and indirect costs.

## 2. Reimbursement Claims

All costs incurred during the period of this claim for the preparation and submission of successful reimbursement claims to the State Controller are recoverable by the local agencies and school districts, unless the Legislature has suspended the operation of mandate pursuant to state law. Allowable costs include, but are not limited to, the following: salaries and benefits, service and supplies, contracted services, training, and indirect costs.

Incorrect Reduction Claims are considered to be an element of the reimbursement process. Reimbursable activities for successful incorrect reduction claims include the appearance of necessary representatives before the Commission on State Mandates to present the claim, in addition to the reimbursable activities set forth above for successful reimbursement claims.

## 3. Training

### a. Classes

Include the costs of classes designed to assist the claimant in identifying and correctly preparing state-required documentation for specific reimbursable mandates. Such costs include, but are not limited to, salaries and benefits, transportation, registration fees, per diem, and related costs incurred because of this mandate. (One-time activity per employee.)

### b. Commission Workshops

Participation in workshops convened by the Commission is reimbursable. Such costs include, but are not limited to, salaries and benefits, transportation, and per diem. This does not include reimbursement for participation in rulemaking proceedings.

## V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

### A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

#### 1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

#### 2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after



deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

### 3. Contract Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

### 4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

### 5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

### 6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## B. Indirect Cost Reporting

### 1. Local Agencies

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have

the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the following methodologies:

- a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
- b. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

## 2. School Districts

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

## 3. County Offices of Education

County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

#### 4. Community College Districts

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

### **VI. RECORD RETENTION**

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>1</sup> is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

### **VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences in the same program as a direct result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

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

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

### **IX. REMEDIES BEFORE THE COMMISSION**

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for

---

<sup>1</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, and California Code of Regulations, title 2, section 1183.2.

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

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.

**(Continue to Appendix A)**

## PARAMETERS AND GUIDELINES

Statutes 1975, Chapter 486  
Statutes 1984, Chapter 1459

### APPENDIX A

#### Limitation on Reimbursement for Independent Contractor Costs During Fiscal Years 2004-2005<sup>2</sup>

- A. If a local agency or school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the local agency or school district.

The maximum amount of reimbursement provided in subdivision (a) for an independent contractor may be exceeded only if the local agency or school district establishes, by appropriate documentation, that the preparation and submission of these claims could not have been accomplished without incurring the additional costs claimed by the local agency or school district.

- B. Costs incurred for contract services and/or legal counsel that assist in the preparation, submission and/or presentation of claims are recoverable within the limitations imposed under A. above. Provide copies of the invoices and/or claims that were paid. For the preparation and submission of claims pursuant to Government Code sections 17561 and 17564, submit an estimate of the actual costs that would have been incurred for that purpose if performed by employees of the local agency or school district; this cost estimate is to be certified by the governing body or its designee.

If reimbursement is sought for independent contractor costs that are in excess of **[Test (1)]** ten percent of the claims prepared and submitted by the independent contractor or **[Test (2)]** the actual costs that necessarily would have been incurred for that purpose if performed by employees or the local school district, appropriate documentation must be submitted to show that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the local agency or school district. Appropriate documentation includes the record of dates and time spent by staff of the contractor for the preparation and submission of claims on behalf of the local agency or school district, the contractor's billed rates, and explanation on reasons for exceeding Test (1) and/or Test (2). In the absence of appropriate documentation,

---

<sup>2</sup> The limitation added by the Budget Act of 2004, Statutes 2004, chapter 208, in Item 0840-001-0001, Provision 8, and in Item 8885-001-0001, Provision 1, is shown as part A. of this Appendix.

reimbursement is limited to the lesser of Test (1) and/or Test (2). No reimbursement shall be permitted for the cost of contracted services without the submission of an estimate of actual costs by the local agency or school district.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>MANDATED REIMBURSEMENT PROCESS</b>			For State Controller Use Only (19) Program Number 00237 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">237</span>
L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) MRP-1, (03)(a)	
	County of Location		(23) MRP-1, (03)(b)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) MRP-1, (03)(c)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) MRP-1, (04)(1)(e)	
<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	(26) MRP-1, (04)(2)(e)	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27) MRP-1, (04)(3)(e)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) MRP-1, (06)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29) MRP-1, (07)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/___ <b>20</b> ___	(12) <b>20</b> ___/___ <b>20</b> ___	(30) MRP-1, (09)	
<b>Total Claimed Amount</b>	(07)	(13)	(31) MRP-1, (10)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	
<b>(37) CERTIFICATION OF CLAIM</b>				
In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.				
I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.				
The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.				
Signature of Authorized Officer			Date	
_____			_____	
Type or Print Name			Title	
(38) Name of Contact Person for Claim			Telephone Number ( ) - Ext.	
_____			_____	
E-Mail Address			_____	

<b>Program</b> <b>237</b>	<b>MANDATE REIMBURSEMENT PROCESS</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 MRP-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form MRP-1, line (11). The total claimed amount must exceed \$1,000.
- (14) **Filing Deadline.** Estimated claims for fiscal year 2004-05 must be filed by **June 15, 2005**. Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty of 10%. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), not to exceed \$1,000.
- (15) If filing an actual reimbursement claim or an estimated claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g. MRP-1, (04)(1)(e), means the information is located on form MRP-1, block (04), line (1), column (e). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

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

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

*Address, if delivered by other delivery service:*

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



<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">237</span>	<b>MANDATED COSTS</b> <b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>MRP-1</b>
--	---	-----------------------------

(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
---------------	--	--------------------------

**Claim Statistics**

(03) Chapter/Statute, Name, and Number of Mandates	(a) Test Claims	(b) Reimbursement/ Incorrect Reduction Claims	(c) Training

Total Number of Claims Filed			
------------------------------	--	--	--

Direct Costs	Object Accounts				
(04) Reimbursable Components	(a) Salaries & Benefits	(b) Services & Supplies	(c) Travel & Training	(d) Fixed Assets	(e) Total
1. Test Claims					
2. Reimbursement Claims					
3. Training					
(05) Total Direct Costs					

**Indirect Costs**

(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs	[Line (06) x line (05)(a)]	
(08) Total Direct and Indirect Costs	[Line (05)(e) + line (07)]	

**Cost Reduction**

(09) Less: Offsetting Savings	
(10) Less: Other Reimbursements	
(11) Total Claimed Amount	[Line (08) - (line (09) + line (10))]

<b>Program</b> <b>237</b>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>MRP-1</b>
------------------------------	--	-----------------------------

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.  
  
 Form MRP-1 must be filed for a reimbursement claim. Do not complete form MRP-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form MRP-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) **Test Claims:** Enter the chapter/statute or state regulation and program name. Give the date when the successful test claim was heard by the Commission on State Mandates. Enter an "X" in column (a) for each program.  
  
**Reimbursement Claims/Incorrect Reduction Claims:** List each chapter/statute or state regulation and program name that is included in the claim preparation costs. Enter an "X" in column (b) for each program. Give the date when the successfully appealed incorrect reduction claim was heard by the Commission on State Mandates.  
  
**Training:** Enter the chapter/statute or state regulation and program name. Give the date when the training took place. Enter an "X" in column (c).  
  
 Total the "X"s in each column. Attach a separate schedule if more space is needed to meet your requirements.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form MRP-2, line (05), columns (d), (e), (f), and (g) to form MRP-1, block (04) columns (a), (b), (c), and (d) in the appropriate row. Total each row and enter in column (e).
- (05) Total Direct Costs. Total columns (a) through (e).
- (06) Indirect Cost Rate. Community college district may use the federally approved OMBA-21, the rate computed using form FAM-29C, or the 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying Total Salaries and Benefits, line (05)(a), by the Indirect Cost Rate, line (06).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(e), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim, or line (13) for the Reimbursement Claim.

Program <b style="font-size: 24pt;">237</b>	<b>MANDATED COSTS</b> <b>MANDATE REIMBURSEMENT PROCESS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>MRP-2</b>
--	--	-----------------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Reimbursable Component: Check only **one** box per form to identify the component being claimed.

Test Claims     
  Reimbursement/Incorrect Reduction Claims     
  Training

(04) Description of Expenses	<b>Object Accounts</b>
------------------------------	------------------------

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Services and Supplies	(f) Travel and Training	(g) Fixed Assets

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___					
--	--	--	--	--	--

<b>Program</b>  <span style="font-size: 2em;"><b>237</b></span>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>MRP-2</b>
---	---	-----------------------------

- (01) Enter the name of the claimant. If more than one department has incurred costs for the mandate, give the name of each department. A form MRP-2 should be completed for each department.
- (02) Enter the fiscal year in which costs were incurred.
- (03) Reimbursable Components. Check only one box per form to indicate the cost component being claimed. A separate form MRP-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. Allowable costs for the following cost components include, but are not limited to:
  - **Test Claim** - Salaries and benefits, supplies, consultants and legal services, travel, etc.
  - **Reimbursement Claim/Incorrect Reduction Claim** - Salaries and benefits, supplies, contract services. etc.,
  - **Training** - Registration fee.

To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, etc. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
<b>Benefits</b>	Title  Activities	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Services &amp; Supplies</b>	Name of Contractor	Hourly Rate	Hours Worked Inclusive Dates of Service		Cost = Hourly Rate x Hours Worked			Copy of Contract
Contract Services	Specific Tasks Performed							
Office Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
<b>Travel &amp; Training</b>	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode			Cost = Rate x Days or Miles or Total Travel Cost		
Travel								
Training	Employee Name and Title  Name of Class		Dates Attended			Registration Fee		
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Usage	

- (05) Total line (04), columns (d), (e), (f), and (g) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component costs, number each page. Enter totals from line (05), columns (d), (e), (f), and (g) to form MRP-1, block (04), columns (a), (b), (c), and (d) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2002-11  
OPEN MEETINGS ACT/BROWN ACT REFORM  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller’s Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Open Meetings Act/Brown Act Reform (BAR) program. These claiming instructions are issued subsequent to the adoption of the program’s parameters and guidelines (P’s & G’s) by the Commission on State Mandates (COSM).

GC Sections 54952, 54954.2, 54957.1, and 54957.7 require that legislative bodies of community college districts comply with certain changes to the Ralph M. Brown Act, also known as the Open Meetings Act. The test claim legislation expanded the types of legislative bodies required to comply with the notice and agenda requirements of GC Sections 54954.2 and 54954.3.

On June 28, 2001, the COSM determined that the BAR program establishes costs mandated by the State according to the provisions listed in the attached amended P’s & G’s. For your reference, the P’s & G’s are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college district, that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Reimbursement Options**

Three reimbursement options were established by the COSM for costs incurred during a fiscal year: Actual Time, Standard-Time, and Flat-Rate. All meetings of the same type or name must be claimed using the same basis for the entire fiscal year. However, the meetings may be claimed using a different basis during a subsequent fiscal year. For each type or name of a meeting claimed, claimants shall select one of the following reimbursement options:

**A. Actual Time**

Actual costs of administering the BAR program in compliance with this mandate may be claimed. **Eligible claimants must claim actual costs incurred for subsequent reporting of action taken in closed session, providing copies of documents approved or adopted in closed session, and training. See Section V. A. (page 6) of the P’s & G’s.** The following are reimbursable activities related to the BAR program: Salaries and benefits, materials and supplies, contract services, travel and training, and fixed assets. Forms BAR-2A and BAR-3 must be completed to claim actual costs associated with this mandate. Forms BAR-1 and FAM-27 are then used to summarize these costs.

## **B. Standard-Time**

In lieu of actual time, a standard-time allowance of 10 or 45 minutes per agenda item, based on enrollment size of the district, as provided for in the P's & G's, shall be used to calculate the cost of each brief agenda that was prepared during the fiscal year. This standard-time allowance covers the direct and, if applicable, the indirect costs incurred in compliance with this mandate. Forms BAR-2S and BAR-3 must be completed to claim standard-time costs associated with this mandate. Forms BAR-1 and FAM-27 are then used to summarize these costs.

## **C. Flat-Rate**

In lieu of actual costs, a flat-rate allowance of \$90.10 per meeting for the base fiscal year of 1993-94, as provided for in the P's & G's, shall be used to claim the cost of each agenda that was prepared during the fiscal year. The flat-rate allowance includes all costs incurred for preparing and posting an agenda including closed session agenda items. **Claimants who filed reimbursement claims under the Open Meetings Act program using the flat rate option cannot file another reimbursement claim using this option for initial year costs for agenda preparation of closed session items under the BAR program. Refer to Sections III. and IV. of the P's and G's.** The direct and indirect costs incurred in compliance with this mandate will be adjusted each subsequent fiscal year by the Implicit Price Deflator. Forms BAR-2F and BAR-3 must be completed to claim flat-rate costs associated with this mandate. Forms BAR-1 and FAM-27 are then used to summarize these costs.

## **Filing Deadlines**

Eligible claimants have the option of filing new reimbursement claims for the period January 1, 1994, to June 30, 1994, and fiscal years 1994-95 through 2000-01 for reimbursable activities incurred **only** in compliance with the BAR mandate pursuant to these P's & G's. **The initial years' costs shall not include any costs that were claimable or reimbursed pursuant to the Open Meetings Act (OMA) program per claiming instructions 2000-15 and 16. Annual claims, commencing with the 2001-02 fiscal year, shall include all costs for the OMA and BAR programs. See Section I. of the P's & G's for the expanded types of "legislative bodies" required to comply with the notice and agenda requirements of GC §§ 54954.2 and 54954.3.**

### **A. Initial Claims**

Initial claims must be filed within 120 days from the issuance date of claiming instructions. Reimbursement claims for the period January 1, 1994, to June 30, 1994, and fiscal years 1994-95 through 2001-02 must be filed with the SCO and be delivered or postmarked on or before **October 30, 2002**. Annually thereafter, having received payment for an estimated claim, the claimant must file a reimbursement claim by **January 15** of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. All initial reimbursement claims will be considered as one claim for the purpose of computing the late claim penalty. If the claims are late, the penalty should be applied to a single fiscal year. Do not prorate the penalty among fiscal years. In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more**

**than one year after the deadline or without the requested supporting documentation will not be accepted.**

## **B. Estimated Claims**

Estimated claims for fiscal year 2002-03 must be filed with the SCO and postmarked by **October 30, 2002**. Thereafter, they must be filed with the SCO and postmarked by January 15 of the fiscal year in which costs will be incurred. Timely filed claims are paid before late claims.

Unless otherwise specified in the claiming instructions, community colleges are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. The claimant can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, the claimant must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs.

### **Minimum Claim Cost**

For initial claims and annual claims filed **on or after September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC Sections 17564.

### **Reimbursement Claims**

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported and if such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, copies of agendas, employee time records that identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics.

### **Audit of Costs**

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

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

## Retention of Claiming Instructions

Claiming instructions and forms should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary. For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

## Address for Filing Claims

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

If delivered by  
U.S. Postal Service:

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

If delivered by  
other delivery services:

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



## **Parameters and Guidelines**

Government Code Sections 54952, 54954.2, 54954.3, 54957.1, and 54957.7

Statutes of 1986, Chapter 641

Statutes of 1993, Chapters 1136, 1137 and 1138

### *Open Meetings Act/Brown Act Reform*

#### **I. SUMMARY OF THE MANDATE**

Government Code sections 54952, 54954.2, 54957.1 and 54957.7, require that “legislative bodies” of local agencies comply with certain changes to the Ralph M. Brown Act, also known as the Open Meetings Act.

On June 28, 2001, the Commission on State Mandates (Commission) adopted its Statement of Decision on the *Brown Act Reform* test claim (CSM-4469). The Commission found that Government Code sections 54952, 54954.2, 54957.1, and 54957.7, as added and amended by Statutes of 1993, chapters 1136, 1137, and 1138, constitutes a reimbursable state mandated program upon local governments within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The test claim legislation expanded the types of “legislative bodies” required to comply with the notice and agenda requirements of Government Code sections 54954.2 and 54954.3, to include:

- Local Bodies created by state or federal statute.
- Standing Committees with less than a quorum of members of the legislative body that has a continuing subject matter jurisdiction or a meeting schedule fixed by formal action.
- Permanent & Temporary Advisory Bodies (except bodies of less than a quorum of the members of the legislative body).

It also required all “legislative bodies” to perform a number of additional activities in relation to the closed session requirements of the Brown Act, as follows:

- To include a brief general description on the agenda of all items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. (Gov. Code, § 54954.2, subd. (a).)
- To disclose in an open meeting, prior to holding any closed session, each item to be discussed in the closed session. (Gov. Code, § 54957.7, subd. (a).)
- To reconvene in open session prior to adjournment and report the actions and votes taken in closed session for the five items identified in Government Code section 54957.1, subdivision (a)(1-4, 6). (Gov. Code, § 54957.7, subd. (b).)
- To provide copies of closed session documents as required. (Gov. Code, § 54957.1, subd. (b) and (c).)

The Commission previously adopted two test claims on the Brown Act:

### 1. Open Meetings Act

On March 23, 1988, the Commission adopted the *Open Meetings Act* test claim (CSM-4257). Statutes of 1986, chapter 641, added Government Code section 54954.2 to require that the legislative body of the local agency, or its designee, post an agenda containing a brief general description of each item of business to be transacted or discussed at the regular meeting, subject to exceptions stated therein, specifying the time and location of the regular meeting and requiring that the agenda be posted at least 72 hours before the meeting in a location freely accessible to the public. The following types of “legislative bodies” were eligible for reimbursement:

- Governing board, commission, directors or body of a local agency or any board or commission thereof, as well as any board, commission, committee, or other body on which officers of a local agency serve in their official capacity.
- Any board, commission, committee, or body which exercises authority delegated to it by the legislative body.
- Planning commissions, library boards, recreation commissions, and other permanent boards or commissions of a local agency composed of at least a quorum of the members of the legislative body.

Statutes of 1986, chapter 641 also added Government Code section 54954.3 to provide an opportunity for members of the public to address the legislative body on specific agenda items or any item of interest that is within the subject matter jurisdiction of the legislative body, and this opportunity for comment must be stated on the posted agenda.

### 2. School Site Councils and Brown Act Reform

On April 27, 2000, the Commission approved the *School Site Councils and Brown Act Reform* test claim (CSM-4501). This test claim was based on Government Code section 54954 and Education Code section 35147, which addressed the application of the open meeting act provisions of the Brown Act to specified school site councils and advisory committees of school districts.<sup>1</sup>

## II. ELIGIBLE CLAIMANTS

Any county, city, a city and county, school or special district that incurs increased costs as a result of this reimbursable state mandated program is eligible to claim reimbursement of those costs.

## III. PERIOD OF REIMBURSEMENT

Government Code section 17557, prior to its amendment by Statutes of 1998, chapter 681 (effective September 22, 1998), stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for *Brown Act Reform* was filed on December 29, 1994. Statutes of 1993, chapters 1136, 1137, and 1138, became effective January 1, 1994. Therefore, costs

---

<sup>1</sup> The parameters and guidelines for the *School Site Councils and Brown Act Reform* test claim are not included in these parameters and guidelines.

incurred on or after January 1, 1994 for compliance with the *Brown Act Reform* mandate are eligible for reimbursement.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

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

Initial years' costs shall not include any costs that were claimable or reimbursed pursuant to *Open Meetings Act* Parameters and Guidelines as amended on December 4, 1991 or November 30, 2000. Reimbursement for these costs must be claimed as prescribed in the Controller's Claiming Instructions No. 2000-15 and 2000-16 for local agencies and schools, respectively.

Annual claims, commencing with the 2001-2002 fiscal year, shall include all costs for *Open Meetings Act* and *Brown Act Reform*.

#### **IV. REIMBURSABLE ACTIVITIES**

For each eligible claimant, the following activities are eligible for reimbursement:

##### **A. Agenda Preparation and Posting Activities**

1. Prepare a single agenda for a regular meeting of a legislative body of a local agency or school district containing a brief description of each item of business to be transacted or discussed at a regular meeting, including items to be discussed in closed session, and citing the time and location of the regular meeting.<sup>2</sup> (Gov. Code, § 54954.2, subd. (a).)
2. Post a single agenda 72 hours before a meeting in a location freely accessible to the public. Further, every agenda must state that there is an opportunity for members of the public to comment on matters that are within the subject matter jurisdiction of the legislative body, subject to exceptions stated therein. (Gov. Code, §§ 54954.2, subd. (a), and 54954.3, subd. (a).)

Beginning January 1, 1994, the following types of "legislative bodies" are eligible to claim reimbursement under these parameters and guidelines for the activities listed in section IV.A:

- Local Bodies created by state or federal statute.
- Standing Committees with less than a quorum of members of the legislative body that has a continuing subject matter jurisdiction or a meeting schedule fixed by formal action.
- Permanent & Temporary Advisory Bodies (except bodies of less than a quorum of the members of the legislative body).

---

<sup>2</sup> As amended by Statutes of 1993, chapter 1136.

Beginning January 1, 1994, the following “legislative bodies” are eligible to claim reimbursement under these parameters and guidelines for the preparation of a brief general description of closed session agenda items, using either the actual or standard time reimbursement options pursuant to section V.A.1 or 2:

- Governing board, commission, directors or body of a local agency or any board or commission thereof, as well as any board, commission, committee, or other body on which officers of a local agency serve in their official capacity.
- Any board, commission, committee, or body which exercises authority delegated to it by the legislative body.
- Planning commissions, library boards, recreation commissions, and other *permanent* boards or commissions of a local agency composed of at least a quorum of the members of the legislative body.
- Local Bodies created by state or federal statute.
- Standing Committees with less than a quorum of members of the legislative body that has a continuing subject matter jurisdiction or a meeting schedule fixed by formal action.
- Permanent & Temporary Advisory Bodies (except bodies of less than a quorum of the members of the legislative body).

B. Closed Session Activities

1. Disclose in an open meeting, prior to holding any closed session, each item to be discussed in the closed session. (Gov. Code, § 54957.7, subd. (a).)
2. Reconvene in open session prior to adjournment to make any disclosures required by Section 54957.1 of action taken in the closed session, including items as follows: (Gov. Code, § 54957.7, subd. (b).)
  - a. Approval of an agreement concluding real estate negotiations as specified in Section 54956.8. (Gov. Code, § 54957.1, subd. (a)(1).)
  - b. Approval given to its legal counsel to defend, or seek or refrain from seeking appellate review or relief, or to enter as an amicus curiae in any form of litigation as the result of consultation under Section 54956.9. (Gov. Code, § 54957.1, subd. (a)(2).)
  - c. Approval given to its legal counsel of a settlement of pending litigation as defined in Section 54956.9, at any stage prior to or during a judicial or quasi-judicial proceeding shall be reported after the settlement is final. (Gov. Code, § 54957.1, subd. (a)(3).)
  - d. Disposition reached as to claims discussed in closed session pursuant to Section 54956.95 shall be reported as soon as reached in a manner that identifies of the name of the claimant, the name of the local agency claimed against, the substance of the claim, and any monetary amount approved for payment and agreed upon by the claimant. (Gov. Code, § 54957.1, subd. (a)(4).)

- e. Approval of an agreement concluding labor negotiations with represented employees pursuant to Section 54957.6 shall be reported after the agreement is final and has been accepted or ratified by the other party. (Gov. Code, § 54957.1, subd. (a)(6).)
3. Provide copies of any contracts, settlement agreements, or other documents that were finally approved or adopted in the closed session to a person who submitted a written request within the timelines specified or to a person who has made a standing request, as set forth in Sections 54954.1 or 54956 within the time lines specified. (Gov. Code, § 54957.1, subd. (b) and (c).)
4. Train members of only those legislative bodies that actually hold closed executive sessions, on the closed session requirements of *Brown Act Reform*. If such training is given to all members of the legislative body, whether newly appointed or existing members, contemporaneously, time of the trainer and legislative members is reimbursable. Additionally, time for preparation of training materials, obtaining materials including training videos and audio visual aids, and training the trainers to conduct the training is reimbursable. See Section V.B.6 of these parameters and guidelines.

Beginning January 1, 1994, the following “legislative bodies” are eligible to claim reimbursement under these parameters and guidelines for the activities listed in IV.B:

- Governing board, commission, directors or body of a local agency or any board or commission thereof, as well as any board, commission, committee, or other body on which officers of a local agency serve in their official capacity.
- Any board, commission, committee, or body which exercises authority delegated to it by the legislative body.
- Planning commissions, library boards, recreation commissions, and other *permanent* boards or commissions of a local agency composed of at least a quorum of the members of the legislative body.
- Local Bodies created by state or federal statute.
- Standing Committees with less than a quorum of members of the legislative body that has a continuing subject matter jurisdiction or a meeting schedule fixed by formal action.
- Permanent & Temporary Advisory Bodies (except bodies of less than a quorum of the members of the legislative body).

## V. CLAIM PREPARATION AND SUBMISSION

Each reimbursement claim must be timely filed. Each of the following cost elements must be identified for each reimbursable activity identified in section IV of this document.

### A. Reimbursement Options for Agenda Preparation and Posting, Including Closed Session Agenda Items

Eligible claimants may use the actual time, standard time, or flat rate reimbursement options for claiming costs incurred pursuant to section IV.A of these parameters and guidelines for agenda preparation and posting, including closed session items.<sup>3</sup> Eligible claimants must claim actual costs incurred for subsequent reporting of action taken in closed session, providing copies of documents approved or adopted in closed session, and training.

For each type or name of meeting claimed during a fiscal year, select one of the following reimbursement options. For example, all city council meetings in a given fiscal year may be claimed on only one basis: actual time, standard time or flat-rate. If standard time is selected, all city council meetings must be claimed using this basis for the entire year. However, all city council meetings could be claimed on an actual cost basis during a subsequent fiscal year.

#### 1. Actual Time

List the meeting names and dates. Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Counties and cities may claim indirect costs pursuant to section V.C.

#### 2. Standard Time

##### a. Main Legislative Body Meetings of Counties and Cities

List the meeting names and dates. For each meeting, multiply the number of agenda items, excluding standard agenda items such as “adjournment”, “call to order”, “flag salute”, and “public comments”, by 30 minutes and then by the blended productive hourly rate of the involved employees.

Counties and cities may claim indirect costs pursuant to section V.C.

##### b. Special District Meetings, and County and City Meetings Other Than Main Legislative Body

List the meeting names and dates. For each meeting, multiply the number of agenda items, excluding standard agenda items such as “adjournment”, “call to order”, “flag salute”, and “public comments”, by 20 minutes and then by the blended productive hourly rate of the involved employees.

---

<sup>3</sup> The flat rate includes all of the costs for preparing and posting an agenda, including closed session agenda items. Claimants that filed reimbursement claims under the *Open Meetings Act* Program using the flat rate reimbursement option cannot file another reimbursement claim using the flat rate option for initial years costs for agenda preparation of closed session items under Brown Act Reform. Refer to sections III and IV of these parameters and guidelines.

Special districts, counties and cities may claim indirect costs pursuant to section V.C.

c. School and Community College Districts and County Offices of Education

List the meeting names and dates. For each meeting, multiply the number of agenda items times the minutes per agenda item for County Offices of Education and for districts, by enrollment size, times the blended productive hourly rate of the involved employees. The minutes per agenda for County Offices of Education and for districts by enrollment size are:

County Offices of Education:	45 minutes
Districts:	
Enrollment 20,000 or more	45 minutes
Enrollment 10,000 – 19,999	15 minutes
Enrollment less than 10,000	10 minutes

School and community college districts and County Offices of Education may claim indirect costs pursuant to section V.C.

3. Flat Rate<sup>4</sup>

List the meeting names and dates. Multiply the uniform cost allowance, shown in the table provided below, by the number of meetings. The uniform cost allowance shall be adjusted each year subsequent to fiscal year 1997-1998 by the Implicit Price Deflator referenced in Government Code section 17523.

1993-1994	\$ 90.10
1994-1995	92.44
1995-1996	95.12
1996-1997	97.31
1997-1998	100.00

B. Direct Cost Reporting

Direct costs that are eligible for reimbursement are:

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

---

<sup>4</sup> The flat rate includes all of the costs for preparing and posting an agenda, including closed session agenda items. Claimants that filed reimbursement claims under the *Open Meetings Act* Program using the flat rate reimbursement option cannot file another reimbursement claim using the flat rate option for initial years costs for agenda preparation of closed session items under Brown Act Reform. Refer to sections III and IV of these parameters and guidelines.

## 2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

## 3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

## 4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

## 5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element B.1, Salaries and Benefits, for each applicable reimbursable activity.

## 6. Training

Report the cost of training members of the legislative body to perform the reimbursable activities, as specified in section IV.B of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element B.1, Salaries and Benefits, and B.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element B.3, Contracted Services. This data, if too voluminous to be included with the claim, may be reported in a summary. However, supporting data must be maintained as described in section VI.



### C. Indirect Cost Rates

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department of program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

#### Cities, Counties and Special Districts

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

#### School Districts

School districts must use the J-380 (or subsequent replacement) nonrestrictive indirect cost rate provisionally approved by the California Department of Education.

County Offices of Education

County offices of education must use the J-580 (or subsequent replacement) nonrestrictive indirect cost rate provisionally approved by the California Department of Education.

Community Colleges

Community colleges have the option of using (1) a federally approved rate, using the cost accounting principles from the OMB Circular A-21 "Cost Principles of Educational Institutions", (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

**VI. SUPPORTING DATA**

A. Source Documents

For auditing purposes, all incurred costs claimed must be traceable to source documents that show evidence of their validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements.

For those entities that elect reimbursement pursuant to the standard time methodology, option 2 in section V.A, documents showing the calculation of the blended productive hourly rate and copies of agendas shall be sufficient evidence. For those entities that elect reimbursement pursuant to the flat-rate methodology, option 3 in section V.A, copies of agendas shall be sufficient evidence.

The blended productive hourly rate, used in claiming standard or unit time reimbursements, may be calculated by determining the percentage of time spent by persons or classifications of persons on the reimbursable activities and multiplying the productive hourly rate (including salaries, benefits and indirect costs, if not claimed elsewhere) for each person or classification of persons times the percentage of time spent by that person or classification of persons. Claimants may determine a percentage allocation for the person or classification of persons in a base fiscal year and use that percentage allocation for subsequent future years by multiplying the base year percentages times the productive hourly rate for that person or classification of persons for the fiscal year of the reimbursement claim.

For example, a city manager may determine that the percentage of time spent on the reimbursable activities by various classifications in a base year of fiscal year 1998-1999 was as follows:

City Manager	17%
City Attorney	15%
City Clerk	36%
Department Managers	9%
Secretaries	23%
Total	100%

The city determines that the productive hourly rate (salaries, benefits, and indirect costs) for fiscal year 2000-2001 for each classification is as follows:

	Salary	Benefits	Indirect Cost Rate	Indirect Costs	Productive Hourly Rate
City Manager	\$60	\$12	29%	\$13	\$85
City Attorney	\$55	\$10	30%	\$15	\$80
City Clerk	\$40	\$ 8	31%	\$12	\$60
Department Manager	\$45	\$ 9	30%	\$11	\$65
Secretaries	\$18	\$ 5	25%	\$ 7	\$30

The blended productive hourly rate for fiscal year 2000-2001 is determined by multiplying the percentages in the base year times the productive hourly rate in the fiscal year claimed, and adding the totals, as follows:

City Manager	17%	\$85	\$14.25
City Attorney	15%	\$80	\$12.00
City Clerk	36%	\$60	\$21.60
Department Manager	9%	\$65	\$ 5.85
Secretaries	23%	\$30	\$ 6.90
Total	100%		\$60.80

The city's claim would be determined by multiplying the blended productive hourly rate times the minutes per agenda item times the number of agenda items.

#### B. Record Keeping

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the State Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. See the State Controller's claiming instructions regarding retention of required documentation during the audit period.

### **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain a mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any other source, including but not limited to, service fees collected, federal funds and other state funds, shall be identified and deducted from this claim.

### **VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION**

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the State contained herein.

### **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Parameters and guidelines may be amended pursuant to Title 2, California Code of Regulations section 1183.2.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>OPEN MEETINGS ACT/BROWN ACT REFORM</b>	For State Controller Use Only (19) Program Number 00238 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">238</span>
--	---	---

L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) BAR-1, (03)	
	County of Location		(23) BAR-1, (04)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) BAR-1, (05)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) BAR-1, (06)	

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

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer	Date
Type or Print Name	Title

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

<b>Program 238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM Certification Claim Form Instructions</b>	<b>FORM 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) If filing a combined estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form BAR-1 and enter the amount from line (13).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form BAR-1, line (13). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., BAR-1, (04)(f), means the information is located on form BAR-1, block (04), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

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

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

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

**Address, if delivered by other delivery service:**

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

<b>Program</b> <span style="font-size:24pt;"><b>238</b></span>	<b>MANDATED COSTS</b> <b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>CLAIM SUMMARY</b>					<b>FORM</b> <b>BAR-1</b>	
(01) Claimant		(02) Type of Claim			Fiscal Year		
		Reimbursement <input type="checkbox"/>					
		Estimated <input type="checkbox"/>			20__/20__		
<b>Claim Statistics</b>							
(03) Number of regular meetings for which a brief agenda was prepared and posted							
<b>Direct Costs: Actual Time Option</b>							
(04) Reimbursable Component		<b>Object Accounts</b>					
		(a)	(b)	(c)	(d)	(e)	(f)
		Salaries and Benefits	Materials and Supplies	Contract Services	Fixed Assets	Travel and Training	Total Direct Costs
Preparation of Brief Agenda and Posting							
<b>Direct Costs: Standard-Time Option</b>							
(05) Standard-Time Reimbursement Option				[From form BAR-2S, line (04)(f)]			
<b>Indirect Costs: Actual Time Option and/or Standard-Time Option</b>							
(06) Indirect Cost Rate				[Federally approved OMB A-21, FAM-29C, or 7%]		%	
(07) Total Indirect Costs				[Method 1 or Method 2]			
(08) Total Direct and Indirect Costs				[Line (04)(f) + line (05) + line (07)]			
<b>Direct and Indirect Costs: Flat-Rate Option</b>							
(09) Flat-Rate Reimbursement Option				[From form BAR-2F, line (04)(d)]			
(10) Total Direct and Indirect Costs of All Options				[Line (08) + line (09)]			
<b>Cost Reduction</b>							
(11) Less: Offsetting Savings							
(12) Less: Other Reimbursements							
(13) Total Claimed Amount				[Line (10) - {line (11) + line (12)}]			

Program <b>238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>CLAIM SUMMARY</b> Instructions	FORM BAR-1
-----------------------	---	---------------

**Note: The initial years' costs shall not include any costs that were claimable or reimbursed pursuant to the Open Meetings Act (OMA) program per claiming instructions 2000-15 and 16. Annual claims, commencing with the 2001-02 fiscal year, shall include all costs for the OMA and BAR programs. See Section I. of the P's & G's.**

- (01) Claimant. Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.  
  
 Form BAR-1 must be filed for a reimbursement claim. Do not complete form BAR-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form BAR-1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Claim Statistics. Enter the number of regular meetings for which a brief agenda was prepared and posted during the fiscal year.
- (04) Reimbursable Component. Enter all the totals from form BAR-2A, line (06), columns (d) through (h) to form BAR-1, line (04), columns (a) through (e) in the appropriate row. Total the row and enter in column (f).
- (05) Standard-Time Reimbursement Option. The standard-time allowance covers the direct and indirect costs incurred in compliance with this mandate. Enter the total from form BAR-2S, line (04)(f).
- (06) Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. If the blended hourly rate for the Standard-Time allowance includes indirect costs, use **Method 1**. If the blended hourly rate for the Standard-Time allowance does not include indirect costs, use **Method 2**.  
**Method 1:** Multiply Total Direct Costs, line (04)(f), by the Indirect Cost Rate, line (06).  
**Method 2:** Multiply the sum of Total Direct Costs, line (04)(f), and Standard-Time Reimbursement Option, line (05), by the Indirect Cost Rate, line (06).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (04)(f), Standard-Time Reimbursement Option, line (05), and Total Indirect Costs, line (07).
- (09) Flat-Rate Reimbursement Option. The flat-rate allowance covers the direct and indirect costs incurred in compliance with this mandate. Enter the total from form BAR-2F, line (04)(d).
- (10) Total Direct and Indirect Costs of All Options. Enter the sum of Total Direct and Indirect Costs, line (08), and Flat-Rate Reimbursement Option, line (09).
- (11) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (12) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (13) Total Claimed Amount. From Total Direct and Indirect Costs of All Options, line (10), subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12). Enter the remainder on this line.

<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">238</span>	<b>MANDATED COSTS</b> <b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>BAR-2A</b>
--	---	------------------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Meeting Type or Name
---------------------------

(04) Reimbursable Component: Preparation of Brief Agenda and Posting
--

(05) <b>Actual Time Option:</b> Complete columns (a) through (h).	<b>Object Accounts</b>
---	------------------------

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Fixed Assets	(h) Travel and Training

(06) Total <input style="width: 30px;" type="text"/>	Subtotal <input style="width: 30px;" type="text"/>	Page: ___ of ___			
--	--	------------------	--	--	--



<b>Program</b>  <span style="font-size: 2em;"><b>238</b></span>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>BAR-2A</b>
---	---	------------------------------

The initial years' costs shall not include any costs that were claimable or reimbursed pursuant to the Open Meetings Act (OMA) program per claiming instructions 2000-15 and 16. Annual claims, commencing with the 2001-02 fiscal year, shall include all costs for the OMA and BAR programs. See Section I. of the P's & G's.

Complete form BAR-2A when calculating agenda costs using the Actual Time Option.  
 Please note that all meetings of the same type or name in a given fiscal year may be claimed on only one basis.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year in which costs were incurred.
- (03) Meeting Type or Name. Enter the name of the meeting for which a brief agenda was prepared and posted. A separate form BAR-2A should be prepared for the district's legislative body and each board or commission which holds public hearings.
- (04) Reimbursable Component. Preparation of Brief Agenda and Posting. No entry necessary.
- (05) Actual Time Option. The following table identifies the type of information required to support costs of direct labor, materials and supplies, contract services, travel and training, and fixed assets needed in the preparation of a brief general description of agenda items and posting 72 hours before a meeting in a location that is freely accessible to the public. **The descriptions required in column (5)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial payment at the time the claim was filed, supporting documents must be retained for two years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office upon request.

Object/ Sub object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries and Benefits</b>	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Salaries									
Benefits	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Itemized Cost of Services Performed			Copy of Contract and Invoices
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Itemized Cost of Equipment Purchased		
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days					Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode					or Total Travel Cost	
Training	Employee Name/Title Name of Class		Dates Attended					Registration Fee	

- (06) Total line (05), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Carry forward the totals from line (06), columns (d) through (h) to form BAR-1, line (04), columns (a) through (e).

<b>Program</b> <b>238</b>	<b>MANDATED COSTS</b> <b>OPEN MEETINGS ACT/BROWN ACT REFORM II</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>BAR-2F</b>
------------------------------	--	------------------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) **Flat-Rate Reimbursement Option:** Complete columns (a) through (d).

(a) Meeting Type or Name	(b) Uniform Cost Allowance <small>\$124.64 for 04-05</small>	(c) Number of Agendas	(d) Total (b) x (c)

(04) Total <input style="width: 40px;" type="text"/>	Subtotal <input style="width: 40px;" type="text"/>	Page: ___ of ___
--	--	------------------

<b>Program 238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM II COMPONENT/ACTIVITY COST DETAIL Instructions</b>	<b>FORM BAR-2F</b>
------------------------	--	------------------------

Complete form BAR-2F when calculating agenda costs using the Flat-Rate Option. Please note that all meetings of the same type or name in a given fiscal year may be claimed using only one basis.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year in which costs were incurred.
- (03) Flat-Rate Reimbursement Option.
  - (a) Meeting Type or Name. Enter the type or name of the meeting. Only one entry per meeting type or name is needed.
  - (b) Uniform Cost Allowance. Enter the uniform cost allowance for the fiscal year of the claim.

Fiscal Year	Uniform Cost Allowance
2004-05 f/	\$124.64

f/ May Revision Forecast, April 2005

Source: US Department of Commerce, Bureau of Economic Analysis      Updated: April 28, 2005

- (c) Number of Agendas. Enter the number of agendas that were prepared for each meeting type or name listed in column (a).
  - (d) Total. Multiply the Uniform Cost Allowance, column (b), by the Number of Agendas, column (c).
- (04) Total line (03), column (d), and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Carry forward the totals from line (04), column (d) to form BAR-1, line (09).

Program <b style="font-size: 24pt;">238</b>	<b>MANDATED COSTS</b> <b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>BAR-2S</b>
--	---	------------------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) **Standard-Time Reimbursement Option:** Complete columns (a) through (f).

(a) Date	(b) Meeting Type or Name	(c) Number of Agenda Items	(d) Minutes Per Agenda Item	(e) Blended Hourly Rate	(f) Total

(04) Total <input style="width: 30px;" type="text"/>	Subtotal <input style="width: 30px;" type="text"/>	Page: ___ of ___
--	--	------------------

<b>Program</b> <b>238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>BAR-2S</b>
------------------------------	---	------------------------------

The initial years' costs shall not include any costs that were claimable or reimbursed pursuant to the Open Meetings Act (OMA) program per claiming instructions 2000-15 and 16. Annual claims, commencing with the 2001-02 fiscal year, shall include all costs for the OMA and BAR programs. See Section I. of the P's & G's.

**Complete form BAR-2S when calculating agenda costs using the Standard-Time Option.**  
Please note that all meetings of the same type or name in a given fiscal year may be claimed on only one basis.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year in which costs were incurred.
- (03) Standard-Time Reimbursement Option.
  - (a) Date. Enter the date of each meeting.
  - (b) Meeting Type or Name. Enter the type or name of each meeting.
  - (c) Number of Agenda Items. Enter the number of agenda items for each meeting.
  - (d) Minutes Per Agenda Item. The minutes per agenda item for County Offices of Education and for districts by enrollment size are:
 

County Offices of Education:	0.75 hour	(45 minutes)
Districts: Enrollment of 20,000 or more:	0.75 hour	(45 minutes)
Enrollment of 10,000 to 19,999:	0.25 hour	(15 minutes)
Enrollment of less than 10,000:	0.17 hour	(10 minutes)
  - (e) Blended Hourly Rate. Enter the blended hourly rate of all personnel who participated in the preparation and posting of the agenda during the fiscal year.

The blended productive hourly rate, used in claiming standard or unit time reimbursements, may be calculated by determining the percentage of time spent by persons or classifications of persons on the reimbursable activities and multiplying the productive hourly rate (including salaries, benefits, and indirect costs, if not claimed elsewhere) for each person or classification of persons in a base fiscal year and use that percentage allocation for subsequent future years by multiplying the base year percentages times the productive hourly rate for that person or classification of persons for the fiscal year of the reimbursement claim.

For example, a principal may determine that the percentage of time spent on the reimbursable activities by various classifications of personnel in a base year of fiscal year 1998-99 was as follows: Principal 17%, Vice Principal 15%, Office Clerks 36%, Office Manager 9%, and Secretaries 23%.

The school district determines that the productive hourly rate (salaries, benefits, and indirect costs) for fiscal year 2000-01 for each classification is as follows:

Classification	Salary	Benefits	Indirect Costs	Productive Hourly Rate
Principal	\$60	\$12	\$13	\$85
Vice Principal	55	10	15	80
Office Clerks	40	8	12	60
Office Manager	45	9	11	65
Secretaries	18	5	7	30

The school district's blended productive hourly rate of \$60.80 for fiscal year 2000-01 is determined by multiplying the percentages in the base year times the productive hourly rate in the fiscal year claimed, and adding the totals, as follows:

Classification	Percentage of Time Spent	Productive Hourly Rate	Blended Productive Hourly Rate
Principal	17%	\$85	\$14.45
Vice Principal	15%	80	12.00
Office Clerks	36%	60	21.60
Office Manager	9%	65	5.85
Secretaries	23%	30	6.90
Total	100%		\$60.80

- (f) Total. Multiply the Number of Agenda Items, column (c), by the Minutes Per Agenda Item as expressed as a fraction of one hour, column (d), by the Blended Hourly Rate, column (e).

For audit purposes, all supporting documents must be retained by the claimant for a period of not less than two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial payment at the time the claim was filed, supporting documents must be retained for two years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office upon request.

- (04) Total line (03), column (f) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or a subtotal. If more than one form is needed to detail the component/activity costs, number each page. Carry forward the totals from line (04), column (f) to form BAR-1, line (05).



<b>Program</b> <b>238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>MEETINGS DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>BAR-3</b>
------------------------------	--	-----------------------------

**Complete form BAR-3 for all reimbursement options.**

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Detail of Meetings. Provide the following information for each regular meeting being claimed regardless of type or name. List the meetings in order of date.
  - (a) Date. Enter the date of each meeting being claimed.
  - (b) Meeting Type or Name. Enter the type or name of each regular meeting held during the fiscal year for which a brief agenda was prepared and posted.
- (04) If more than one form is needed to provide the detail of the meetings, number each page.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2000-11  
PEACE OFFICERS PROCEDURAL BILL OF RIGHTS  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for Peace Officers Procedural Bill of Rights (PPBR). These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On November 30, 1999, the COSM determined that the PPBR program establishes costs mandated by the state according to the provisions listed in the attached P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

Government Code Sections 3300 through 3310, as added and amended Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990, provide procedural protection for peace officers employed by community college districts when a peace officer is subject to an interrogation by the employer, is facing punitive action, or receives an adverse comment in his or her personnel file. This applies to peace officers classified as permanent employees, peace officers who serve at the pleasure of the community college district, and are terminable without cause ("at will" employees), and peace officers on probation who have not reached permanent status.

### **Eligible Claimants**

Any community college district employing peace officers, pursuant to Penal Code 830, and incurring increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### **Filing Deadlines**

Reimbursement claims for the 1994-95 through 1999-00 fiscal years must be filed with the SCO. **Claims must be delivered or postmarked on or before January 30, 2001.** Annually thereafter, having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15<sup>th</sup> of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline, or without the requested supporting documentation, will not be accepted.**



Estimated claims filed with the SCO must be postmarked by January 15<sup>th</sup> of the fiscal year in which costs will be incurred. However, 2000-01 estimated claims must be filed with the SCO and postmarked by **January 30, 2001**. Timely filed claims will be paid before late claims.

### **Minimum Claim Cost**

For initial claims and annual claims filed on or after **September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC §17564.

### **Estimated Claims**

Unless otherwise specified in the claiming instructions, community college districts are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. The claimant can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, the claimant must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs.

### **Reimbursement Claims**

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported and if such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, employee time records that identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics.

### **Audit of Costs**

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

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

### **Retention of Claiming Instructions**

The claiming instructions and forms in this package should be retained permanently in your **Mandated Cost Manual** for future reference and use in filing claims. These forms should be

duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.htm](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

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

If delivered by  
U.S. Postal Service:

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

If delivered by  
other delivery services:

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

## **PARAMETERS AND GUIDELINES**

Government Code Sections 3300 through 3310

As Added and Amended by Statutes of 1976, Chapter 465;  
Statutes of 1978, Chapters 775, 1173, 1174, and 1178;  
Statutes of 1979, Chapter 405; Statutes of 1980, Chapter 1367; Statutes of 1982, Chapter  
994; Statutes of 1983, Chapter 964; Statutes of 1989, Chapter 1165; and  
Statutes of 1990, Chapter 675

### *Peace Officers Procedural Bill of Rights*

#### **I. SUMMARY AND SOURCE OF THE MANDATE**

In order to ensure stable employer-employee relations and effective law enforcement services, the Legislature enacted Government Code sections 3300 through 3310, known as the Peace Officers Procedural Bill of Rights (POBAR).

The test claim legislation provides procedural protections to peace officers employed by local agencies and school districts<sup>1</sup> when a peace officer is subject to an interrogation by the employer, is facing punitive action or receives an adverse comment in his or her personnel file. The protections required by the test claim legislation apply to peace officers classified as permanent employees, peace officers who serve at the pleasure of the agency and are terminable without cause (“at-will” employees), and peace officers on probation who have not reached permanent status.

On November 30, 1999, the Commission adopted its Statement of Decision that the test claim legislation constitutes a partial reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

#### **II. ELIGIBLE CLAIMANTS**

Counties, cities, a city and county, school districts and special districts that employ peace officers are eligible claimants.

#### **III. PERIOD OF REIMBURSEMENT**

At the time this test claim was filed, Section 17557 of the Government Code stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. On December 21, 1995, the City of Sacramento filed the test claim for this mandate. Therefore, costs incurred for Statutes of 1976, Chapter 465; Statutes of 1978, Chapters 775, 1173, 1174, and 1178; Statutes of 1979, Chapter 405; Statutes of 1980, Chapter 1367; Statutes of 1982, Chapter 994; Statutes of 1983, Chapter 964; Statutes of 1989, Chapter 1165; and Statutes of 1990, Chapter 675 are eligible for reimbursement on or after July 1, 1994.

---

<sup>1</sup> Government Code section 3301 states: “For purposes of this chapter, the term public safety officer means all peace officers specified in Sections 830.1, 830.2, 830.3, 830.31, 830.32, 830.33, except subdivision (e), 830.34, 830.35, except subdivision (c), 830.36, 830.37, 830.38, 830.4, and 830.5 of the Penal Code.”

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d)(1) of the Government Code, all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

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

#### **IV. REIMBURSABLE ACTIVITIES**

For each eligible claimant, all direct and indirect costs of labor, supplies and services, training and travel for the performance of the following activities; are eligible for reimbursement:

##### **A. Administrative Activities (On-going Activities)**

1. Developing or updating internal policies, procedures, manuals and other materials pertaining to the conduct of the mandated activities
2. Attendance at specific training for human resources, law enforcement and legal counsel regarding the requirements of the mandate.
3. Updating the status of the POBAR cases.

##### **B. Administrative Appeal**

1. Reimbursement period of July 1, 1994 through December 31, 1998 – The administrative appeal activities listed below apply to permanent employees, at-will employees, and probationary employees.

Providing the opportunity for, and the conduct of an administrative appeal for the following disciplinary actions (Gov. Code, § 3304, subd. (b)):

- Dismissal, demotion, suspension, salary reduction or written reprimand received by probationary and at-will employees whose liberty interest are not affected (i.e.: the charges supporting a dismissal do not harm the employee's reputation or ability to find future employment);
- Transfer of permanent, probationary and at-will employees for purposes of punishment;
- Denial of promotion for permanent, probationary and at-will employees for reasons other than merit; and
- Other actions against permanent, probationary and at-will employees that result in disadvantage, harm, loss or hardship and impact the career opportunities of the employee.

Included in the foregoing are the preparation and review of the various documents to commence and proceed with the administrative hearing; legal review and assistance with the conduct of the administrative hearing; preparation and service of subpoenas, witness fees, and salaries of employee witnesses, including overtime; the time and labor of the administrative body and its attendant clerical services; the preparation and service of any rulings or orders of the administrative body.

2. Reimbursement period beginning January 1, 1999 – The administrative appeal activities listed below apply to permanent employees and the Chief of Police.

Providing the opportunity for, and the conduct of an administrative appeal for the following disciplinary actions (Gov. Code, § 3304, subd. (b)):

- Dismissal, demotion, suspension, salary reduction or written reprimand received by the Chief of Police whose liberty interest is not affected (i.e.: the charges supporting a dismissal do not harm the employee's reputation or ability to find future employment);
- Transfer of permanent employees for purposes of punishment;
- Denial of promotion for permanent employees for reasons other than merit; and
- Other actions against permanent employees or the Chief of Police that result in disadvantage, harm, loss or hardship and impact the career opportunities of the employee.

Included in the foregoing are the preparation and review of the various documents to commence and proceed with the administrative hearing; legal review and assistance with the conduct of the administrative hearing; preparation and service of subpoenas, witness fees, and salaries of employee witnesses, including overtime; the time and labor of the administrative body and its attendant clerical services; the preparation and service of any rulings or orders of the administrative body.

### C. Interrogations

Claimants are eligible for reimbursement for the performance of the activities listed in this section only when a peace officer is under investigation, or becomes a witness to an incident under investigation, and is subjected to an interrogation by the commanding officer, or any other member of the employing public safety department, that could lead to dismissal, demotion, suspension, reduction in salary, written reprimand, or transfer for purposes of punishment. (Gov. Code, § 3303).

Claimants are not eligible for reimbursement for the activities listed in this section when an interrogation of a peace officer is in the normal course of duty, counseling, instruction, or informal verbal admonishment by, or other routine or unplanned contact with, a supervisor or any other public safety officer. Claimants are also not eligible for reimbursement when the investigation is concerned solely and directly with alleged criminal activities. (Gov. Code, § 3303, subd. (i)).

1. When required by the seriousness of the investigation, compensating the peace officer for interrogations occurring during off-duty time in accordance with regular department procedures. (Gov. Code, § 3303, subd. (a)).

Included in the foregoing is the preparation and review of overtime compensation requests.

2. Providing prior notice to the peace officer regarding the nature of the interrogation and identification of the investigating officers. (Gov. Code, § 3303, subds. (b) and (c)).

Included in the foregoing is the review of agency complaints or other documents to prepare the notice of interrogation; determination of the investigating officers; redaction of the agency complaint for names of the complainant or other accused parties or witnesses or confidential information; preparation of notice or agency complaint; review by counsel; and presentation of notice or agency complaint to peace officer.

3. Tape recording the interrogation when the peace officer employee records the interrogation. (Gov. Code, § 3303, subd. (g)).  
Included in the foregoing is the cost of tape and storage, and the cost of transcription.
4. Providing the peace officer employee with access to the tape prior to any further interrogation at a subsequent time, or if any further proceedings are contemplated and the further proceedings fall within the following categories (Gov. Code, § 3303, subd. (g));
  - a) The further proceeding is not a disciplinary action;
  - b) The further proceeding is a dismissal, demotion, suspension, salary reduction or written reprimand received by a probationary or at-will employee whose liberty interest is not affected (i.e., the charges supporting the dismissal does not harm the employee's reputation or ability to find future employment);
  - c) The further proceeding is a transfer of a permanent, probationary or at-will employee for purposes of punishment;
  - d) The further proceeding is a denial of promotion for a permanent, probationary or at-will employee for reasons other than merit;
  - e) The further proceeding is an action against a permanent, probationary or at-will employee that results in disadvantage, harm, loss or hardship and impacts the career of the employee.

Included in the foregoing is the cost of tape copying.

5. Producing transcribed copies of any notes made by a stenographer at an interrogation, and copies of reports or complaints made by investigators or other persons, except those that are deemed confidential, when requested by the officer, in the following circumstances (Gov. Code, § 3303, subd. (g)):
  - a) When the investigation does not result in disciplinary action; and
  - b) When the investigation results in:
    - A dismissal, demotion, suspension, salary reduction or written reprimand received by a probationary or at-will employee whose liberty interest *is not* affected (i.e.; the charges supporting the dismissal do not harm the employee's reputation or ability to find future employment);
    - A transfer of a permanent, probationary or at-will employee for purposes of punishment;
    - A denial of promotion for a permanent, probationary or at-will employee for reasons other than merit; or
    - Other actions against a permanent, probationary or at-will employee that result in disadvantage, harm, loss or hardship and impact the career of the employee.

Included in the foregoing is the review of the complaints, notes or tape recordings for issues of confidentiality by law enforcement, human relations or counsel; cost of processing, service and retention of copies.

#### D. Adverse Comment

Performing the following activities upon receipt of an adverse comment (Gov. Code, §§ 3305 and 3306):

##### School Districts

- (a) If an adverse comment results in the deprivation of employment through dismissal, suspension, demotion, reduction in pay or written reprimand for a permanent peace officer, or harms the officer's reputation and opportunity to find future employment, then schools are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (b) If an adverse comment *is* obtained in connection with a promotional examination, then school districts are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to review and sign the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (c) If an adverse comment *is not* obtained in connection with a promotional examination, then school districts are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.

##### Counties

- (a) If an adverse comment results in the deprivation of employment through dismissal, suspension, demotion, reduction in pay or written reprimand for a permanent peace officer, or harms the officer's reputation and opportunity to find future employment, then schools are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (b) If an adverse comment *is* related to the investigation of a possible criminal offense, then counties are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to review and sign the adverse comment;

- Providing an opportunity to respond to the adverse comment within 30 days; and
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (c) If an adverse comment *is not* related to the investigation of a possible criminal offense, then counties obtained are entitled to reimbursement for:
- Providing notice of the adverse comment: and
  - Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.

Cities and Special Districts

- (a) If an adverse comment results in the deprivation of employment through dismissal, suspension, demotion, reduction in pay or written reprimand for a permanent peace officer, or harms the officer's reputation and opportunity to find future employment, then schools are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (b) If an adverse comment *is* related to the investigation of a possible criminal offense, then cities and special districts are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to review and sign the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (c) If an adverse comment *is not* related to the investigation of a possible criminal offense, then cities and special districts are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and
  - Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.



Included in the foregoing are review of circumstances or documentation leading to adverse comment by supervisor, command staff, human resources staff or counsel, including determination of whether same constitutes an adverse comment; preparation of comment and review for accuracy; notification and presentation of adverse comment to officer and notification concerning rights regarding same; review of response to adverse comment, attaching same to adverse comment and filing.

## **V. CLAIM PREPARATION AND SUBMISSION**

Claims for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV. of this document.

### **SUPPORTING DOCUMENTATION**

Claimed costs shall be supported by the following cost element information:

#### **A. Direct Costs**

Direct Costs are defined as costs that can be traced to specific goods, services, units, programs, activities or functions.

Claimed costs shall be supported by the following cost element information:

##### **1. Salaries and Benefits**

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, the productive hourly rate, and related employee benefits.

Reimbursement includes compensation paid for salaries, wages, and employee benefits. Employee benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and worker's compensation insurance. Employee benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

##### **2. Materials and Supplies**

Only expenditures that can be identified as a direct cost of this mandate may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

##### **3. Contract Services**

Provide the name(s) of the contractor(s) who performed the services, including any fixed contracts for services. Describe the reimbursable activity(ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Submit contract consultant and attorney invoices with the claim. |

##### **4. Travel**

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction.

Provide the name(s) of the traveler(s), purpose of travel, inclusive dates and times of travel, destination points, and travel costs.

## 5. Training

The cost of training an employee to perform the mandated activities is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended, and the location.

Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem.

## B. Indirect Costs

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the OMB A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) for the department if the indirect cost rate claimed exceeds 10%. If more than one department is claiming indirect costs for the mandated program, each department must have its own ICRP prepared in accordance with OMB A-87. An ICRP must be submitted with the claim when the indirect cost rate exceeds 10%.

## **VI. SUPPORTING DATA**

For audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs and their relationship to the state mandated program. All documentation in support of the claimed costs shall be made available to the State Controller's Office, as may be requested, and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

All claims shall identify the number of cases in process at the beginning of the fiscal year, the number of new cases added during the fiscal year, the number of cases completed or closed during the fiscal year, and the number of cases in process at the end of the fiscal year.

## **VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds and other state funds shall be identified and deducted from this claim.

## **VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION**

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the State contained herein.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b>	For State Controller Use Only (19) Program Number 00239 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>239</b>
--	---	-----------------------

L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) PPBR-1, (03)(a)	
	County of Location		(23) PPBR-1, (03)(b)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) PPBR-1, (03)(c)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) PPBR-1, (03)(d)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) PPBR-1, (04)(1)(e)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) PPBR-1, (04)(2)(e)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) PPBR-1, (04)(3)(e)	
			(29) PPBR-1, (04)(4)(e)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20 ___	(12) <b>20</b> ___/20 ___	(30) PPBR-1, (06)	
<b>Total Claimed Amount</b>	(07)	(13)	(31) PPBR-1, (07)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32) PPBR-1, (09)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33) PPBR-1, (10)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer	Date
Type or Print Name	Title

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

<b>Program</b> <b>239</b>	<b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
------------------------------	---	------------------------------

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

**Address, if delivered by other delivery service:**

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

**Address, if delivered by other delivery service:**

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

<b>Program</b> <b>239</b>	<b>MANDATED COSTS</b> <b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>CLAIM SUMMARY</b>				<b>FORM</b> <b>PPBR-1</b>	
(01) Claimant		(02) Type of Claim		Fiscal Year		
		Reimbursement <input type="checkbox"/>				
		Estimated <input type="checkbox"/>		20__/20__		
<b>Claim Statistics</b>						
(03) (a) Number of cases in process at the beginning of the fiscal year						
(b) Number of new cases added during the fiscal year						
(c) Number of cases completed or closed during the fiscal year						
(d) Number of cases in process at the end of the fiscal year						
<b>Direct Costs</b>		<b>Object Accounts</b>				
(04) Reimbursable Activities		(a)	(b)	(c)	(d)	(e)
		Salaries and Benefits	Materials and Supplies	Travel and Training	Contract Services	Total
1. Administrative Activities						
2. Administrative Appeal						
3. Interrogations						
4. Adverse Comment						
(05) Total Direct Costs						
<b>Indirect Costs</b>						
(06) Indirect Cost Rate				[Federally approved OMB A-21, FAM-29C, or 7%]	%	
(07) Total Indirect Costs				[Line (05)(a) x line (06)]		
(08) Total Direct and Indirect Costs				[Line (05)(e) + line (07)]		
<b>Cost Reduction</b>						
(09) Less: Offsetting Savings, if applicable						
(10) Less: Other Reimbursements, if applicable						
(11) Total Claimed Amount				[Line (08) – {line (09) + line (10)}]		

<b>Program</b> <b>239</b>	<b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>PPBR-1</b>
------------------------------	---	------------------------------

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- From PPBR-1 must be filed for a reimbursement claim. Do not complete form PPBR-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form PPBR-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) (a) Enter the number of cases that were processed at the beginning of the fiscal year.  
 (b) Enter the number of new cases that were added during the fiscal year.  
 (c) Enter the number of cases that were completed or closed during the fiscal year.  
 (d) Enter the number of cases that were in process at the end of the fiscal year.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form PPBR-2, line (05), columns (d), (e), (f), and (g) to form PPBR-1, block (04) columns (a), (b), (c), and (d) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (e).
- (06) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(e), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings, if applicable. Enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements, if applicable. Enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

<b>Program</b> <b>239</b>	<b>MANDATED COSTS</b> <b>POLICE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>PPBR-2</b>
------------------------------	--	------------------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Reimbursable Component: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Administrative Activities	<input type="checkbox"/> Administrative Appeal
<input type="checkbox"/> Interrogations	<input type="checkbox"/> Adverse Comment

(04) Description of Expenses	<b>Object Accounts</b>
------------------------------	------------------------

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Travel and Training	(g) Contract Services

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
--	--

<b>Program</b> <b>239</b>	<b>POLICE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>PPBR-2</b>
------------------------------	---	------------------------------

- (01) Enter the name of the claimant.
- (02) Fiscal year: Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box, which indicates the cost component being claimed. Check only one box per form. A separate form PPBR-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, travel and training expense, and contract services. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
<b>Benefits</b>	Title Activities	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days			Rate x Days or Miles		
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode			Total Travel Cost		
Training	Employee Name and Title Name of Class		Dates Attended			Registration Fee		
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Cost = Hourly Rate x Hour Worked	Invoice

- (05) Total line (04), columns (d), (e), (f), and (g) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component costs, number each page. Enter totals from line (05), columns (d), (e), (f), and (g) to form PPBR-1, block (04), columns (a), (b), (c), and (d) in the appropriate row.



OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2002-07  
PHOTOGRAPHIC RECORD OF EVIDENCE  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Photographic Record of Evidence (PRE) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Penal Code Section 1417.3, as added by Chapter 875, Statutes of 1985, and amended by Chapter 734, Statutes of 1986, and Chapter 382, Statutes of 1990, requires a photographic record of evidence, and in some instances a certified chemical analysis of the exhibit, for those exhibits in a criminal trial that pose a security, storage, or safety problem, or if the exhibit, by its nature, is toxic and poses a health hazard to humans.

On October 26, 2000, the COSM determined that Chapters 875/85, 734/86, and 382/90 established costs mandated by the State according to the provisions listed in the attached P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college district, with law enforcement agencies that introduce exhibits in criminal trials, and incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**A. Reimbursement Claims**

Reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Costs incurred in implementing the provisions of this program are reimbursable for fiscal years 1997-98, through 2000-01 and must be filed with the SCO and be delivered or postmarked on or before **September 4, 2002**. Estimated claims for 2001-02 fiscal year must also be delivered or postmarked on or before **September 4, 2002**. Thereafter, having received payment for an estimated claim, the claimant must file an annual reimbursement claim by January 15 of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000.

In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline will not be accepted.**

## **B. Estimated Claims**

Unless otherwise specified in the claiming instructions, school districts are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. Claimants can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, claimants must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

### **Minimum Claim Cost**

GC Section 17564 provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds two hundred dollars (\$200), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds \$200, even if the individual school district's, direct service district's, or special district's claims do not each exceed \$200. The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the SCO, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

### **Reimbursement of Claims**

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported and, if such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, employee time records that identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics.

### **Audit of Costs**

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

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

must be retained for two years from the date of initial payment of the claim. Claim documentation shall be made available to the SCO on request.

**Retention of Claiming Instructions**

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.htm](http://www.sco.ca.gov/ard/local/locreim/index.htm).

**Address for Filing Claims**

Submit a signed, original form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by

U.S. Postal Service:

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

If delivered by

Other delivery services:

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

## **Parameters and Guidelines**

Penal Code Section 1417.3  
Statutes of 1985, Chapter 875  
Statutes of 1986, Chapter 734  
Statutes of 1990, Chapter 382

### ***Photographic Record of Evidence***

#### **I. SUMMARY AND SOURCE OF THE MANDATE**

Penal Code section 1417.3, as added by Statutes of 1985, chapter 875, and amended by Statutes of 1986, chapter 734, and Statutes of 1990, chapter 382, requires a photographic record of evidence, and in some instances a certified chemical analysis of the exhibit, for those exhibits in a criminal trial that pose a security, storage, or safety problem, or if the exhibit, by its nature, is toxic and poses a health hazard to humans.

On October 26, 2000, the Commission adopted its Statement of Decision that the test claim legislation constitutes a reimbursable state mandated program upon law enforcement agencies within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 for the following:

- Activities reasonably necessary to provide a photographic record of evidence for evidence that poses a security, safety, or storage problem as determined by the court. (Pen. Code, § 1417.3, subd. (a).)
- Activities reasonably necessary to provide a photographic record of evidence for evidence that poses a health hazard. (Pen. Code, § 1417.3, subd. (b).)
- The provision of a certified written chemical analysis of evidence that poses a health hazard. (Pen. Code, § 1417.3, subd. (b).)
- The storage of evidence that poses a security, safety, or storage problem as determined by the court. (Pen. Code, § 1417.3, subd. (a).)
- The storage of evidence that poses a health hazard. (Pen. Code, § 1417.3, subd. (b).)

#### **II. ELIGIBLE CLAIMANTS**

Counties, cities, or a city and county, school districts and special districts that have law enforcement agencies that introduce exhibits in criminal trials are eligible claimants.

#### **III. PERIOD OF REIMBURSEMENT**

Section 17557 of the Government Code states that a test claim must be submitted on or before June 30<sup>th</sup> following a fiscal year to establish eligibility for reimbursement for that fiscal year. This test claim was filed by the City of Los Angeles, Police Department on October 23, 1998. Therefore, costs incurred for Statutes of 1985, chapter 875, Statutes of 1986, chapter 734, and Statutes of 1990, chapter 382, are eligible for reimbursement on or after July 1, 1997.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included in the same claim, if applicable. Pursuant to Government Code

section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days from the date on which the State Controller issues claiming instructions.

If total costs for a given year do not exceed \$200.00, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

#### **IV. REIMBURSABLE ACTIVITIES**

For each eligible claimant, the following activities are eligible for reimbursement:

##### **A. Administrative Activities**

1. Developing internal policies, procedures, and manuals, to implement the activities listed in sections IV.B, IV.C, and IV.D of these Parameters and Guidelines (one-time activity).
2. Maintaining files manually or electronically pursuant to implementation of activities listed in sections IV.B, IV.C, and IV.D. of these Parameters and Guidelines. The cost of this activity will be prorated for photographs actually introduced or offered as exhibits (ongoing activity).

##### **B. Photographic Record of Evidence (Pen. Code, § 1417.3(a))**

For exhibits that pose a security, safety, or storage problem as determined by the court, or for exhibits that pose a health hazard to humans, including the definition of hazardous waste in 40 Code of Federal Regulations part 261, or human health hazards which are subject to Health and Safety Code sections 117600 *et seq.*, or Health and Safety Code sections 25140, *et seq.*:

1. Purchasing equipment and supplies reasonably necessary to photograph the exhibits, whether for digital or film pictures, including, but not limited to: cameras, developing equipment, laser printers, software, film, computers, and storage.
2. Taking of the photographs, sorting and storing photographs, and developing and printing photographs. This activity is limited to photographs actually introduced or offered into evidence as exhibits. Claimant must provide supporting documentation with subsequent reimbursement claims that the court has deemed the exhibit a security, safety or storage problem by providing a copy of the court order, local rule, or other proof of the court's determination.

##### **C. Provision of Certified Written Chemical Analysis (Pen. Code, § 1417.3(b))**

For those exhibits that pose a health hazard to humans, the sampling, analysis, and preparation of a written report by a laboratory certified by the State of California for performing the chemical analysis. This does not include reimbursement for sampling, analysis, or report preparation for controlled substances, including those defined in Health and Safety Code sections 11054 *et seq.* unless the exhibit is toxic and poses a health hazard to humans.

D. Storage of Exhibits (Cal. Code of Regs., tit. 2, § 1183.1(a))

For exhibits that pose a security, safety, or storage problem as determined by the court, or for exhibits that pose a health hazard to humans for which the local entity offers or introduces a photographic record of evidence:

Transportation to and maintenance within an appropriate storage facility for the type of exhibit. Storage of the exhibit shall be from the time of photographing until after final determination of the action as prescribed by Penal Code sections 1417.1, 1417.5, 1417.6, or court order or rule of court that dictates the retention schedule for exhibits in criminal trials.

**V. CLAIM PREPARATION AND SUBMISSION**

Each claim for reimbursement pursuant to this mandate must be timely filed and identify each of the following cost elements for each reimbursable activity identified in section IV of this document.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. Direct costs that are eligible for reimbursement are:

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of these reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name(s) of the contractor(s) and service(s) performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

## 5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

## 6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## B. Indirect Costs

Compensation for indirect costs is eligible for reimbursement.

### 1. School Districts

School districts must use the J-380 (or subsequent replacement) nonrestrictive indirect cost rate provisionally approved by the California Department of Education.

County offices of education must use the J-580 (or subsequent replacement) nonrestrictive indirect cost rate provisionally approved by the California Department of Education.

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

### 2. Counties, Cities and Special Districts

Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachment A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

- a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.
- b. The allocation of allowable indirect costs (as defines and described in OMB Circular A-87 Attachment A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

## **VI. SUPPORTING DATA**

### **A. Source Documents**

For auditing purposes, all incurred costs claimed must be traceable to source documents that show evidence of the validity and their relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and date relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements.

### **B. Record Keeping**

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the State Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. See the State Controller's claiming instructions regarding retention of required documentation during the audit period.

## **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a result of the same statute or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds and other state funds, shall be identified and deducted from this claim. This includes offsets pursuant to Health and Safety Code section 11642, subdivision (c)(1) which authorizes the State Controller, to the extent funds are available, to reimburse counties with population under 1.75 million for the cost of removal, disposal or storage of toxic waste from clandestine drug labs.

## **VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION**

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.



## **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Parameters and guidelines may be amended pursuant to Title 2, California Code of Regulations, section 1183.2.

<p><b>CLAIM FOR PAYMENT</b>                  Pursuant to Government Code Section 17561  <b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES)</b></p>	<p><b>For State Controller Use Only</b></p>	<p><b>Program</b>   <span style="font-size: 2em;"><b>240</b></span></p>
	(19) Program Number 00240	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

L A B E L  H E R E	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) PRE-1, (04)(1)(f)	
	County of Location	(23) PRE-1, (04)(2)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) PRE-1, (04)(3)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) PRE-1, (04)(4)(f)	

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

**(37) CERTIFICATION OF CLAIM**

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

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

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

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

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

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

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

<b>Program</b> <b>240</b>	<b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
------------------------------	---	------------------------------

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

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

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

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

***Address, if delivered by other delivery service:***

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

<b>Program</b> <b>240</b>	<b>MANDATED COSTS</b> <b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES)</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>PRE-1</b>
------------------------------	--	-----------------------------

(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
---------------	--	--------------------------

**Claim Statistics**

(03) (Leave Blank)

Direct Costs	Object Accounts					
(04) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Fixed Assets	(e) Travel and Training	(f) Total
1. Administrative Activities						
2. Photographic Record of Evidence						
3. Provision of Certified Written Chemical Analysis						
4. Storage of Exhibits						
(05) Total Direct Costs						

**Indirect Costs**

(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs	[Line (05)(a) x line (06)]	
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]	

**Cost Reduction**

(09) Less: Offsetting Savings	
(10) Less: Other Reimbursements	
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]

<b>Program</b> <b>240</b>	<b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES)</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>PRE-1</b>
------------------------------	--	-----------------------------

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form PRE-1 must be filed for a reimbursement claim. Do not complete form PRE-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form PRE-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Leave blank.
- (04) Reimbursable Components. For each reimbursable component, enter the totals from form PRE-2, line (05), columns (d) through (h), to form PRE-1, block (04), columns (a) through (e), in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

<b>Program 240</b>	<b>MANDATED COSTS PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES) COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM PRE-2</b>
------------------------	---	-----------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Administrative Activities	<input type="checkbox"/> Photographic Record of Evidence
<input type="checkbox"/> Provision of Certified Written Chemical Analysis	<input type="checkbox"/> Storage of Exhibits

(04) Description of Expenses	<b>Object Accounts</b>
------------------------------	------------------------

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Fixed Assets	(h) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___						
--	--	--	--	--	--	--

<b>Program 240</b>	<b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES) COMPONENT/ACTIVITY COST DETAIL Instructions</b>	<b>FORM PRE-2</b>
------------------------	---	-----------------------

- (01) Claimant. Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A separate form PRE-2 should be completed for each department.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form PRE-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, travel and training expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claims are filed, the time for the Controller to initiate an audit shall be three years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Title Activities	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked or Total Contract			Copy of Contract
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Usage		
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days					Cost = Rate x Days or Miles	
<b>Travel</b>	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode					or Total Travel Cost	
<b>Training</b>	Employee Name/Title Name of Class		Dates Attended					Registration Fee	

- (05) Total line (04), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (h) to form PRE-1, block (05), columns (a) through (e) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2002-09  
SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS  
(MEGAN'S LAW)  
(COMMUNITY COLLEGE DISTRICTS)

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Sex Offenders: Disclosure by Law Enforcement Officers (SOD) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Penal Code Sections (PC) Sections 290 and 290.4, as added by Chapter 908, Statutes of 1996, et seq require the registration of certain convicted sex offenders and public disclosure of their identity by local law enforcement agencies.

On August 23, 2001, the COSM determined that Chapter 908/96 et seq, established costs mandated by the State according to the provisions listed in the attached P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college district that incurs increased costs as a direct result of this mandate, is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**A. Initial Claims**

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Reimbursement claims for fiscal years 1996-97 through 2001-02 must be filed with the SCO and be delivered or postmarked on or before **October 1, 2002**. Estimated claims for the 2002-03 fiscal year must also be delivered or postmarked on or before **October 1, 2002**. Thereafter, having received payment for an estimated claim, the claimant must file an annual reimbursement claim by January 15 of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. The claiming periods for the reimbursable activities listed in **IV.**, beginning on page 2 of the P's and G's, are as follows:

**One-Time Activities**

- **IV. A. 1. - Training**

Claiming Period - Fiscal years 1996-97 to 2001-02



- **IV. A. 2. - Policies and Procedures**

Claiming Period - Fiscal years 1996-97 to 2001-02

- **IV. A. 3. - Notice to Sex Offenders**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

### **On-Going Activities**

- **IV. B. 1. - Transmission to Department of Justice (DOJ)**

Claiming Period - January 1, 1999, to June 30, 1999, and fiscal years 1999-00 to 2001-02.

- **IV. B. 2. - Removal from Local Files**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

- **IV. B. 3. - Pre-Registration**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

- **IV. B. 4. - Employer Verification**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

- **IV. B. 5. - Vehicle Verification**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

- **IV. B. 6. - Residential Verification**

Claiming Period - January 1, 1999, to June 30, 1999, and fiscal years 1999-00 to 2001-02.

- **IV. B. 7. - Re-Evaluation**

Claiming Period - September 25, 1996, to June 30, 1997, and fiscal years 1997-98 to 2001-02.

- **IV. B. 8. - Information Maintenance**

Claiming Period - September 25, 1996, to June 30, 1997, and fiscal years 1997-98 to 2001-02 .

- **IV. B. 9. - Access Provision**

Claiming Period - September 25, 1996, to June 30, 1997, and fiscal years 1997-98 to 2001-02. **This claiming period terminates on December 31, 2003, since PC § 290.4 is only operative until January 1, 2004.**

- **IV. B. 10. - Record Maintenance**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among fiscal years. If the claims are late, the penalty should be applied to a single fiscal year.

In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline will not be accepted.**

**B. Estimated Claims**

Unless otherwise specified in the claiming instructions, school districts are not required to provide cost schedules and supporting documents with an estimated claim if the estimated amount does not exceed the previous fiscal year's actual costs by more than 10%. Claimants can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, claimants must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

**Minimum Claim Cost**

GC Section 17564 provides that no claim shall be filed pursuant to GC Sections 17551 and 17561, unless such a claim exceeds two hundred dollars (\$200), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds \$200, even if the individual school district's, direct service district's, or special district's claims do not each exceed \$200. The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the SCO, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

**Reimbursement of Claims**

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported. If such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, employee time records that

identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics.

### **Audit of Costs**

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

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

### **Retention of Claiming Instructions**

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.htm](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

Submit a signed, original form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by  
U.S. Postal Service:

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

If delivered by  
other delivery services:

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

## **Parameters and Guidelines**

Penal Code Sections 290 and 290.4

Statutes of 1996, Chapters 908 and 909

Statutes of 1997, Chapters 17, 80, 817, 818, 819, 820, 821, and 822

Statutes of 1998, Chapters 485, 550, 927, 928, 929, and 930

*Sex Offenders: Disclosure by Law Enforcement Officers  
("Megan's Law")*

### **I. SUMMARY OF THE MANDATE**

The test claim legislation (Penal Code sections 290 and 290.4) concerns the registration of certain convicted sex offenders and public disclosure of their identity by local law enforcement agencies. Section 290 specifically relates to the registration of these sex offenders when they are released from incarceration, when they move or change their temporary or permanent residence, or when they update their registration on an annual basis. Section 290 also allows local law enforcement agencies to disclose the identities of sex offenders to the public when a peace officer reasonably suspects that it is necessary to protect the public. Section 290.4 requires the Department of Justice to continually compile and maintain information regarding the identity of convicted sex offenders and to establish a "900" telephone number and CD-ROM program for public access of this information. The Department of Justice must distribute the information obtained on convicted sex offenders by CD-ROM or other electronic medium to local law enforcement agencies who in turn "may" then provide public access to the information. However, municipal police departments of cities with a population of less than 200,000 are exempt from this requirement.

On August 23, 2001, the Commission on State Mandates (Commission) adopted its Statement of Decision partially approving the test claim. The Commission found that the following required activities are a "new program or higher level of service" under article XIII B, section 6 of the California Constitution and result in "costs mandated by the state" within the meaning of Government Code section 17514:

- Submission of Registered Sex Offender information to the Department of Justice's Violent Crime Information Network by Local Law Enforcement Agencies (Pen. Code, §290, subd. (a)(1)(F).)
- Removal of Registration for Decriminalized Conduct (Pen. Code, §290, subd. (a)(2)(F)(i).)
- Pre-register (Pen. Code, §290, subd. (e)(1)(A-C).)
- Contents of Registration Upon Release (Pen. Code, §290, subd. (e)(2)(A-E).)
- Notice of Reduction of Registration Period (Pen. Code, §290, subd. (l)(1).)
- High-Risk Sex Offenders (Pen. Code, §290, subd. (n).)
- CD ROM (Pen. Code, §290.4, subd. (4)(A-C).)

- Records Retention (Pen. Code, §290, subd. (o).)

Lastly, the Commission found that all other activities in the test claim legislation did not constitute a reimbursable state mandated program pursuant to article XIII B, section 6 of the California Constitution.

## II. ELIGIBLE CLAIMANTS

Any county, city, city and county, or community college district, that has incurred increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs, except as limited in Section IV, activity 12.

## III. PERIOD OF REIMBURSEMENT

Government Code section 17551, prior to its amendment by Statutes of 1998, chapter 681, (effective September 22, 1998), stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for this mandate was filed on December 30, 1997. Therefore, costs incurred on or after July 1, 1996, for compliance with the mandate are reimbursable, unless otherwise specified below.<sup>1</sup>

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

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

## IV. REIMBURSABLE ACTIVITIES

For each eligible claimant, the following activities are eligible for reimbursement:

### A. One-Time Activities

1. Train staff on implementing the reimbursable activities listed in Section IV, activities 2 through 13, of these parameters and guidelines. (One-time activity per employee.)
2. Develop internal policies, procedures, and manuals to implement *Sex Offenders: Disclosure by Law Enforcement Officers* (“Megan’s Law”).
3. Notify every registered sex offender convicted prior to January 1, 1997, within the claimant’s jurisdiction of the reduction in the time to register or reregister from 14 days to 5 days. (Pen. Code, § 290, subd. (1)(1).)<sup>2</sup> (*Reimbursement period begins October 8, 1997.*)

---

<sup>1</sup> The statutes have different operative dates, therefore the reimbursement period for some activities may begin on a different date.

<sup>2</sup> As amended by Statutes of 1997, chapter 821, an urgency statute effective October 8, 1997.

## B. On-Going Activities

1. Develop, collect, and transmit sex offender registrations from the local jurisdiction directly into the Department of Justice Violent Crime Information Network. (Pen. Code, § 290, subd. (a)(1)(F).)<sup>3</sup> (*Reimbursement period begins January 1, 1999.*)
2. Remove a sex offender's registration from the local jurisdiction's files within 30 days of receiving notice to do so from the Department of Justice. (Pen. Code, § 290, subd. (a)(2)(F)(i).)<sup>4</sup> (*Reimbursement period begins October 8, 1997.*)
3. If the local law enforcement agency is the current place of incarceration, pre-registration of a convicted sex offender, including the obtaining of a current photograph and fingerprints of the offender as well as a written statement relaying information as is required by the Department of Justice. Notify the sex offender as acknowledgement of the information contained within the pre-registration statement. (Pen. Code, § 290, subd. (e)(1)(A-C).)<sup>5</sup> (*Reimbursement period begins October 8, 1997.*)
4. Verify that the sex offender's signed statement contains the name and address of the offender's employer, and the address of the offender's place of employment if it is different from the employer's main address. (Pen. Code, § 290, subd. e)(2)(A).<sup>6</sup> (*Reimbursement period begins October 8, 1997.*)
5. Verify that the offender's registration includes information related to any vehicle regularly driven by the offender, including license number, make, model, and such other information as may be requested by the Department of Justice. (Pen. Code, § 290, subd. (e)(2)(C).)<sup>7</sup> (*Reimbursement period begins October 8, 1997.*)
6. Verify that the convicted sex offender has adequate proof of residence, as determined by the Department of Justice; proof of residence is currently limited to a California driver's license, California identification card, recent rent or utility receipt, printed personalized checks or other recent banking documents, or any other information that the registering official believes is reliable. If the offender does not have a residence, and no reasonable expectation of obtaining a residence in the foreseeable future, then the local law enforcement agency shall obtain a statement to that effect from the sex offender. (Pen. Code, § 290, subd. (e)(2)(E).)<sup>8</sup> (*Reimbursement period begins January 1, 1999.*)
7. Provide high-risk sex offenders a printed form from the Department of Justice regarding reevaluation in order to be removed from the high-risk classification. (Pen. Code, § 290, subd. (n)(1)(G)(ii).)<sup>9</sup> (*Reimbursement period begins September 25, 1996.*)

---

<sup>3</sup> As added by Statutes of 1998, chapter 929.

<sup>4</sup> As added by Statutes of 1997, chapter 821.

<sup>5</sup> As added by Statutes of 1997, chapter 821.

<sup>6</sup> As added and amended by Statutes of 1997, chapter 821.

<sup>7</sup> As added and amended by Statutes of 1997, chapter 821.

<sup>8</sup> As added by Statutes of 1998, chapters 928 and 929.

<sup>9</sup> As added by Statutes of 1996, chapter 908, an urgency statute effective September 25, 1996.

8. (Maintain such photographs and statistical information concerning high-risk sex offenders as is received quarterly from the Department of Justice. (Pen. Code, § 290, subd. (n)(2).)<sup>10</sup> (*Reimbursement period begins September 25, 1996.*)
9. For sheriff's departments in each county, municipal police departments of cities with a population of more than 200,000, and police departments or community college districts, to provide the necessary equipment, and staff assistance for the public to access the sex offender information provided by the Department of Justice on CD-ROM or other electronic medium, and to obtain information from individuals requesting access to the CD-ROM as required by the Department of Justice. (Pen. Code, § 290.4, subd. (a)(4)(A).)<sup>11</sup> (*Reimbursement period: September 25, 1996 through December 31, 2003.*)
10. Maintain records of those persons requesting access to the information contained within the CD-ROM or other electronic medium for a minimum of five years, and costs of destruction of such records at the end of such time. Additionally, a record of the means and dates of dissemination of information regarding high-risk offenders must be maintained for a minimum of five years, and costs of destruction at the end of such time. (Pen. Code, § 290, subd. (o).)<sup>12</sup> (*Reimbursement period begins October 8, 1997.*)

## V. CLAIM PREPARATION AND SUBMISSION

Each reimbursement claim for this mandate must be timely filed. Each of the following cost elements must be identified for each reimbursable activity identified in Section IV of this document.

### A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. Direct costs that are eligible for reimbursement are:

#### 1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

#### 2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

#### 3. Contracted Services

---

<sup>10</sup> As added by Statutes of 1996, chapter 908.

<sup>11</sup> As added by Statutes of 1996, chapter 908. Penal Code section 290.4 contains a sunset provision wherein it is only operative until January 1, 2004.

<sup>12</sup> As amended by Statutes of 1997, chapter 821.

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

#### 4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

#### 5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

#### 6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services. This data, if too voluminous to be included with the claim, may be reported in a summary. However, supporting data must be maintained as described in Section VI.

### B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

#### Cities and Counties

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of



using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

### Community Colleges

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the OMB Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

## **VI. SUPPORTING DATA**

### **A. Source Documents**

For auditing purposes, all incurred costs claimed must be traceable to source documents that show evidence of their validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements.

### **B. Record Keeping**

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the State Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended.\* See the State Controller's claiming instructions regarding retention of required documentation during the audit period.

## **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds and other state funds shall be identified and deducted from this claim.

## **VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION**

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the State contained herein.

## **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Parameters and guidelines may be amended pursuant to Title 2, California Code of Regulations section 1183.2.

---

\* This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS                  (MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS)</b>	For State Controller Use Only (19) Program Number 00241 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b>  <span style="font-size: 2em;"><b>241</b></span>
--	---	---

L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) SOD-1, (04)(A)(1)(f)	
	County of Location		(23) SOD-1, (04)(A)(2)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) SOD-1, (04)(A)(3)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) SOD-1, (04)(B)(1)(f)	

Type of Claim	Estimated Claim	Reimbursement Claim		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) SOD-1, (04)(B)(2)(f)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) SOD-1, (04)(B)(3)(f)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) SOD-1, (04)(B)(4)(f)	
			(29) SOD-1, (04)(B)(5)(f)	
<b>Fiscal Year of Cost</b>	(06) <b>20 ___/20 ___</b>	(12) <b>20 ___/20 ___</b>	(30) SOD-1, (04)(B)(6)(f)	
<b>Total Claimed Amount</b>	(07)	(13)	(31) SOD-1, (04)(B)(7)(f)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32) SOD-1, (04)(B)(8)(f)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33) SOD-1, (04)(B)(9)(f)	
<b>Net Claimed Amount</b>		(16)	(34) SOD-1, (04)(B)(10)(f)	
<b>Due from State</b>	(08)	(17)	(35) SOD-1, (06)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer	Date
Type or Print Name	Title

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

<b>Program 241</b>	<b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS (MEGAN'S LAW) (COMMUNITY COLLEGE DISTRICTS) Certification Claim Form Instructions</b>	<b>FORM FAM-27</b>
------------------------	--	------------------------

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

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

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

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

**Address, if delivered by other delivery service:**

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

<b>Program</b> <b>241</b>	<b>MANDATED COSTS</b> <b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS</b> <b>(MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS)</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>SOD-1</b>				
(01) Claimant		(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>				
		Fiscal Year 20__/20__				
<b>Claim Statistics</b>						
(03) Leave blank.						
<b>Direct Costs</b>	<b>Object Accounts</b>					
(04) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Fixed Assets	(e) Travel and Training	(f) Total
<b>A. One-Time Costs</b>						
1. Training						
2. Policies and Procedures						
3. Notice to Sex Offenders						
<b>B. Ongoing Costs</b>						
1. Transmission to DOJ						
2. Removal from Local Files						
3. Pre-Registration						
4. Employer Verification						
5. Vehicle Verification						
6. Residential Verification						
7. Re-Evaluation						
8. Information Maintenance						
9. Access Provision						
10. Record Maintenance						
(05) Total Direct Costs						
<b>Indirect Costs</b>						
(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]					%
(07) Total Indirect Costs	[Line (06) x line (05)(a)]					
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]					
<b>Cost Reduction</b>						
(09) Less: Offsetting Savings						
(10) Less: Other Reimbursements						
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]					

<b>Program 241</b>	<b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS (MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS) CLAIM SUMMARY Instructions</b>	<b>FORM SOD-1</b>
------------------------	---	-----------------------

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form SOD-1 must be filed for a reimbursement claim. Do not complete form SOD-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form SOD-1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Leave blank.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form SOD-2, line (05), columns (d) through (h) to form SOD-1, block (05), columns (a) through (e) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, that reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

<b>Program 241</b>	<b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS (MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS) COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM SOD-2</b>
------------------------	---	-----------------------

(01) Claimant _____	(02) Fiscal Year _____
---------------------	------------------------

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<b>One-Time</b> <input type="checkbox"/> Training	<input type="checkbox"/> Policies and Procedures	<input type="checkbox"/> Notice to Sex Offenders
<b>Ongoing</b> <input type="checkbox"/> Transmission to DOJ	<input type="checkbox"/> Removal from Local Files	<input type="checkbox"/> Pre-Registration
<input type="checkbox"/> Employer Verification	<input type="checkbox"/> Vehicle Verification	<input type="checkbox"/> Residential Verification
<input type="checkbox"/> Re-Evaluation	<input type="checkbox"/> Information Maintenance	<input type="checkbox"/> Access Provision
<input type="checkbox"/> Record Maintenance		

(04) Description of Expenses			Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Fixed Assets	(h) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ____ of ____						
--	--	--	--	--	--	--

<b>Program</b> <span style="font-size: 2em; font-weight: bold;">241</span>	<b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS                  (MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS)</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>SOD-2</b>
---	---	-----------------------------

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form SOD-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, travel and training expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claims are filed, the time for the Controller to initiate an audit shall be three years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries</b>	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked			Copy of Contract and Invoices
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Quantity Used		
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days					Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode					or Total Travel Cost	
Training	Employee Name/Title Name of Class		Dates Attended					Registration Fee	

- (05) Total line (04), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (h) to form SOD-1, block (05), columns (a) through (e) in the appropriate row.



OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2004-02  
SEXUAL ASSAULT RESPONSE PROCEDURES

FEBRUARY 6, 2004

In accordance with Government Code (GC) section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Sexual Assault Response Procedures (SARP) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On October 24, 2002, the COSM determined that Education Code section 67385, subdivisions (a) and (b), established costs mandated by the State according to the provisions listed in the P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college district, which incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**Initial Claims**

Reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Costs incurred for this mandate, are reimbursable for fiscal years 1998-99 through 2002-03; and must be filed with the SCO and be delivered or postmarked on or before **June 7, 2004**. An estimated claim for the 2003-04 fiscal year may be filed by **June 7, 2004**. Claims filed after the deadline will be reduced by a late penalty of 10%.

In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. **Claims filed more than one year after the deadline will not be accepted.**

**Minimum Claim Cost**

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).

**Reimbursement of Claims**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. 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 (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of the Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

### **Audit of Costs**

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

Pursuant to GC section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO 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 SCO 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 the SCO has initiated an audit 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 last amended regardless of the year of costs incurred. When no funds were appropriated for initial claims at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and shall be made available to the SCO on request.

### **Retention of Claiming Instructions**

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

Questions or requests for hard copies of these instructions should be faxed to Ginny Brummels at (916) 323-6527, or e-mailed to [LRS DAR@sco.ca.gov](mailto:LRS DAR@sco.ca.gov). Or, if you wish, you may call the Local Reimbursements Section at (916) 324-5729.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at [www.sco.ca.gov/ard/local/locreim/index.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

**Address for Filing Claims**

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

If delivered by  
U.S. Postal Service:

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

If delivered by  
other delivery services:

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

## PARAMETERS AND GUIDELINES

Education Code Section 67385

Statutes 1990, Chapter 423

Statutes 1995, Chapter 758

*Sexual Assault Response Procedures (99-TC-12)*

### I. SUMMARY OF THE MANDATE

Education Code section 67385, subdivisions (a) and (b), requires the governing board of each community college district to adopt and implement at each campus or facility, a written procedure or protocols to ensure, to the fullest extent possible, that students, faculty, and staff who are victims of sexual assault committed on the grounds or facilities of each institution, or on off-campus grounds or facilities maintained by the institutions, or on grounds or facilities maintained by affiliated student organizations, receive treatment and information. If appropriate on-campus treatment facilities are unavailable, the written procedure or protocols may provide for referrals to local community treatment centers.

On October 24, 2002, the Commission on State Mandates (Commission) adopted the Statement of Decision for *Sexual Assault Response Procedures (99-TC-12, formerly "Sexual Assault Education Programs")*. The Commission found that Education Code section 67385, subdivisions (a) and (b), constitutes a new program or higher level of service and imposes a partially reimbursable state-mandated program on community college districts within the meaning of article XIII B, section 6, of the California Constitution and Government Code section 17514. Accordingly, the Commission approved this test claim for the following reimbursable activities:

For the governing board of each community college district to adopt and implement at each campus or facility a written procedure or protocols which contains at least the following information:

- (1) The college policy on sexual assault on campus.
- (2) Personnel on campus to notify, and procedures for notification, with the victim's consent.
- (3) Legal reporting requirements, and procedures for fulfilling them.
- (4) Services available to victim, and personnel to provide response services, such as transporting a victim to the hospital, referring victims to a counseling center, and notifying the police, with the victim's concurrence.
- (5) A description of both on-campus and off-campus resources available to the victim.
- (6) Procedures for ongoing case management, including keeping the victim informed of the status of student disciplinary proceedings in connection with the assault, the results of any disciplinary action or appeal, and helping the victim deal with academic difficulties stemming from the sexual assault.
- (7) Procedures guaranteeing confidentiality and for handling requests for information from the press, concerned students, and parents.
- (8) Procedures for informing rape and other assault victims of the possibility of criminal prosecution, civil actions, the disciplinary process through the college, the availability of mediation, alternative housing assignments, and academic assistance.

## **II. ELIGIBLE CLAIMANTS**

Any community college district, which incurs increased costs as a result of this mandate, is eligible to claim reimbursement.

## **III. PERIOD OF REIMBURSEMENT**

Government Code section 17557 states that a test claim must be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed on June 21, 2000. Therefore, costs incurred for compliance with Education Code section 67385, subdivisions (a) and (b), are reimbursable on or after July 1, 1998.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

If the total costs for a given year do not exceed \$1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

## **IV. REIMBURSABLE ACTIVITIES**

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

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

### **A. Policies and Procedures (One-Time Activity per Campus or Facility)**

The governing board of each community college district shall adopt and implement at each campus or facility written procedure or protocols to ensure to the fullest extent possible that students, faculty or staff who are victims of sexual assault committed on the grounds or facilities of each institution, or on off-campus grounds or facilities maintained by the institutions, or on grounds or facilities maintained by affiliated student organizations shall receive treatment and

information. If appropriate on-campus treatment facilities are unavailable, the written procedure or protocols may provide for referrals to local community treatment centers. The written procedure or protocols shall contain at least the following information:

- (1) The college policy on sexual assault on campus;
- (2) Personnel on campus to notify, and procedures for notification, with the victim's consent;
- (3) Legal reporting requirements and procedures for fulfilling them;
- (4) Services available to the victim and personnel to provide response services, such as transporting a victim to the hospital, referring victims to a counseling, and notifying the police, with the victim's concurrence;
- (5) A description of both on campus and off campus resources available to the victim;
- (6) Procedures for ongoing case management, including keeping the victim informed of the status of student disciplinary proceedings in connection with the assault, the results of any disciplinary action or appeal, and helping the victim deal with academic difficulties stemming from the sexual assault;
- (7) Procedures guaranteeing confidentiality and for handling requests for information from the press, concerned students, and parents;
- (8) Procedures for informing rape and other assault victims of the possibility of criminal prosecution, civil actions, the disciplinary process through the college, the availability of mediation, alternative housing assignments, and academic assistance.

The claimant is only allowed to claim and be reimbursed for the increased cost of providing the information described in the reimbursable activity identified above. If other information is included in the written procedure or protocols, it is at the claimant's discretion and is therefore not reimbursable. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

B. Update the written information contained in the procedure or protocols annually, if needed.

C. Training

Training to inform employees of the original and any subsequent updates to the written procedure or protocols (see IV. B. above).

## **V. CLAIM PREPARATION AND SUBMISSION**

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

### **A. Direct Cost Reporting**

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

### 1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

### 2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

### 3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

### 4. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

### 5. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

## **VI. RECORD RETENTION**

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>1</sup> is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

## **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, services fees collected, federal funds, including those obtained by the "Student Right to Know and Campus Security Act," enacted in 1990, and the "Campus Sexual Assault Victim's Bill of Rights," enacted in 1992, and other state funds, shall be identified and deducted from this claim.

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

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

## **IX. REMEDIES BEFORE THE COMMISSION**

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the

---

<sup>1</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.



Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and California Code of Regulations, title 2, section 1183.2.

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

The statement of decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the statement of decision, is on file with the Commission.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>SEXUAL ASSAULT RESPONSE PROCEDURES</b>	For State Controller Use Only (19) Program Number 00247 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b style="font-size: 2em;">247</b>
--	---	---

L A B E L  H E R E	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) SARP-1, (04)(1)(A)(e)	
	County of Location	(23) SARP-1, (04)(2)(A)(e)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) SARP-1, (04)(2)(B)(e)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) SARP-1, (06)	

Type of Claim	Estimated Claim	Reimbursement Claim		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) SARP-1, (07)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) SARP-1, (09)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) SARP-1, (10)	
			(29)	
<b>Fiscal Year of Cost</b>	(06) ___/___	(12) ___/___	(30)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

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

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

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

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

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

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

<b>Program 247</b>	<b>SEXUAL ASSAULT RESPONSE PROCEDURES Certification Claim Form Instructions</b>	<b>FORM 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 SARP-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) Leave blank.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 and supporting schedules for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form SARP-1, line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by **June 7, 2004**, 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% penalty).
- (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. SARP-1, (04)(1)(A)(e), means the information is located on form SARP-1, block (04)(1), line (A), column (e). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the district'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.**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

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

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

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

**Address, if delivered by other delivery service:**

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

<b>Program 247</b>	<b>MANDATED COSTS SEXUAL ASSAULT RESPONSE PROCEDURES CLAIM SUMMARY</b>				<b>FORM SARP-1</b>	
(01) Claimant		(02) Type of Claim		Fiscal Year		
		Reimbursement <input type="checkbox"/>		___ / ___		
		Estimated <input type="checkbox"/>				
<b>Claim Statistics</b>						
(03) Leave blank.						
<b>Direct Costs</b>		<b>Object Accounts</b>				
(04) Reimbursable Activities		(a)	(b)	(c)	(d)	(e)
		Salaries and Benefits	Materials and Supplies	Contract Services	Travel and Training	Total
<b>1. One-Time Activity</b>						
A. Policies and Procedures						
<b>2. On-Going Activities</b>						
A. Update Policies and Procedures						
B. Training						
(05) Total Direct Costs						
<b>Indirect Costs</b>						
(06) Indirect Cost Rate		[From OMB A-21, FAM 29C, or 7%]			%	
(07) Total Indirect Costs		[Line (06) x line (05)(a)]				
(08) Total Direct and Indirect Costs		[Line (05)(e) + line (07)]				
<b>Cost Reduction</b>						
(09) Less: Offsetting Savings						
(10) Less: Other Reimbursements						
(11) Total Claimed Amount		[Line (08) - {line (09) + line (10)}]				

<b>Program 247</b>	<b>SEXUAL ASSAULT RESPONSE PROCEDURES CLAIM SUMMARY Instructions</b>	<b>FORM SARP-1</b>
------------------------	--	------------------------

- (01) Enter the name of the claimant.
- (02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form SARP-1 must be filed for a reimbursement claim. Do not complete form SARP-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 SARP-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Leave blank.
- (04) For each reimbursable activity, enter the total from form SARP-2, line (05), columns (d) through (g) to form SARP-1, block (04), columns (a) through (d) in the appropriate row. Total each row.
- (05) Total columns (a) through (e).
- (06) Enter the indirect cost rate from the form OMB A-21, FAM-29C, or a 7% indirect cost rate as applicable for the fiscal year of costs.
- (07) Enter the result of multiplying Total Salaries and Benefits, line (05)(a), by the Indirect Cost Rate, line (06).
- (08) Enter the sum of Total Direct Costs, line (05)(e), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, that reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

<b>Program 247</b>	<b>MANDATED COSTS</b> <b>SEXUAL ASSAULT RESPONSE PROCEDURES</b> <b>ACTIVITY COST DETAIL</b>	<b>FORM SARP-2</b>
------------------------	---	------------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

**One-Time Activity**      Policies and Procedures

**On-Going Activities**      Update Policies and Procedures                       Training

(04) Description of Expenses **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ____ of ____					
--	--	--	--	--	--

<b>Program</b> <span style="font-size: 2em; font-weight: bold;">247</span>	<b>SEXUAL ASSAULT RESPONSE PROCEDURES</b> <b>ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>SARP-2</b>
---	---	------------------------------

- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs were incurred.
- (03) Check the box which indicates the activity being claimed. Check only one box per form. A separate form SARP-2 shall be prepared for each applicable activity.
- (04) The following table identifies the type of information required to support reimbursable activities. To detail costs for the activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, and travel and training expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns							Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Salaries and Benefits</b>								
Salaries	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
Benefits	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost= Hourly Rate x Hours Worked or Total Contract Cost		Copy of Contract and Invoices
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days				Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode				or Total Travel Cost	
Training	Employee Name/Title Name of Class		Dates Attended				Registration Fee	

- (05) Total line (04), columns (d) through (g) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the activity costs, number each page. Enter totals from line (05), columns (d) through (g) to form SARP-1, block (04), columns (a) through (d) in the appropriate row.

# THREATS AGAINST PEACE OFFICERS

## 1. Summary of the Mandate

Chapter 1249, Statutes of 1992, added Penal Code section 832.9. This statute requires school districts employing peace officers to reimburse the officer or any member of his or her immediate family for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer or his or her immediate family as a result of the peace officer's employment.

Chapter 666, Statutes of 1995, amended Penal Code section 832.9, by specifying guidelines for reimbursement.

On April 24, 1997, the Commission determined that the requirements of Penal Code section 832.9, as added by Chapter 1249, Statutes of 1992 and amended by Chapter 666, Statutes of 1995, imposed upon school districts, a new program or higher level of service, within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code.

## 2. Eligible Claimants

Any community college district, employing peace officers pursuant to Penal Code section 830, and incurring increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

## 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal years 1995-96, 1996-97, and 1997-98 may be made available in a future appropriation act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the *Annual Claiming Instructions for State Mandated Costs* issued in September of each year to county superintendents of schools and superintendents of schools.

## 4. Types of Claims

### A. Reimbursement and Estimated Claims

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

### B. Minimum Claim

Government Code section 17564(a) provides that no claim shall be filed pursuant to Government Code section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of one or more districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district. Once a combined claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing a written notice of its intent to file a

separate claim, to the county superintendent of schools and the State Controller's Office at least 180 days prior to the deadline for filing the claim.



## 5. Filing Deadline

### A. Initial Claims

Pursuant to Government Code section 17561, subdivision (d)(3), initial claims must be filed within 120 days from the issuance of claiming instructions. Accordingly:

Reimbursement claims detailing the actual costs incurred for the 1995-96, and 1996-97 fiscal years must be filed with the State Controller's Office and postmarked by September 1, 1998. If the reimbursement claim is filed after the deadline of September 1, 1998, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

Estimated claims for costs to be incurred during the 1997-98 fiscal year must be filed with the State Controller's Office and postmarked by September 1, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997-98 reimbursement claim must be filed by November 30, 1998.

### B. Annually Thereafter

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the annual cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_-19\_\_ Reimbursement Claim", and/or "19\_\_-19\_\_ Estimated Claim", claims may be filed as follows:

An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the previous fiscal year's annual claiming instructions.

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

## 6. Reimbursable Components

For each eligible claimant, the direct and indirect cost of labor, supplies, and services incurred for the following mandated components are reimbursable:

### A. Moving and Relocation Expenses from July 1, 1995 through December 31, 1995

#### (1) Review and Approval of Claims

Review and approve claims for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer, or his, or her immediate family as a result of the peace officer's employment. Costs incurred before and after the change of residence, including the cost of moving household effects either by commercial household goods carrier or by the employee, are reimbursable.

#### (2) Payment of Expenses

Payment of the approved reimbursement to the peace officer or member of the immediate

family residing with the officer for actual and necessary moving and relocation expenses.

**B. Moving and Relocation Expenses from January 1, 1996 to Present****(1) Notification of a Threat**

Receipt of notification of a credible threat. (Penal Code section 832.9, subdivisions (b)(5) and (c)).

**(2) Approval of Relocation Plans**

Approval of relocation plans and if necessary, verification of residency of any immediate family member. (Penal Code section 832.9, subdivisions (a), (b)(3), and (d)).

**(3) Review and Approval of Claims**

Review and approval of claims for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer, or his, or her immediate family as a result of the peace officer's employment. Costs incurred before and after the change of residence, including the cost of moving household effects either by commercial household goods carrier or by the employee. Approval of "actual and necessary relocation costs" is subject to the limitations set forth in Penal Code section 832.9, as amended by Chapter 666, Statutes of 1995.

**(4) Payment of Expenses**

Payment of the approved reimbursement to the peace officer or member of the immediate family for actual and necessary moving and relocation expenses.

**7. Reimbursement Limitations**

A. Litigation expenses "allowable as costs" and "not allowable as costs" pursuant to section 1033.5 of the Code of Civil Procedure, are not reimbursable if incurred by claimants and/or local law enforcement agencies responding to and/or defending claims or actions brought under Penal Code section 832.9.

B. After January 1, 1996, the following costs are not reimbursable:

**(1) Moving Costs**

Moving Costs that are not included in the Department of Personnel Administration rules governing promotional relocations, (Penal Code section 832.9, subdivision (b)(1). Refer to DPA Article 7, beginning on page 7.)

**(2) Loss/Decrease in Value**

Loss or decrease in value of a peace officer's residence due to a forced sale, (Penal Code section 832.9, subdivision (b)(2).)

**(3) Unapproved Expenses**

Costs incurred by a peace officer or the immediate family without prior approval of the appointing authority, (Penal Code section 832.9, subdivision (b)(3).)

**(4) Unauthorized Payment of Salaries**

Unauthorized payment of the peace officer's salary while moving, (Penal Code section 832.9, subdivision (b)(4).)

**(5) Temporary Housing**

Temporary relocation housing which exceeds 60 days, (Penal Code section 832.9, subdivision (b)(6).)

**(6) Relocation Costs**

Relocation costs incurred 120 days after the original notification of a viable threat if the peace officer has failed to relocate, (Penal Code section 832.9, subdivision (b)(7).)

Any offsetting savings or reimbursement the claimant received from any source including but not limited to, service fees collected, federal funds, and other state funds as a direct result of this mandate, shall be identified and deducted so only net local costs are claimed.

## 8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms TAP-1 and TAP-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

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

This form is used to segregate the detailed costs by claim component. A separate form TAP-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

#### (1) Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee, and specify the actual time spent, the productive hourly rates, and related fringe benefits.

Source documents to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

#### (2) Services and Supplies

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

Source documents to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

#### (3) Contracted Services

Contracting costs are reimbursable to the extent that the function to be performed requires special skill or knowledge that is not readily available from the claimant's staff or the service to be provided by the contractor is cost effective.

Give the name(s) of contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

#### (4) Employee Reimbursement

Reimbursement to the peace officer or member of his or her immediate family for actual and necessary moving and relocation expenses must provide the following:

- (a) Show the dates when the claimant received notification of the threat, when moving and relocation expenses were incurred, and when the officer or member of his or her immediate family was reimbursed.
- (b) Submit with the claim, a copy of the contract, invoices, and receipts for the cost of moving and relocation. Identify the independent contractor or employee who provided services for moving and relocation.
- (c) If confidentiality is involved, to protect the officer's relocation, mark out sensitive areas of the contract, invoices, and receipts.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim at the time the claim was filed, supporting documents must be retained for two years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

**B. Form TAP-1, Claim Summary**

This form is used to summarize direct costs by claim component and compute allowable indirect costs for the mandate. Claim statistics shall identify the work performed for costs claimed. The claimant must give the number of peace officers who were relocated in the fiscal year of claim as a result of credible threats received.

The Commission on State Mandates requests that claimants send a copy of form TAP-1 for each of the initial years' reimbursement claims by mail or facsimile to the Commission on State Mandates, 1300 I Street, Suite 950, Sacramento, CA 95814, Facsimile: (916) 445-0278. Although providing this information is not a condition of payment, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. The cost data on this form is carried forward to form FAM-27.

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

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form TAP-1 must be carried forward to this form for the State Controller's Office to process the claim for payment

---

**DEPARTMENT OF PERSONNEL ADMINISTRATION RULES****Moving and Relocation Expenses****Effective January 1, 2002****599.714.1 Scope**

(a) Whenever a permanent state officer or employee is required by any appointing power because of a change in assignment promotion or other reason related to his/her duties, to change his/her place of residence, such officer, agent or employee shall receive reimbursement of his/her actual and necessary moving and relocation expenses incurred by him/her both before and after and by reason of such change of residence, subject to the provisions and limitations of this article.

(b) For the purposes of this article, a move occurs on the official reporting date to the new headquarters, and when a change in residence is reasonable to be required. Relocation shall be paid, when the following conditions are met:

(1) The officer's or employees officially designated headquarters is changed for the advantage of the State, which includes the following:

(A) A promotion offered by any appointing authority, not including those movements that the employee could make through transfer, reinstatement, or reemployment eligibility; or

(B) An involuntary transfer initiated by and at the discretion of the appointing authority,

(C) Any involuntary transfer required to affect a mandatory reinstatement following:

(I) Termination of a career executive or exempt appointment

(II) Leave of absence

(III) Rejection from probation

(D) Any involuntary transfer required to affect a mandatory reinstatement following the expiration or involuntary termination of a temporary appointment, limited term appointment, or training and development assignment when:

(I) the employee did not relocate to accept the appointment or assignment, or

(II) the employee did relocate, at State expense, to accept the appointment or assignment

(2) The move must be a minimum of 50 miles plus the number of miles between the old residence and the old headquarters.

(3) Relocations that meet the above criteria will be fully reimbursed to the extent and limitations in this article.

(c) A change of residence is not deemed reasonable to be required for voluntary transfers or permissive reinstatements, with or without a salary increase, in response to general requests which specify that moving and relocation expenses will not be paid, or for any non-promotional transfer which is primarily for the benefit of the officer or employee.

(d) When an appointment does not meet the criteria in (a) and (b) the appointing power may, at his/her discretion, determine in advance that it is in the best interest of the State to reimburse all or part of the actual reasonable and necessary relocation expenses provided in this article as an incentive to recruit employees to positions that are designated by the appointing power as difficult to fill or because of outstanding qualifications of the appointee, or due to unusual and unavoidable hardship to the employee by reason of the change of residence.

(1) Relocations that meet this criteria shall be reimbursed only for the items in this article specifically authorized by the appointing power, and may be subject to further limitations designated by the appointing power.

(2) Upon determination that any reimbursement will be made, the appointing power shall:

(A) Determine which provisions will apply to the relocation and establish any additional limitations to those provisions such as dollar limits, weight limits, or time limits.

(B) Notify the employee in writing, of specific allowable reimbursements prior to the move.

(e) Requirements and limitations specified in this article may not be waived or exceeded by the appointing power.

(f) Unauthorized relocation expenses and relocation expenses incurred prior to receipt of a written notice of allowable relocation expenses are the responsibility of the employee.

#### **599.715.1 Reimbursement for Miscellaneous Expenses-Excluded Employees**

An officer or employee who is required to change his/her place of residence according to Section 599.714.1 may receive reimbursement for up to \$200 for miscellaneous expenses upon submittal of documentation of the payment of all such expenses and certification that the expenses were related to dissolution to the old household and/or the establishment of a new household and were not otherwise reimbursed.

(a) Reimbursement for the installation and/or connection of appliances or antennas purchased after the change of residence shall be allowed provided no claim is made for installation and/or connection of a similar item in the movement of household goods, and installation and/or connection occurs within sixty days of the establishment of a new residence.

(b) Deposits are not reimbursable.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

#### **599.716.1 Reimbursement for Sale of a Residence**

(a) Whenever an officer or employee is required, as defined in Section 599.714, to change his/her officially designated headquarter and such change requires the settlement of a lease on the employee's old residence, the officer or employee shall receive the actual and necessary costs of settlement of the unexpired lease to a maximum of one year.

(b) Reimbursement shall not be allow if it is determined that the officer or employee knew or reasonably should have known that a transfer according to Section 599.714 was imminent before entering into a lease agreement.

(c) Claims for settlement of a lease shall be documented and itemized and submitted within six months following the new reporting date except that the Director of the Department of Personnel Administration may grant an extension of not more than three months upon receipt of evidence warranting such extension prior to the expiration of the six-months period.

(1) The claim may be a signed agreement between the officer or employee and the lessor or it may be made unilaterally by the officer or employee.

(2) In no event shall the final settlement by the State exceed one year's rent nor shall it include any costs, deposits or fees.

#### **599.717.1 Settlement of a Lease-Excluded Employee**

(a) Whenever an officer or employee is required, as defined by Section 599.714.1(a) to change his/her place of residence and such change requires the settlement of a lease on the employee's old residence, the officer or employee shall receive the actual and necessary cost of settlement of the unexpired lease to a maximum of one year. In no event shall the lease settlement include any costs, deposits or fees.

(1) Reimbursement shall not be allowed if it is determined that the officer or employee knew or reasonably should have known that a transfer according to Section 599.714.1 was imminent before entering into a lease agreement.

(2) Claims for settlement of a lease shall include a lease agreement signed by both the employee and the

lessor, and shall be itemized and submitted within nine months following the new reporting date.

(b) If an employee is required under 599.714.1(a) to change his/her place of residence and such notice to the employee is insufficient to provide the employee the notice period required by a month to month rental agreement, reimbursement may be claimed for the number of days penalty paid by the employee to a maximum of 30 calendar days.

(1) Reimbursement shall not be allowed for days that the employee failed to notify the landlord after notification by the employer of the reassignments.

(2) Claims shall be accompanied by a copy of the rental agreement, an itemized receipt for the penalty and the name and address of the individual or company to which the rental penalty has been paid.

(c) No reimbursement shall be made for forfeiture of cleaning or security deposits, or for repair, replacement, or damages of rental property.

#### **599.718.1 Expenses for Moving Household Effects**

(a) For the purpose of these regulations, household or personal effects include items such as furniture, clothing, musical instruments, household appliances, food, and other items that are usual or necessary for the maintenance of one household.

(b) Household effects shall not include items connected to a for profit business, items from another household, items that are permanently affixed to the property being vacated or items that would normally be discarded or recycled.

(c) At the discretion of the appointing power, other items may be considered household effects based on a consideration of the estimated cost of the move and a review of the items listed on the inventory. Expenses related to moving items other than those described in (a) that have not been approved by the appointing power shall be the responsibility of the employee.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code, Reference: Section 19841.

#### **599.719.1 Reimbursement for Moving Household Effects**

Reimbursement shall be allowed for the cost of moving an employee's effects either via commercial household goods carrier or by the employee. Reimbursements under this rule shall not exceed the cost of moving the employee's household goods from the old residence to the new headquarters plus 50 miles unless the appointing authority determines that a longer move is in the best interest of the State. Any additional expense associated with an interstate or intercountry move shall be approved in advance by the appointing power. No reimbursement will be allowed for the hiring of casual labor.

(a) When the employee retains a commercial mover, reimbursement for actual and necessary expenses incurred by a commercial mover under this article for the packing, insurance, one pickup, transportation, storage-in-transit (not including warehouse handling charges except when required by interstate tariffs), one delivery, unpacking, and installation at the new location of an employee's household effects shall be allowed subject to the following:

(1) Weight of household effects for which expenses may be reimbursed shall not exceed 5,000 kilograms (11,000 pounds).

(2) Duration of storage-in-transit for which charges may be reimbursed shall not exceed 60 calendar days unless a longer period of storage is approved in advance by the appointing authority based on hardship to the employee.

(3) Rates at which reimbursement is allowed shall not exceed the minimum rates, at the minimum declared valuation, established by the California Public Utilities Commission for household goods carriers, unless a higher rate is approved by the Department of General Services.

(4) Cost of insurance for which reimbursement is allowed shall not exceed the cost of insurance coverage at \$2.00 valuation for each pound of household effects shipped by household goods carrier.

(5) Claims for exceptions to the 11,000 pounds statutory limit will be considered by the appointing authority up to a maximum of 23,000 pounds, only when it has been determined that every reasonable effort had

been made to conform to the limit. Exceptions to the number of pick-ups and deliveries may be made by the appointing power when it is reasonably necessary and in the best interest of the state.

(b) When the employee does not retain a commercial mover, reimbursement shall be allowed as follows for expenses related to the movement by the employee of his/her household effects in a truck or trailer.

(1) Rental of a truck or trailer from a commercial establishment. When not included in the truck rental rate, the cost of gasoline, rental of furniture, dolly, packing cartons and protective pads will be reimbursed. If the total costs exceed \$1,000 the claim must be accompanied by at least one written commercial rate quote. Reimbursement will be made at the rate (including gasoline) which results in the lowest cost; or

(2) Mileage reimbursement at the rates provided in Section or 599.631.1 (b) for noncommercial privately owned motor vehicles used in transporting the employee's household effects.

(3) Reimbursement for more than one trip by the method described in (b)(1) or (2) above may be allowed if the employee's agency has determined that the total cost would be less than the cost of movement by a commercial household goods carrier.

(c) If household goods are moved exclusively in the employee's personal vehicle, reimbursement for mileage may be claimed at the State mileage rate. No other mileage or moving expense shall be allowed.

(d) All claims for the reimbursement of the movement of household goods require receipts. Unless an exception is granted by the appointing authority, claims shall be submitted no later than 2 years and 60 days from the effective date of appointment or 15 days prior to voluntary separation, whichever is first.

#### **599.720.1 Reimbursement for Movement of a Mobile Home**

For the movement of a mobile home, which contains the household effects of an officer or employee, and has served as the employee's residence at the previous location at the time of notification of relocation, reimbursement will be allowed as follows:

(a) Where transportation of the trailer coach is by a commercial mobile home transporter and receipts are submitted:

(1) For tolls, taxes, charges, fees, or permits fixed by the State or local authority required for the transportation or assembly or trailer coaches actually incurred by the employee.

(2) Charges for disassembly and assembly of the trailer, including but not limited to, disassembly and assembly of trailer, skirt, awnings, porch, the trailer coach itself, and other miscellaneous documented, itemized expenses related to the dissolution of the old household and/or the establishment of the new household, up to \$2,500 unless an exception is approved by the appointing power.

(3) Reimbursement will be allowed for the actual cost supported by voucher and installation of wheels and axles necessary to comply with the requirements of Chapter 5, Article 1 of the California Vehicle Code.

(4) Three competitive bids shall be obtained and reimbursement will be approved at the lowest bid. Based on information documenting the attempt to obtain three bids as provided by the employee, the appointing power may waive the three-bid requirement.

(5) Reimbursement received under this section precludes any additional reimbursement for miscellaneous expenses under Section 599.715.1.

(6) Movement of the trailer coach at rates exceeding the minimum rates established by the California Public Utilities Commission for mobile home transporters:

(7) Charges at P. U. C. minimum rates to obtain permits identified above:

(8) Storage-in-transit for up to 60 calendar days at P. U. C. minimum rates, unless an extension is approved by the appointing authority.

(b) Where transportation of the coach is by an employee, expenses may be claimed for a one-way trip by submitting gasoline receipts.

(c) Reimbursement will not be allowed for :

(1) Purchase of parts and materials except for those items necessary to comply with the minimum requirements of the California Administrative Code, Title 25, Chapter 5.



- (2) Repairs including tires and tubes, and breakdown in transit.
- (3) Costs associated with maintenance or repair of the trailer coach.
- (4) Costs for separate shipment of household goods carrier unless that is determined to be the most economical method of transport.
- (5) Costs associated with the movement or handling of permanent structures.
- (d) All claims related to the movement of a trailer coach and the household goods therein require receipts and shall be submitted no later than 2 years and 60 days from the effective date of appointment, or 15 days prior to the voluntary separation, whichever is first. No extension will be granted.

#### **599.722.1 Relocation Subsistence Reimbursement and Mileage**

(a) If eligible under Section 599.714(a), an officer or employee shall be reimbursed for actual lodging, supported by a receipt, and meal and incidental expenses in accordance with and not to exceed the rate established in Section 599.619(a)(1) and (2), while locating a permanent residence at the new location. Employees who do not furnish receipts for lodging may be reimbursed for noncommercial meals and noncommercial lodging in accordance with 599.619(b). A permanent residence is typically an abode that is purchased, or rented on a monthly basis, of a type that provides long-term living accommodations, where any utilities are hooked up (gas, electric, cable, phone), and mail is delivered.

(1) Reimbursement may be claimed for up to 60 days, except an extension of up to 30 days may be granted when the Appointing power has determined in advance that the delay of change of residence is a result of unusual and unavoidable circumstances that are beyond the control of the officer or employee. The maximum reimbursement to be received by said officer, or employee shall not exceed the equivalent dollar amount of 60 days of full meals, incidentals, and receipted lodging.

(2) Interruptions in relocation caused by sick leave, vacation or other authorized leaves of absence shall be reimbursable at the option of the employee providing the employee remains at the new location and is actively seeking a permanent residence.

(3) The relocation subsistence reimbursement shall terminate immediately upon establishment of a permanent residence. The appointing power shall determine when a permanent residence has been established.

(4) Partial days shall count as full days for the purpose of computing the 60-day period.

(b) Upon approval of the Appointing Power, meals and/or lodging expenses, for up to fourteen days, arising from trips to the new location for the sole purpose of locating housing shall be reimbursed in accordance with Section 599.619(a)(1) and (2), or 599.619(c)(1) or 599.619(d). Claims for reimbursement of meals/lodging expenses in this item are limited to those incurred after receipt of formal written authorization for relocation and prior to the effective date of appointment.

The period claimed should be included in the computation of the 60-day relocation period.

(c) Reimbursement for travel from the old residence to the new headquarters may be claimed one way one time and shall not exceed the mileage rate allowed in 599.631(a).

Note: Authority cited: Section 3539.5, Government Code. Reference: Section 19841, Government Code.

#### **599.724.1 Payment of Claims for Moving and Relocation Expenses**

(a) The Department of Personnel Administration shall be responsible for prescribing any specific procedures necessary for effective and economical operation of this article. Claims shall be made on authorized forms, scheduled in the normal manner and submitted through regular channels to the State Controller for payment. All claims must be substantiated by invoices, receipts, or other evidence for each item claimed.

(b) Agencies may contract directly with the carrier for movement of household effects of officers and employees at state expense, subject to the same restrictions as if the shipment was arranged by the officer or employee and reimbursed by the State.

(c) If the change in residence results in the salary of the officer or employee being paid by a different appointing power, all allowable moving and relocation expenses shall be paid by the new appointing

power except where the old appointing power agrees to pay all or part of the expenses allowable under this Article.

(d) Each department shall be responsible for insuring that upon notice to the employee of an impending move a copy of these rules shall be given to the officer or employee.

(e) When exceptions have been granted by an appointing authority, the written justification of those exceptions shall be maintained with the applicable claims.

**599.619 Reimbursement for Meals and Lodging**

The employee on travel status shall be reimbursed actual expenses for receipted lodging, and for meals and incidentals as provided in this section, unless directed to travel under the provision of 599.624.1. Lodging and/or meals provided by the State or included in hotel expenses or conference fees, or in transportation costs such as airline tickets, or otherwise provided shall not be claimed for reimbursement. Snacks and continental breakfasts, such as rolls, juice and coffee, are not considered to be meals. The circumstances of travel will determine the rate allowed.

(a) Short-term Travel. Reimbursement for short-term subsistence will be authorized only when the traveler incurs expenses arising from the use of reasonable, moderately priced commercial lodging and meal establishments, such as hotels, motels, bed and breakfast inns, campgrounds, restaurants, cafes, diners, etc., that cater to the general public. Employees who stay with friends or relatives may claim meals only in accordance with the rates and time frames set forth below. Lodging receipts are required. The short-term rate is intended for trips of such duration that weekly or monthly rates are not obtainable and will be discontinued after the 30th consecutive day assigned to one location unless an extension has been previously documented and approved by the appointing power. In extending short-term travel, the appointing power shall consider the expected remaining length of travel assignment.

(1) In computing reimbursement for continuous short-term travel of more than 24 hours and less than 31 consecutive days, the employee will be reimbursed for actual costs up to the maximum allowed for each meal, incidental, and lodging expense for each complete 24 hours of travel, beginning with the traveler's time of departure and return, as follows:

(A) On the first day of travel on a trip of 24 hours or more:

- Trip begins at or before 6am: breakfast may be claimed on the first day
- Trip begins at or before 11am: lunch may be claimed on the first day
- Trip begins at or before 5pm: dinner may be claimed on the first day

(B) On the fractional day of travel at the end of the trip of more than 24 hours:

- Trip ends at 8 am: breakfast may be claimed
- Trip ends at or after 2pm: lunch may be claimed
- Trip ends at or after 7pm: dinner may be claimed

If the fractional day includes an overnight stay, receipted lodging may be claimed. No meal or lodging expense may be claimed or reimbursed more than once on any given date or during any 24-hour period.

(C) Reimbursement shall be for actual expenses, subject to the following maximum rates:

**Meals:**

Breakfast	\$6.00
Lunch	\$10.00
Dinner	\$18.00
Incidentals	\$6.00

Receipts for meals must be maintained by the employee as substantiation that the amount claimed was not in excess of the amount of actual expense. The term incidentals includes but is not limited to expenses for laundry, cleaning and pressing of clothing, and fees and tips for services, such as for

porters and baggage carriers. It does not include taxicab fares, lodging taxes or the costs of telegrams or telephone calls.

### Lodging

Statewide, with receipts. Actual up to \$84.00 plus tax

When employees are required to do business and obtain lodging in the Counties of Los Angeles and San Diego and an actual lodging up to \$110.00 plus tax.

When employees are required to do business and obtain lodging in the Counties of Alameda, San Francisco, San Mateo and Santa Clara, actual lodging up to \$140.00 plus tax.

If lodging receipts are not submitted, reimbursement will be for actual expenses for meals/incidentals only at the rates and time frames set forth in this section.

(2) In computing reimbursement for continuous travel of less than 24 hours, actual expenses, up to the maximums in (C) above, will be reimbursed for breakfast and/or dinner and/or lodging in accordance with the following time frames:

Travel begins at or before 6 a.m. and ends at or after 9 a.m.: Breakfast may be claimed

Travel begins at or before 4 p.m. and ends at or after 7 p.m.: Dinner may be claimed

If the trip of less than 24 hours includes an overnight stay, receipted lodging may be claimed.

No lunch or incidentals may be reimbursed on travel of less than 24 hours.

(b) Long-term Travel. Reimbursement for long-term meals and receipted lodging will be authorized when the traveler incurs expenses in one location comparable to those arising from the use of commercial establishments catering to the long-term visitor. Meals and/or lodging provided by the State shall not be claimed for reimbursement. With approval of the appointing power and upon meeting the criteria in (3) below, an employee on long-term field assignment who is living at the long-term location may claim either:

(1) \$24.00 for meals and incidentals and up to \$24.00 for receipted lodging for travel of 12 hours up to 24 hours; either \$24.00 for meals or up to \$24.00 for receipted lodging for travel less than 12 hours, or

(2) Reimbursement for actual individual expense, substantiated by receipts for lodging, utility, gas, and electricity, up to a maximum of \$1,130.00 per calendar month while on a long term assignment, and \$10.00 for incidentals, without receipts, for each period of 12 to 24 hours; \$5.00 for meals and incidentals for periods of less than 12 hours at the long term location.

(3) To claim expenses under either (1) or (2) above, the employee must meet the following criteria:

(A) The employee continues to maintain a permanent residence at the primary headquarters and

(B) The permanent residence is occupied by the employee's dependents, or

(C) The permanent residence is maintained at a net expense to the employee exceeding \$200 per month.

(D) The employee must submit substantiating evidence of these conditions to the appointing power in accordance with its requirements.

(4) Employees who do not meet the criteria to claim (1) or (2) above may claim \$12.00 for meals and incidentals and \$12.00 for receipted lodging for every 12 to 24 hours at the long term location; \$12.00 for meals or \$12.00 receipted lodging for periods of less than 12 hours at the long term location.

(5) With the approval of the appointing power, the reimbursement of long term lodging may continue when the employee is away from the long term location on short term business travel or other absences from the location as approved by the appointing authority.

(c) Out-of-State Travel. Out-of-State travel is any kind of travel outside the State of California for the purpose of conducting business outside the State of California. For short-term out-of-state travel, employees will be reimbursed for actual lodging expenses, supported by receipt, and will be reimbursed for meal and incidental expenses as defined in section 599.619(a). Failure to furnish

lodging receipts will limit reimbursement to meals only at the rates specified in (a). Long-term out-of-state travel will be reimbursed according to Section 599.619(c).

(d) Out-of-Country Travel. For short-term out-of-country travel, employees will be reimbursed for actual lodging expenses, supported by a receipt, and will be reimbursed for actual meal and incidental expenses subject to maximum rates in accordance with the published Government meal and incidental rates for foreign travel for the dates of travel. Failure to furnish lodging receipts will limit reimbursement to meals only in accordance with the published Government meals and incidental rates for foreign travel. Long-term out-of-country travel will be reimbursed according to Section 599.619(a) through (c).

(e) Exceptions to reimburse in excess of the maximum lodging rate cited in (a) of this rule may be granted by the Appointing Power only in an emergency, or when there is no lodging available at the State maximum rate or when it is cost effective. The Appointing Power shall document the reasons for each exception and shall keep this documentation on file for three calendar years from the date of the exception.

NOTE: Authority cited; sections 3539.5, 19815.4(d), 19816 and 19820, Government Code. Reference: Sections 3527(b) and 11030, Government Code.

### **599.631 TRANSPORTATION BY PRIVATELY OWNED AUTOMOBILE**

(a) Where the employee is authorized to use a privately owned automobile on official state business the reimbursement rate shall be up to 31 cents per mile. Claims for reimbursement for private vehicle expenses must include the vehicle license number and the name of each state officer, employee, or board, commission, or authority, member transported on the trip. No reimbursement of transportation expense shall be allowed any passenger in any vehicle operated by another state officer, employee, or member.

(1) Expenses arriving from travel between home and headquarters or garage shall not be allowed, except as provided in 599.626(d)(2) or 599.626.1(c), regardless of the employee's normal mode of transportation.

(2) When a trip is commenced or terminated at a claimant's home on a regularly scheduled work day, the distance traveled shall be computed from either his or her residence or headquarters, whichever shall result in the lesser distance except as provided in 599.626.1(c).

(3) However, if the employee commences or terminates travel on a regularly scheduled day off, mileage may be computed from his or her residence.

(b) Where the employee's use of a privately owned automobile is authorized for travel to or from a common carrier terminal, and the automobile is not parked at the terminal during the period of travel, the employee may claim double the number of miles between the terminal and the employee's headquarters of residence, whichever is less, at a rate defined in section 599.631(a), while the employee occupies the automobile for the distance between the terminal and his or her residence or headquarters. If the employee commences or terminates travel one hour before or after his/her regularly scheduled work day, or on a regularly scheduled day off, mileage may be computed from his/her residence.

(c) All ferry, bridge, or toll charges while on state business will be allowed with any required receipts.

(d) All necessary parking charges while on state business will be allowed, with any required receipts, for:

(1) Day parking on trips away from the headquarters office and employee's primary residence.

(2) Overnight parking on trips away from the headquarters and employee's primary residence, except that parking shall not be claimed if expense-free overnight parking is available.

(3) Day parking adjacent to either headquarters office, a temporary job site, or training site, but only if the employee had other reimbursable private or state automobile expenses for the same day. An employee may not prorate weekly or monthly parking fees.

(e) Gasoline, maintenance, and automobile repair expenses will not be allowed.

(f) The mileage reimbursement rates include the cost of maintaining liability insurance at the minimum amount prescribed by a law and collection insurance sufficient to cover the reasonable value of the automobile, less a deductible. When a privately owned automobile operated by a state officer, agent, or

employee is damaged by collision or is otherwise accidentally damaged, reimbursement for repair or the deductible to a maximum of \$500.00 will be allowed if:

- (1) The damage occurred while the automobile was used on official business by permission or authorization of the employing agency; and
  - (2) The automobile was damaged through no fault of the state officer, agent, or employee; and
  - (3) The amount claimed is an actual loss to the state officer, agent, or employee, and is not recoverable directly from or through the insurance coverage of any party involved in the accident; and
  - (4) The loss claimed does not result from a decision of a state officer, agent, or employee not to maintain collision coverage; and
  - (5) The claim is processed in accordance with the procedures prescribed by the Department of Personnel Administration.
- (g) **Specialized Vehicles.** An employee with a physical disability who must operate a motor vehicle on official state business and who can operate only specially equipped or modified vehicles may claim a rate of 24 cents per mile without certification. Where travel is authorized to and from a common carrier terminal, as specified in section 599.631(b). Supervisors approving these claims must determine the employee's need for the use of such vehicles.

### **AUTHORIZED RELOCATION EXPENSES**

Per Diem - Employees may claim up to 60 days while at the new location until a new permanent residence is found. Specific per diem allowance for excluded employee are attached. Extensions of the per diem may be granted by the Department of Personnel Administration if the employee suffers unusual hardship. Requests for extensions must be submitted to the Relocation Liaison, on a Std. 256 prior to the expiration of the 60 day period. The Relocation Liaison will review the Std. 256 for completeness then forward to the Department of Personnel Administration.

Shipment of Household Goods - The State will pay for the packing, transportation, insurance, storage-in-transit, unpacking and installation of employee's household effects. The employer will issue the relocating employee a "Moving Service Authorization" which the employee will give to any licensed mover. The Moving Service Authorization authorizes the mover to bill the State directly. There is no actual dollar limitation, (the State only pays minimum tariff rates), however there is an 11,000 pound weight limit. If the mover estimates the weight of the household goods to be more than 11,000 pounds, the employee should immediately submit a Std. 256 with the mover's estimate to the Relocation Liaison. The Department of Personnel Administration may approve excess weight provided the employee requests the exception in advance of the actual move.

The State will not pay for the shipment of the following prohibited items:

Automobiles other motor vehicles farm tractor, implements and equipment trailers with or without other property boats all animals, livestock, or pets belongings which are not the property of the immediate family of the officer or employee belongings related to commercial enterprises engaged in by the officer or employee firewood, fuels bricks, sand ceramic wall tile wire fence or other building materials wastepaper and rags.

Storage in Transit - The State will pay for the storage of household goods for up to 60 days. Storage is limited to 11,000 pounds of household goods unless the excess weight has been previously approved by DPA. The storage company should bill the State directly using the authorization of the Moving Service Authorization. Miscellaneous items taken out of storage prior to the moving company delivering all household goods is not reimbursable and must be paid by the employee.

Sale of Residence - The State will pay for certain costs associated with the sale of the employee's dwelling which was his/her residence at the time of notification of the transfer.

Reimbursable costs are:

Brokerage Commission, Escrow fees, Title insurance, Prepayment penalties, Local taxes, charges or fees required to consummate the sale. Miscellaneous sellers costs up to \$200.00.

Nonreimbursable costs are:

Seller's Points, Property tax, Repair work and re-inspection fees.

Excluded employees have two years from the reporting date at the new headquarters to submit a claim for reimbursement of seller's costs. There is no extension of the time limit for Non-represented employees.

Settlement of a Lease - The State will pay for the settlement of a lease which was entered into prior to notification of the transfer. Claims for payment of the lease settlement must be submitted within 9 months from the reporting date at the new headquarters.

Movement of a Trailer Coach - The State will pay for the actual cost of transporting the mobile home to the new location plus up to \$2,500 for disassembly and assembly of the trailer. Request for reimbursement in excess of \$2,500 must be submitted to DPA on a Std. 256 prior to the move; approval will only be given for the lowest of three bids. Household goods must be shipped in the mobile home unless DPA approves a separate shipment.

Miscellaneous - There is a \$200.00 miscellaneous allowance with documentation and certification, which is intended to assist the employee in establishing the new household. This allowance should be used to pay utility installation fees, appliance hook-up fees and the like. It is appropriate to use this allowance for cable hook-up. This allowance may not be used to satisfy deposit requirements. The allowance may not be claimed if moving a mobile home; hook-up, etc., are included in the mobile home set-up charge.

Mileage - The employee may be reimbursed 24 cents per mile for one vehicle to make one one-way trip between the old residence and the new residence. Anything over locating cents is considered taxable income.

Private car mileage for the purpose of locating housing at the new location is not reimbursable.

EXPENSES INCURRED PRIOR TO THE OFFICIAL TRANSFER CANNOT BE CLAIMED.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>THREATS AGAINST PEACE OFFICERS (SCHOOL DISTRICTS)</b>	For State Controller Use Only (19) Program Number 00242 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">242</span>
---	---	---

L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) TAP-1, (03)	
	County of Location		(23) TAP-1, (04)(1)(e)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) TAP-1, (04)(2)(e)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) TAP-1, (06)	
			(26) TAP-1, (07)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) TAP-1, (07)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) TAP-1, (9)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) TAP-1, (10)	
			(29)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20 ___	(12) <b>20</b> ___/20 ___	(30)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer	Date
Type or Print Name	Title

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

<b>Program</b> <b>242</b>	<b>THREATS AGAINST PEACE OFFICERS (SCHOOL DISTRICTS)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
------------------------------	--	------------------------------

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

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

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

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

**Address, if delivered by other delivery service:**

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



<b>Program</b> <span style="font-size: 24pt;"><b>242</b></span>	<b>MANDATED COSTS</b> <b>THREATS AGAINST PEACE OFFICERS</b> <b>CLAIM SUMMARY</b>				<b>FORM</b> <b>TAP-1</b>
(01) Claimant		(02) Type of Claim		Fiscal Year	
		Reimbursement <input type="checkbox"/>			
		Estimated <input type="checkbox"/>		20__/20__	
<b>Claim Statistics</b>					
(03) Number of peace officers relocated in the fiscal year of claim					
<b>Direct Costs</b>		<b>Object Accounts</b>			
(04) Reimbursable Components		(a)	(b)	(c)	(d)
		Salaries and Benefits	Services and Supplies	Employee Reimbursement	Total
1. Moving and Relocation Expenses (7/1/95 - 12/31/95)					
2. Moving and Relocation Expenses (1/1/96 - Present)					
(05) Total Direct Costs					
<b>Indirect Costs</b>					
(06) Indirect Cost Rate				[Federally Approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs				[Line (06) x line (05)(a)]	
(08) Total Direct and Indirect Costs				[Line (05)(e) + line (07)]	
<b>Cost Reduction</b>					
(09) Less: Offsetting Savings, if applicable					
(10) Less: Other Reimbursements, if applicable					
(11) Total Claimed Amount				[Line (08) - {line (09) + line (10)}]	

<b>Program</b> <b>242</b>	<b>THREATS AGAINST PEACE OFFICERS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>TAP-1</b>
------------------------------	--	-----------------------------

- (01) Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A form TAP-1 should be completed for each department.
  
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form TAP-1 must be filed for a reimbursement claim. Do not complete form TAP-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form TAP-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
  
- (03) Enter the number of peace officers relocated in the fiscal year of claim due to credible threats.
  
- (04) Reimbursable Components. For each reimbursable component, enter the total from form TAP-2, line (05), columns (d), (e), and (f) to form TAP-1, block (04), columns (a), (b), and (c) in the appropriate row. Total each row.
  
- (05) Total Direct Costs. Total columns (a) through (d).
  
- (06) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
  
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06) by the Total Salaries and Benefits, line (05)(a).
  
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(d), and Total Indirect Costs, line (07).
  
- (09) Less: Offsetting Savings, if applicable. Enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
  
- (10) Less: Other Reimbursements, if applicable. Enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
  
- (11) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">242</span>	<b>MANDATED COSTS</b> <b>THREATS AGAINST PEACE OFFICERS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>TAP-2</b>
--	---	-----------------------------

(01) Claimant	(02) Fiscal Year Costs Were Incurred
---------------	--------------------------------------

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Moving and Relocation Expenses (7/1/95 - 12/31/95)	<input type="checkbox"/> Moving and Relocation Expenses (1/1/96 - Present)
--	---

(04) Description of Expenses: Complete columns (a) through (g). **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Services and Supplies	(f) Employee Reimburse- ment

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___			
--	--	--	--

<b>Program</b> <b>242</b>	<b>THREATS AGAINST PEACE OFFICERS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>TAP-2</b>
------------------------------	---	-----------------------------

- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form TAP-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, etc. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked			
<b>Benefits</b>	Title  Activities	Benefit Rate		Benefits = Benefit Rate x Salaries			
<b>Services and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used		
<b>Contract Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked  Dates of Service		Cost = Hourly Rate x Hour Worked		Invoice
<b>Employee Reimbursement</b>	Name of Peace Officer	Date of Receipt of Notification of Threat	Date of Moving and Relocation Expenses			Amount of Reimburse- ment	Invoices

- (05) Total line (04), columns (d), (e), and (f) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d), (e), and (f) to form TAP-1, block (04), columns (a), (b), and (c) in the appropriate row.

# APPENDIX

## A. STATE OF CALIFORNIA TRAVEL EXPENSE GUIDELINES

### Travel Program Effective January 31, 2002

The travel reimbursement program continues to be subject to the Internal Revenue Service (IRS) requirements for an accountable plan. There are no flat rate reimbursements. All items are to be claimed for the actual amount of expense, up to the maximum allowed. If the provisions below do not require submission of a receipt for a given item of expense, it is the employee's responsibility to retain receipts and other records of the expense and have them available for audit.

Lodging and meals that are provided by the State, including hotel expenses, conference fees, or transportation costs such as airline tickets; or otherwise provided shall not be claimed for reimbursement.

Employees may be reimbursed for actual expenses for breakfast, lunch, dinner, and incidentals for each 24 hours of travel, as follows:

Breakfast	up to	\$6.00
Lunch	up to	10.00
Dinner	up to	18.00
Incidentals	up to	6.00

Incidental expenses include, but are not limited to, expenses for laundering and pressing of clothing and tips for services such as porters and baggage handlers. Incidentals do not include taxicab fares, lodging taxes, or the cost of telegrams or telephone calls.

#### Lodging

All lodging reimbursements require a receipt from a commercial lodging establishment such as a hotel, motel, bed and breakfast inn, or campground that caters to the general public. No lodging will be reimbursed without a valid receipt. Employees who stay with friends or relatives are not eligible for lodging reimbursement, but may claim their actual expenses for meals and incidentals.

#### Short-Term Travel

A. For continuous short-term travel of more than 24 hours but less than 31 days, the employee will be reimbursed for actual costs up to the maximum for each meal, incidental, and lodging expense for each completed 24 hours of travel, beginning with the traveler's time of departure and return as follows:

1. On the first day of travel at the beginning of a trip of more than 24 hours:
  - Trip begins at or before 6 a.m. - Breakfast may be claimed
  - Trip begins at or before 11 a.m. - Lunch may be claimed
  - Trip begins at or before 5 p.m. - Dinner may be claimed
2. On the fractional day of travel at the end of a trip of more than 24 hours:
  - Trip ends at or after 8 a.m. - Breakfast may be claimed
  - Trip ends at or after 2 p.m. - Lunch may be claimed
  - Trip ends at or after 7 p.m. - Dinner may be claimed

If the fractional day includes an overnight stay, receipted lodging may be claimed. No meal or lodging expenses may be claimed or reimbursed more than once on any given date or during any 24-hour period.

- B.** For continuous travel of less than 24 hours, the employee will be reimbursed for actual expenses, up to a maximum as follows:

Travel begins at or before 6 a.m. and ends at or after 9 a.m. - Breakfast may be claimed  
Travel begins at or before 4 p.m. and ends at or after 7 p.m. - Dinner may be claimed

If the trip extends overnight, receipted lodging may be claimed. No lunch or incidentals may be claimed on a trip of less than 24 hours.

### **Short-Term Travel Maximum Lodging Reimbursement Rate**

- A.** Statewide except as in (B) and (C) below, actual receipted lodging up to \$84 plus tax.
- B.** When required to conduct state business and obtain lodging in the counties of Los Angeles and San Diego, reimbursement will be for actual receipted lodging, to a maximum of \$110 plus tax.
- C.** When required to conduct state business and obtain lodging in the counties of Alameda, San Francisco, San Mateo, and Santa Clara, reimbursement will be for actual receipted lodging, to a maximum of \$140 plus tax.

### **Long-Term Travel**

Actual expenses for long-term meals and receipted lodging will be reimbursed when the employee incurs expenses in one location comparable to those arising from the use of establishments catering to long-term visitors.

#### **A. Full Long-Term Travel**

To qualify for full long-term travel reimbursement, the employee on a long-term field assignment must meet the following criteria:

- a) The employee continues to maintain a permanent residence at the primary headquarters, and either,
- b) The permanent residence is occupied by the employee's dependents, or
- c) The permanent residence is maintained at a net expense to the employee exceeding \$200 per month.

The employee who is living at the long-term location may claim either:

1. Reimbursement for actual individual expense, substantiated by receipts for lodging, water, sewer, gas, and electricity, up to a maximum of \$1,130 per calendar month while on the long-term assignment, and actual expenses up to \$10 for meals and incidentals, for each period of 12 to 24 hours and up to \$5 for actual meals and incidentals for each period of less than 12 hours at the long-term location, or
2. Long-term subsistence rates of \$24 for actual meals and incidentals, \$24 for receipted lodging for travel of 12 hours up to 24 hours, and either \$24 for actual meals or \$24 for receipted lodging for travel less than 12 hours when the employee incurs expenses in one location comparable to those arising from the use of establishments catering to long-term visitors.

**B. Partial Long-Term Travel**

An employee on long-term field assignment who does not maintain a separate residence in the headquarters area may claim long-term subsistence rates of up to \$12 for actual meals and incidentals and \$12 for receipted lodging for travel of 12 hours up to 24 hours at the long-term location, and either \$12 for actual meals or \$12 for receipted lodging for travel less than 12 hours at the long-term location.

**Receipts**

Receipts or vouchers shall be submitted for every item of expense of \$25 or more.

- a) Receipts are required for every item of transportation and business expense incurred as a result of conducting state business except for actual expenses as follows:
  1. Railroad and bus fares of less than \$25, when travel is wholly within the State of California.
  2. Street car, ferry fares, bridge and road tolls, local rapid transit system, taxi, shuttle, or hotel bus fares, and parking fees of \$10 or less for each continuous period of parking or each separate transportation expense noted in this item.
  3. Telephone, telegraph, tax, or other business charges related to state business of \$5 or less.
  4. In the absence of a receipt, reimbursement will be limited to the non-receipted amount above.
- b) Reimbursement will be claimed only for the actual and necessary expenses noted above. Regardless of the above exceptions, the approving officer may require additional certification and/or explanation in order to determine that an expense was actually and reasonably incurred. In the absence of a satisfactory explanation, the expense shall not be allowed.

**Mileage**

When an employee is authorized by his/her appointing authority or designee to operate a privately owned vehicle on state business, the employee will be allowed to claim and be reimbursed 34 cents per mile. An employee who is required to use a specialized vehicle that has been modified to accommodate disabilities may claim 37 cents per mile.



## B. GOVERNMENT CODE SECTIONS 17500-17617

### GC §17500: Legislative Findings and Declarations

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for the costs of state-mandated local programs has not provided for the effective determination of the state's responsibilities under Section 6 of Article XIII B of the California Constitution. The Legislature finds and declares that the failure of the existing process to adequately and consistently resolve the complex legal questions involved in the determination of state-mandated costs has led to an increasing reliance by local agencies and school districts on the judiciary and, therefore, in order to relieve unnecessary congestion of the judicial system, it is necessary to create a mechanism which is capable of rendering sound quasi-judicial decisions and providing an effective means of resolving disputes over the existence of state-mandated local programs. It is the intent of the Legislature in enacting this part to provide for the implementation of Section 6 of Article XIII B of the California Constitution. Further, the Legislature intends that the Commission on State Mandates, as a quasi-judicial body, will act in a deliberative manner in accordance with the requirements of Section 6 of Article XIII B of the California Constitution.

### GC §17510: Construction of Part

Unless the context otherwise requires, the definitions contained in this chapter govern the construction of this part. The definition of a word applies to any variants thereof and the singular tense of a word includes the plural.

### GC §17511: "City"

"City" means any city whether general law or charter, except a city and county.

### GC §17512: "Commission"

"Commission" means the Commission on State Mandates.

### GC §17513: "Cost Mandated by the Federal Government"

"Costs mandated by the federal government" means any increased costs incurred by a local agency or school district after January 1, 1973, in order to comply with the requirements of a federal statute or regulation. "Costs mandated by the federal government" includes costs resulting from enactment of a state law or regulation where failure to enact that law or regulation to meet specific federal program or service requirements imposed upon the state would result in substantial monetary penalties or loss of funds to public or private persons in the state whether the federal law was enacted before or after the enactment of the state law, regulation, or executive order. "Costs mandated by the federal government" does not include costs which are specifically reimbursed or funded by the federal or state government or programs or services which may be implemented at the option of the state, local agency, or school district.

### GC §17514: "Costs Mandated by the State"

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

**GC §17515: "County"**

"County" means any chartered or general law county. "County" includes a city and county.

**GC §17516: "Executive Order"**

"Executive order" means any order, plan, requirement, rule, or regulation issued by any of the following: (a) The Governor. (b) Any officer or official serving at the pleasure of the Governor. (c) Any agency, department, board, or commission of state government. "Executive order" does not include any order, plan, requirement, rule, or regulation issued by the State Water Resources Control Board or by any regional water quality control board pursuant to Division 7 (commencing with Section 13000) of the Water Code. It is the intent of the Legislature that the State Water Resources Control Board and regional water quality control boards will not adopt enforcement orders against publicly owned dischargers which mandate major waste water treatment facility construction costs unless federal financial assistance and state financial assistance pursuant to the Clean Water Bond Act of 1970 and 1974, is simultaneously made available. "Major" means either a new treatment facility or an addition to an existing facility, the cost of which is in excess of 20 percent of the cost of replacing the facility.

**GC §17517.5: "Cost Savings authorized by the state"**

"Cost savings authorized by the state" means any decreased costs that a local agency or school district realizes as a result of any statute enacted or any executive order adopted that permits or requires the discontinuance of or a reduction in the level of service of an existing program that was mandated before January 1, 1975.

**GC §17518: "Local Agency"**

"Local agency" means any city, county, special district, authority, or other political subdivision of the state.

**GC §17518.5: "Reasonable Reimbursement Methodology"**

(a) "Reasonable reimbursement methodology" means a formula for reimbursing local agency and school district costs mandated by the state that meets the following conditions: (1) The total amount to be reimbursed statewide is equivalent to total estimated local agency and school district costs to implement the mandate in a cost-efficient manner. (2) For 50 percent or more of eligible local agency and school district claimants, the amount reimbursed is estimated to fully offset their projected costs to implement the mandate in a cost-efficient manner. (b) Whenever possible, a reasonable reimbursement methodology shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual local costs. In cases when local agencies and school districts are projected to incur costs to implement a mandate over a period of more than one fiscal year, the determination of a reasonable reimbursement methodology may consider local costs and state reimbursements over a period of greater than one fiscal year, but not exceeding 10 years. (c) A reasonable reimbursement methodology may be developed by any of the following: (1) The Department of Finance. (2) The Controller. (3) An affected state agency. (4) A claimant. (5) An interested party.

**GC §17519: "School District"**

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

**GC §17520: "Special District"**

"Special district" means any agency of the state that performs governmental or proprietary functions within limited boundaries. "Special district" includes a county service area, a maintenance district or

area, an improvement district or improvement zone, or any other zone or area. "Special district" does not include a city, a county, a school district, or a community college district. County free libraries established pursuant to Chapter 2 (commencing with Section 27151) of Division 20 of the Education Code, areas receiving county fire protection services pursuant to Section 25643 of the Government Code, and county road districts established pursuant to Chapter 7 (commencing with Section 1550) of Division 2 of the Streets and Highways Code shall be considered "special districts" for all purposes of this part.

**GC §17521: "Test Claim"**

"Test claim" means the first claim filed with the commission alleging that a particular statute or executive order imposes costs mandated by the state.

**GC §17522: Definitions**

(a) "Initial reimbursement claim" means a claim filed with the Controller by a local agency or school district for costs to be reimbursed for the fiscal years specified in the first claiming instructions issued by the Controller pursuant to subdivision (b) of Section 17558. (b) "Annual reimbursement claim" means a claim for actual costs incurred in a prior fiscal year filed with the Controller by a local agency or school district for which appropriations are made to the Controller for this purpose. (c) "Estimated reimbursement claim" means a claim filed with the Controller by a local agency or school district in conjunction with an initial reimbursement claim, annual reimbursement claim, or at other times, for estimated costs to be reimbursed during the current or future fiscal years, for which appropriations are made to the Controller for this purpose. (d) "Entitlement claim" means a claim filed by a local agency or school district with the Controller for the purpose of establishing or adjusting a base year entitlement. All entitlement claims are subject to Section 17616.

**GC §17523: "Deflator"**

"Deflator" means the Implicit Price Deflator for the Costs of Goods and Services to Governmental Agencies, as determined by the Department of Finance.

**GC §17524: "Base Year Entitlement"**

"Base year entitlement" means that amount determined to be the average for the approved reimbursement claims of each local agency or school district for the three preceding fiscal years adjusted by the change in the deflator. A base year entitlement shall not include any nonrecurring or initial startup costs incurred by a local agency or school district in any of those three fiscal years. For those mandates which become operative on January 1 of any year, the amount of the "approved reimbursement claim" for the first of the three years may be computed by annualizing the amount claimed for the six-month period of January through June in that first year, excluding nonrecurring or startup costs.

**GC §17525: Members: Term and Per Diem for Specified Members**

(a) There is hereby created the Commission on State Mandates, which shall consist of seven members as follows: (1) The Controller. (2) The Treasurer. (3) The Director of Finance. (4) The Director of the Office of Planning and Research. (5) A public member with experience in public finance, appointed by the Governor and approved by the Senate. (6) Two members from the following three categories appointed by the Governor and approved by the Senate, provided that no more than one member shall come from the same category: (A) A city council member. (B) A member of a county or city and county board of supervisors. (C) A governing board member of a school district as defined in Section 17519. (b) Each member appointed pursuant to paragraph (5) or (6) of subdivision (a) shall be subject to both of the following: (1) The member shall serve for a term of four years subject to renewal. (2) The member shall receive per diem of one hundred dollars (\$100) for each day actually spent in the

discharge of official duties and shall be reimbursed for any actual and necessary expenses incurred in connection with the performance of duties as a member of the commission.

**GC §17526: Open Meetings: Executive Sessions**

(a) All meetings of the commission shall be open to the public, except that the commission may meet in executive session to consider the appointment or dismissal of officers or employees of the commission or to hear complaints or charges brought against a member, officer, or employee of the commission. (b) The commission shall meet at least once every two months. (c) The time and place of meetings may be set by resolution of the commission, by written petition of a majority of the members, or by written call of the chairperson. The chairperson may, for good cause, change the starting time or place, reschedule, or cancel any meeting.

**GC §17527: Powers of Commission**

In carrying out its duties and responsibilities, the commission shall have the following powers: (a) To examine any document, report, or data, including computer programs and data files, held by any local agency or school district. (b) To meet at times and places as it may deem proper. (c) As a body or, on the authorization of the commission, as a committee composed of one or more members, to hold hearings at any time and place it may deem proper. (d) Upon a majority vote of the commission, to issue subpoenas to compel the attendance of witnesses and the production of books, records, papers, accounts, reports, and documents. (e) To administer oaths. (f) To contract with other agencies or individuals, public or private, as it deems necessary, to provide or prepare services, facilities, studies, and reports to the commission as will assist it in carrying out its duties and responsibilities. (g) To adopt, promulgate, amend, and rescind rules and regulations, which shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act provided for in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2. (h) To do any and all other actions necessary or convenient to enable it fully and adequately to perform its duties and to exercise the powers expressly granted to it.

**GC §17528: Election of Officers**

The members of the commission shall elect a chairperson and a vice chairperson of the commission.

**GC §17529: Appointment of Attorney: Duties**

The commission may appoint as attorney to the commission an attorney at law of this state, who shall hold office at the pleasure of the commission. The attorney shall represent and appear for the commission in all actions and proceedings involving any question under this part or under any order or act of the commission. The attorney shall advise the commission and each member of the commission, when so requested, in regard to all matters in connection with the powers and duties of the commission and the members thereof. The attorney shall generally perform all duties and services as attorney to the commission which the commission may require.

**GC §17530: Appointment of Executive Director: Duties**

The commission shall appoint an executive director, who shall be exempt from civil service and shall hold office at the pleasure of the commission. The executive director shall be responsible for the executive and administrative duties of the commission and shall organize, coordinate, supervise, and direct the operations and affairs of the commission and expedite all matters within the jurisdiction of the commission. The executive director shall keep a full and true record of all proceedings of the commission, issue all necessary process, writs, warrants, and notices, and perform other duties as the commission prescribes.

**GC §17531: Authority of Executive Director to Employ Necessary Staff**

The executive director may employ those officers, examiners, experts, statisticians, accountants, inspectors, clerks, and employees as the executive director deems necessary to carry out the provisions of this part or to perform the duties and exercise the powers conferred upon the commission by law.

**GC §17532: Quorum: Investigations, Inquiries, and Hearing**

A majority of the commissioners shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power of the commission. Any investigation, inquiry, or hearing which the commission has power to undertake or to hold may be undertaken or held by or before any commissioner or commissioners designated for the purpose by the commission. The evidence in any investigation, inquiry, or hearing may be taken by the commissioner or commissioners to whom the investigation, inquiry, or hearing has been assigned or, in his or her or their behalf, by an examiner designated for that purpose. Every finding, opinion, and order made by the commissioner or commissioners so designated, pursuant to the investigation, inquiry, or hearing, when approved or confirmed by the commission and ordered filed in its office, shall be deemed to be the finding, opinion, and order of the commission.

**GC §17533: Provisions not Applicable to Hearing by Commission**

Notwithstanding Section 11425.10, Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 does not apply to a hearing by the commission under this part.

**GC §17550: Reimbursements of Local Agencies and Special Districts**

Reimbursement of local agencies and school districts for costs mandated by the state shall be provided pursuant to this chapter.

**GC §17551: Commission Hearing and Decision Upon Claims**

(a) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district that the local agency or school district is entitled to be reimbursed by the state for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution. (b) Commission review of claims may be had pursuant to subdivision (a) only if the test claim is filed within the time limits specified in this section. (c) Local agency and school district test claims shall be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later. (d) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section 17561.

**GC §17552: Exclusivity of Procedure by Chapter**

This chapter shall provide the sole and exclusive procedure by which a local agency or school district may claim reimbursement for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

**GC §17553: Adoption of Procedure for Receiving Claims and Providing Hearings: Postponement of Hearings**

(a) The commission shall adopt procedures for receiving claims pursuant to this article and for providing a hearing on those claims. The procedures shall do all of the following: (1) Provide for presentation of evidence by the claimant, the Department of Finance and any other affected department

or agency, and any other interested person. (2) Ensure that a statewide cost estimate is adopted within 12 months after receipt of a test claim, when a determination is made by the commission that a mandate exists. This deadline may be extended for up to six months upon the request of either the claimant or the commission. (3) Permit the hearing of a claim to be postponed at the request of the claimant, without prejudice, until the next scheduled hearing. (b) All test claims shall be filed on a form prescribed by the commission and shall contain at least the following elements and documents: (1) A written narrative that identifies the specific sections of statutes or executive orders alleged to contain a mandate and shall include all of the following: (A) A detailed description of the new activities and costs that arise from the mandate. (B) A detailed description of existing activities and costs that are modified by the mandate. (C) The actual increased costs incurred by the claimant during the fiscal year for which the claim was filed to implement the alleged mandate. (D) The actual or estimated annual costs that will be incurred by the claimant to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed. (E) A statewide cost estimate of increased costs that all local agencies or school districts will incur to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed. (F) Identification of all of the following: (i) Dedicated state funds appropriated for this program. (ii) Dedicated federal funds appropriated for this program. (iii) Other nonlocal agency funds dedicated for this program. (iv) The local agency's general purpose funds for this program. (v) Fee authority to offset the costs of this program. (G) Identification of prior mandate determinations made by the Board of Control or the Commission on State Mandates that may be related to the alleged mandate. (2) The written narrative shall be supported with declarations under penalty of perjury, based on the declarant's personal knowledge, information or belief, and signed by persons who are authorized and competent to do so, as follows: (A) Declarations of actual or estimated increased costs that will be incurred by the claimant to implement the alleged mandate. (B) Declarations identifying all local, state, or federal funds, or fee authority that may be used to offset the increased costs that will be incurred by the claimant to implement the alleged mandate, including direct and indirect costs. (C) Declarations describing new activities performed to implement specified provisions of the new statute or executive order alleged to impose a reimbursable state-mandated program. Specific references shall be made to chapters, articles, sections, or page numbers alleged to impose a reimbursable state-mandated program. (3) (A) The written narrative shall be supported with copies of all of the following: (i) The test claim statute that includes the bill number or executive order, alleged to impose or impact a mandate. (ii) Relevant portions of state constitutional provisions, federal statutes, and executive orders that may impact the alleged mandate. (iii) Administrative decisions and court decisions cited in the narrative. (B) State mandate determinations made by the Board of Control and the Commission on State Mandates and published court decisions on state mandate determinations made by the Commission on State Mandates are exempt from this requirement. (4) A test claim shall be signed at the end of the document, under penalty of perjury by the claimant or its authorized representative, with the declaration that the test claim is true and complete to the best of the declarant's personal knowledge or information or belief. The date of signing, the declarant's title, address, telephone number, facsimile machine telephone number, and electronic mail address shall be included. (c) If a completed test claim is not received by the commission within 30 calendar days from the date that an incomplete test claim was returned by the commission, the original test claim filing date may be disallowed, and a new test claim may be accepted on the same statute or executive order. (d) In addition, the commission shall determine whether an incorrect reduction claim is complete within 10 days after the date that the incorrect reduction claim is filed. If the commission determines that an incorrect reduction claim is not complete, the commission shall notify the local agency and school district that filed the claim stating the reasons that the claim is not complete. The local agency or school district shall have 30 days to complete the claim. The commission shall serve a copy of the complete incorrect reduction claim on the Controller. The Controller shall have no more than 90 days after the date the claim is delivered or mailed to file any rebuttal to an incorrect reduction claim. The failure of the Controller to file a rebuttal to an incorrect reduction claim shall not serve to delay the consideration of the claim by the commission.

**GC §17554: Commission's Authority to Expedite Claim**

With the agreement of all parties to the claim, the commission may waive the application of any procedural requirement imposed by this chapter or pursuant to Section 17553. The authority granted by this section includes the consolidation of claims and the shortening of time periods.

**GC §17555: Date for Public Hearing: Test Claim Form and Procedure**

(a) No later than 30 days after hearing and deciding upon a test claim pursuant to subdivision (a) of Section 17551, the commission shall notify the appropriate Senate and Assembly policy and fiscal committees, the Legislative Analyst, the Department of Finance, and the Controller of that decision. (b) For purposes of this section, the "appropriate policy committee" means the policy committee that has jurisdiction over the subject matter of the statute, regulation, or executive order, and bills relating to that subject matter would have been heard.

**GC §17556: Criteria for not Finding Costs Mandated by the State**

The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if, after a hearing, the commission finds that: (a) The claim is submitted by a local agency or school district that requested legislative authority for that local agency or school district to implement the program specified in the statute, and that statute imposes costs upon that local agency or school district requesting the legislative authority. A resolution from the governing body or a letter from a delegated representative of the governing body of a local agency or school district that requests authorization for that local agency or school district to implement a given program shall constitute a request within the meaning of this paragraph. (b) The statute or executive order affirmed for the state a mandate that had been declared existing law or regulation by action of the courts. (c) The statute or executive order imposes a requirement that is mandated by a federal law or regulation and results in costs mandated by the federal government, unless the statute or executive order mandates costs that exceed the mandate in that federal law or regulation. This subdivision applies regardless of whether the federal law or regulation was enacted or adopted prior to or after the date on which the state statute or executive order was enacted or issued. (d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service. (e) The statute, executive order, or an appropriation in a Budget Act or other bill provides for offsetting savings to local agencies or school districts that result in no net costs to the local agencies or school districts, or includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate. (f) The statute or executive order imposed duties that were expressly included in a ballot measure approved by the voters in a statewide or local election. (g) The statute created a new crime or infraction, eliminated a crime or infraction, or changed the penalty for a crime or infraction, but only for that portion of the statute relating directly to the enforcement of the crime or infraction.

**GC §17557: Determination of Amount to be Subvended for Reimbursement: Parameters and Guidelines**

(a) If the commission determines there are costs mandated by the state pursuant to Section 17551, it shall determine the amount to be subvended to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 30 days of adoption of a statement of decision on a test claim. At the request of a successful test claimant, the commission may provide for one or more extensions of this 30-day period at any time prior to its adoption of the parameters and guidelines. If proposed parameters and guidelines are not submitted within the 30-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can demonstrate to the commission why an extension of the 30-day period is justified. (b) In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology. (c)

The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred. However, the commission may not specify in the parameters and guidelines any fiscal year for which payment could be provided in the annual Budget Act. (d) A local agency, school district, or the state may file a written request with the commission to amend, modify, or supplement the parameters or guidelines. The commission may, after public notice and hearing, amend, modify, or supplement the parameters and guidelines. A parameters and guidelines amendment submitted within 90 days of the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, and on or before January 15 following a fiscal year, shall establish reimbursement eligibility for that fiscal year. (e) A test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. The claimant may thereafter amend the test claim at any time, but before the test claim is set for a hearing, without affecting the original filing date as long as the amendment substantially relates to the original test claim. (f) In adopting parameters and guidelines, the commission shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that balances accuracy with simplicity.

**GC §17558: Submission of Parameters and Guidelines to Controller: Transfer of Claims; Claiming Instructions**

(a) The commission shall submit the adopted parameters and guidelines to the Controller. All claims relating to a statute or executive order that are filed after the adoption or amendment of parameters and guidelines pursuant to Section 17557 shall be transferred to the Controller who shall pay and audit the claims from funds made available for that purpose. (b) Not later than 60 days after receiving the adopted parameters and guidelines from the commission, the Controller shall issue claiming instructions for each mandate that requires state reimbursement, to assist local agencies and school districts in claiming costs to be reimbursed. In preparing claiming instructions, the Controller shall request assistance from the Department of Finance and may request the assistance of other state agencies. The claiming instructions shall be derived from the test claim decision and the parameters and guidelines adopted by the commission. (c) The Controller shall, within 60 days after receiving revised adopted parameters and guidelines from the commission or other information necessitating a revision of the claiming instructions, prepare and issue revised claiming instructions for mandates that require state reimbursement that have been established by commission action pursuant to Section 17557 or after any decision or order of the commission pursuant to Section 17551. In preparing revised claiming instructions, the Controller may request the assistance of other state agencies.

**GC §17558.5: Reimbursement Claim: Audit; Remittance Advice and Other Notices of Payment**

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. (b) The Controller may conduct a field review of any claim after the claim has been submitted, prior to the reimbursement of the claim. (c) The Controller shall notify the claimant in writing within 30 days after issuance of a remittance advice of any adjustment to a claim for reimbursement that results from an audit or review. The notification shall specify the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the local agency or school district, and the reason for the adjustment. Remittance advices and other notices of payment action shall not constitute notice of adjustment from an audit or review. (d) The interest rate charged by the Controller on reduced claims shall be set at the Pooled



Money Investment Account rate and shall be imposed on the dollar amount of the overpaid claim from the time the claim was paid until overpayment is satisfied. (e) Nothing in this section shall be construed to limit the adjustment of payments when inaccuracies are determined to be the result of the intent to defraud, or when a delay in the completion of an audit is the result of willful acts by the claimant or inability to reach agreement on terms of final settlement.

#### **GC §17558.6: Legislative Intent**

It is the intent of the Legislature that the Commission on State Mandates review its process by which local agencies may appeal the reduction of reimbursement claims on the basis that the reduction is incorrect in order to provide for a more expeditious and less costly process.

#### **GC §17559: Judicial Review**

(a) The commission may order a reconsideration of all or part of a test claim or incorrect reduction claim on petition of any party. The power to order a reconsideration or amend a test claim decision shall expire 30 days after the statement of decision is delivered or mailed to the claimant. If additional time is needed to evaluate a petition for reconsideration filed prior to the expiration of the 30-day period, the commission may grant a stay of that expiration for no more than 30 days, solely for the purpose of considering the petition. If no action is taken on a petition within the time allowed for ordering reconsideration, the petition shall be deemed denied. (b) A claimant or the state may commence a proceeding in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure to set aside a decision of the commission on the ground that the commission's decision is not supported by substantial evidence. The court may order the commission to hold another hearing regarding the claim and may direct the commission on what basis the claim is to receive a rehearing.

#### **GC §17560: Deadlines for Filing Reimbursement Claims**

Reimbursement for state-mandated costs may be claimed as follows: (a) A local agency or school district may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b). (b) A local agency or school district may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year. (c) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of Section 17558 between October 15 and January 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

#### **GC §17561: Reimbursement of Costs for State Mandated Programs**

(a) The state shall reimburse each local agency and school district for all "costs mandated by the state," as defined in Section 17514. (b) (1) For the initial fiscal year during which these costs are incurred, reimbursement funds shall be provided as follows: (A) Any statute mandating these costs shall provide an appropriation therefor. (B) Any executive order mandating these costs shall be accompanied by a bill appropriating the funds therefor, or alternatively, an appropriation for these costs shall be included in the Budget Bill for the next succeeding fiscal year. The executive order shall cite that item of appropriation in the Budget Bill or that appropriation in any other bill which is intended to serve as the source from which the Controller may pay the claims of local agencies and school districts. (2) In subsequent fiscal years appropriations for these costs shall be included in the annual Governor's Budget and in the accompanying Budget Bill. In addition, appropriations to reimburse local agencies and school districts for continuing costs resulting from chaptered bills or executive orders for which claims have been awarded pursuant to subdivision (a) of Section 17551 shall be included in the annual Governor's Budget and in the accompanying Budget Bill subsequent to the enactment of the local government claims bill pursuant to Section 17600 that includes the amounts awarded relating to these chaptered bills or executive orders. (c) The amount appropriated to reimburse local agencies and

school districts for costs mandated by the state shall be appropriated to the Controller for disbursement. (d) The Controller shall pay any eligible claim pursuant to this section within 60 days after the filing deadline for claims for reimbursement or 15 days after the date the appropriation for the claim is effective, whichever is later. The Controller shall disburse reimbursement funds to local agencies or school districts if the costs of these mandates are not payable to state agencies, or to state agencies that would otherwise collect the costs of these mandates from local agencies or school districts in the form of fees, premiums, or payments. When disbursing reimbursement funds to local agencies or school districts, the Controller shall disburse them as follows: (1) For initial reimbursement claims, the Controller shall issue claiming instructions to the relevant local agencies and school districts pursuant to Section 17558. Issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the commission. (A) When claiming instructions are issued by the Controller pursuant to Section 17558 for each mandate determined pursuant to Section 17551 that requires state reimbursement, each local agency or school district to which the mandate is applicable shall submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions. (B) When the commission is requested to review the claiming instructions pursuant to Section 17571, each local agency or school district to which the mandate is applicable shall submit a claim for reimbursement within 120 days after the commission reviews the claiming instructions for reimbursement issued by the Controller. (C) If the local agency or school district does not submit a claim for reimbursement within the 120-day period, or submits a claim pursuant to revised claiming instructions, it may submit its claim for reimbursement as specified in Section 17560. The Controller shall pay these claims from the funds appropriated therefor, provided that the Controller (i) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, and (ii) may reduce any claim that the Controller determines is excessive or unreasonable. (2) In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor, provided that the Controller (A) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, (B) may reduce any claim that the Controller determines is excessive or unreasonable, and (C) shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years. (3) When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs. All initial reimbursement claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount that would have been allowed had the claim been timely filed. The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. In no case may a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates contained in a claims bill.

#### **GC §17561.5: Payment of Claim with Interest**

The payment of an initial reimbursement claim by the Controller shall include accrued interest at the Pooled Money Investment Account rate, if the payment is being made more than 365 days after adoption of the statewide cost estimate for an initial claim or, in the case of payment of a subsequent claim relating to that same statute or executive order, if payment is being made more than 60 days after the filing deadline for, or the actual date of receipt of, the subsequent claim, whichever is later. In those instances, interest shall begin to accrue as of the 366th day after adoption of the statewide cost estimate for an initial claim and as of the 61st day after the filing deadline for, or actual date of receipt of, the subsequent claim, whichever is later.

#### **GC §17561.6: Payment**

A budget act item or appropriation pursuant to this part for reimbursement of claims shall include an amount necessary to reimburse any interest due pursuant to Section 17561.5.

**GC §17562: Review of Costs of State-Mandated Local Programs**

(a) The Legislature hereby finds and declares that the increasing revenue constraints on state and local government and the increasing costs of financing state-mandated local programs make evaluation of state-mandated local programs imperative. Accordingly, it is the intent of the Legislature to increase information regarding state mandates and establish a method for regularly reviewing the costs and benefits of state-mandated local programs. (b) The Controller shall submit a report to the Joint Legislative Budget Committee and fiscal committees by January 1 of each year. This report shall summarize, by state mandate, the total amount of claims paid per fiscal year and the amount, if any, of mandate deficiencies or surpluses. This report shall be made available in an electronic spreadsheet format. The report shall compare the annual cost of each mandate to the statewide cost estimate adopted by the commission. (c) After the commission submits its second semiannual report to the Legislature pursuant to Section 17600, the Legislative Analyst shall submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the commission's reports. The report shall make recommendations as to whether the mandate should be repealed, funded, suspended, or modified. (d) In its annual analysis of the Budget Bill and based on information provided pursuant to subdivision (b), the Legislative Analyst shall identify mandates that significantly exceed the statewide cost estimate adopted by the commission. The Legislative Analyst shall make recommendations on whether the mandate should be repealed, funded, suspended, or modified. (e) (1) A statewide association of local agencies or school districts or a Member of the Legislature may submit a proposal to the Legislature recommending the elimination or modification of a state-mandated local program. To make such a proposal, the association or member shall submit a letter to the Chairs of the Assembly Committee on Education or the Assembly Committee on Local Government, as the case may be, and the Senate Committee on Education or the Senate Committee on Local Government, as the case may be, specifying the mandate and the concerns and recommendations regarding the mandate. The association or member shall include in the proposal all information relevant to the conclusions. If the chairs of the committees desire additional analysis of the submitted proposal, the chairs may refer the proposal to the Legislative Analyst for review and comment. The chairs of the committees may refer up to a total of 10 of these proposals to the Legislative Analyst for review in any year. Referrals shall be submitted to the Legislative Analyst by December 1 of each year. (2) The Legislative Analyst shall review and report to the Legislature with regard to each proposal that is referred to the office pursuant to paragraph (1). The Legislative Analyst shall recommend that the Legislature adopt, reject, or modify the proposal. The report and recommendations shall be submitted annually to the Legislature by March 1 of the year subsequent to the year in which referrals are submitted to the Legislative Analyst. (3) The Department of Finance shall review all statutes enacted each year that contain provisions making inoperative Section 17561 or Section 17565 that have resulted in costs or revenue losses mandated by the state that were not identified when the statute was enacted. The review shall identify the costs or revenue losses involved in complying with the statutes. The Department of Finance shall also review all statutes enacted each year that may result in cost savings authorized by the state. The Department of Finance shall submit an annual report of the review required by this subdivision, together with the recommendations as it may deem appropriate, by December 1 of each year. (f) It is the intent of the Legislature that the Assembly Committee on Local Government and the Senate Committee on Local Government hold a joint hearing each year regarding the following: (1) The reports and recommendations submitted pursuant to subdivision (e). (2) The reports submitted pursuant to Sections 17570, 17600, and 17601. (3) Legislation to continue, eliminate, or modify any provision of law reviewed pursuant to this subdivision. The legislation may be by subject area or by year or years of enactment.

**GC §17563: Use of Funds Received for Public Purpose**

Any funds received by a local agency or school district pursuant to the provisions of this chapter may be used for any public purpose.

**GC §17564: Filing of Claims: Threshold Amount**

(a) No claim shall be made pursuant to Sections 17551 and 17561, nor shall any payment be made on claims submitted pursuant to Sections 17551 and 17561, unless these claims exceed one thousand dollars (\$1,000), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds one thousand dollars (\$1,000) even if the individual school district's, direct service district's, or special district's claims do not each exceed one thousand dollars (\$1,000). The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim. (b) Claims for direct and indirect costs filed pursuant to Section 17561 shall be filed in the manner prescribed in the parameters and guidelines and claiming instructions.

**GC §17565: Reimbursement of Subsequently Mandated Costs**

If a local agency or a school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate.

**GC §17567: Insufficiency of Appropriation: Proration of Claims**

In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. The Controller shall adjust prorated claims if supplementary funds are appropriated for this purpose. In the event that the Controller finds it necessary to prorate claims as provided by this section, the Controller shall immediately report this action to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, the Controller shall transmit this information to the commission which shall include these amounts in its report to the Legislature pursuant to Section 17600 to assure that an appropriation sufficient to pay the claims is included in the local government claims bills or other appropriation bills. If the local government claims bills required by Section 17612 have been introduced in the Legislature, the Controller shall report directly to the chairperson of the respective committee in each house of the Legislature which considers appropriations to assure inclusion of a sufficient appropriation in the claims bills.

**GC §17568: Payment of Claims Submitted After Deadline**

If a local agency or school district submits an otherwise valid reimbursement claim to the Controller after the deadline specified in Section 17560, the Controller shall reduce the reimbursement claim in an amount equal to 10 percent of the amount which would have been allowed had the reimbursement claim been timely filed, provided that the amount of this reduction shall not exceed one thousand dollars (\$1,000). In no case shall a reimbursement claim be paid which is submitted more than one year after the deadline specified in Section 17560. Estimated claims which were filed by the deadline specified in that section shall be paid in full before payments are made on estimated claims filed after the deadline. In the event the amount appropriated to the Controller for reimbursement purposes is not sufficient to pay the estimated claims approved by the Controller, the Controller shall prorate those claims in proportion to the dollar amount of approved claims filed after the deadline and shall report to the commission or the Legislature in the same manner as described in Section 17566 in order to assure appropriation of funds sufficient to pay those claims.

**GC §17570: Annual Report to Legislature**

The Legislative Analyst shall review each unfunded statutory or regulatory mandate for which claims have been approved by the Legislature pursuant to a claims bill during the preceding fiscal year. Any recommendations by the Legislative Analyst to eliminate or modify the mandates shall be contained in the annual analysis of the Budget Bill prepared by the Legislative Analyst.

**GC §17571: Review and Modification of Claiming Instructions**

The commission, upon request of a local agency or school district, shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs. If the commission determines that the claiming instructions do not conform to the parameters and guidelines, the commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the commission.

**GC §17572: Amended Animal Adoption Parameters and Guidelines**

(a) The commission shall amend the parameters and guidelines for the state-mandated local program contained in Chapter 752 of the Statutes of 1998, known as the Animal Adoption mandate (Case No. 98-TC-11), as specified below: (1) Amend the formula for determining the reimbursable portion of acquiring or building additional shelter space that is larger than needed to comply with the increased holding period to specify that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable. (2) Clarify how the costs for care and maintenance shall be calculated. (3) Detail the documentation necessary to support reimbursement claims under this mandate, in consultation with the Bureau of State Audits and the Controller's office. (b) The parameters and guidelines, as amended pursuant to this section, shall apply to claims for costs incurred in fiscal years commencing with the 2005-06 fiscal year in which Chapter 752 of the Statutes of 1998 is not suspended pursuant to Section 17581. (c) Before funds are appropriated to reimburse local agencies for claims related to costs incurred in fiscal years commencing with the 2005-06 fiscal year pursuant to Sections 1834 and 1846 of the Civil Code, and Sections 31108, 31752, 31752.5, 31753, 32001, and 32003 of the Food and Agricultural Code, known as the Animal Adoption mandate, local agencies shall file reimbursement claims pursuant to the parameters and guidelines amended pursuant to this section, and the Controller's revised claiming instructions.

**GC §17575: Review of Bills**

When a bill is introduced in the Legislature, and each time a bill is amended, on and after January 1, 1985, the Legislative Counsel shall determine whether the bill mandates a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution. The Legislative Counsel shall make this determination known in the digest of the bill and shall describe in the digest the basis for this determination. The determination by the Legislative Counsel shall not be binding on the commission in making its determination pursuant to Section 17555.

**GC §17576: Amendment of Bills on Floor: Notification by Legislative Counsel**

Whenever the Legislative Counsel determines that a bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Department of Finance shall prepare an estimate of the amount of reimbursement which will be required. This estimate shall be prepared for the respective committees of each house of the Legislature which consider taxation measures and appropriation measures and shall be prepared prior to any hearing on the bill by any such committee.

**GC §17577: Amount of Estimates**

The estimate required by Section 17576 shall be the amount estimated to be required during the first fiscal year of a bill's operation in order to reimburse local agencies and school districts for costs mandated by the state by the bill.

**GC §17578: Amendment of Bills on Floor: Notification by Legislative Counsel**

In the event that a bill is amended on the floor of either house, whether by adoption of the report of a conference committee or otherwise, in such a manner as to mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Legislative Counsel shall immediately inform, respectively, the Speaker of the Assembly and the President of the Senate of that fact. Notification from the Legislative Counsel shall be published in the journal of the respective houses of the Legislature.

**GC §17579: Requirement for New Mandates to Specify Reimbursement Requirements: Appropriations**

Any bill introduced or amended for which the Legislative Counsel has determined the bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution shall contain a section specifying that reimbursement shall be made pursuant to this chapter or that the mandate is being disclaimed and the reason therefor.

**GC §17581: Conditions for Exemption from Implementation of Statute or Executive Order**

(a) No local agency shall be required to implement or give effect to any statute or executive order, or portion thereof, during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply: (1) The statute or executive order, or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of local agencies pursuant to Section 6 of Article XIII B of the California Constitution. (2) The statute or executive order, or portion thereof, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements. (b) Notwithstanding any other provision of law, if a local agency elects to implement or give effect to a statute or executive order described in subdivision (a), the local agency may assess fees to persons or entities which benefit from the statute or executive order. Any fee assessed pursuant to this subdivision shall not exceed the costs reasonably borne by the local agency. (c) This section shall not apply to any state-mandated local program for the trial courts, as specified in Section 77203. (d) This section shall not apply to any state-mandated local program for which the reimbursement funding counts toward the minimum General Fund requirements of Section 8 of Article XVI of the Constitution.

**GC §17581.5 Exemption from Provisions of School Bus Safety II Mandate and School Crimes Reporting II Mandate**

(a) A school district may not be required to implement or give effect to the statutes, or portion thereof, identified in subdivision (b) during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply: (1) The statute or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of school districts pursuant to Section 6 of Article XIII B of the California Constitution. (2) The statute, or portion thereof, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being

one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements. (b) This section applies only to the following mandates: (1) The School Bus Safety I (CSM-4433) and II (97-TC-22) mandates (Chapter 642 of the Statutes of 1992; Chapter 831 of the Statutes of 1994; and Chapter 739 of the Statutes of 1997). (2) The School Crimes Reporting II mandate (97-TC-03; and Chapter 759 of the Statutes of 1992 and Chapter 410 of the Statutes of 1995). (3) Investment reports (96-358-02; and Chapter 783 of the Statutes of 1995 and Chapters 156 and 749 of the Statutes of 1996). (4) County treasury oversight committees (96-365-03; and Chapter 784 of the Statutes of 1995 and Chapter 156 of the Statutes of 1996).

#### **GC §17600: Report on Number of Mandates and Their Costs**

At least twice each calendar year the commission shall report to the Legislature on the number of mandates it has found pursuant to Article 1 (commencing with Section 17550) and the estimated statewide costs of these mandates. This report shall identify the statewide costs estimated for each mandate and the reasons for recommending reimbursement.

#### **GC §17601: Report on Claims Denied**

The commission shall report to the Legislature on January 15, 1986, and each January 15 thereafter, on the number of claims it denied during the preceding calendar year and the basis on which the particular claims were denied.

#### **GC §17612: Local Government Claims Bills: Judicial Review of Funding Deletions**

(a) Immediately upon receipt of the report submitted by the commission pursuant to Section 17600, a local government claims bill shall be introduced in the Legislature. The local government claims bill, at the time of its introduction, shall provide for an appropriation sufficient to pay the estimated costs of these mandates. (b) The Legislature may amend, modify, or supplement the parameters and guidelines for mandates contained in the local government claims bill. If the Legislature amends, modifies, or supplements the parameters and guidelines, it shall make a declaration in the local government claims bill specifying the basis for the amendment, modification, or supplement. (c) If the Legislature deletes from a local government claims bill funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement.

#### **GC §17613: Authorization of Augmentation for Mandated Costs**

(a) The Director of Finance may, upon receipt of any report submitted pursuant to Section 17567, authorize the augmentation of the amount available for expenditure to reimburse costs mandated by the state, as defined in Section 17514, as follows: (1) For augmentation of (A) any schedule in any item to reimburse costs mandated by the state in any budget act, or (B) the amount appropriated in a local government claims bill for reimbursement of the claims of local agencies, as defined by Section 17518, from the unencumbered balance of any other item to reimburse costs mandated by the state in that budget act or another budget act or in an appropriation for reimbursement of the claims of local agencies in another local government claims bill. (2) For augmentation of (A) any schedule in any budget act item, or (B) any amount appropriated in a local government claims bill, when either of these augmentations is for reimbursement of mandated claims of school districts, as defined in Section 17519, when the source of this augmentation is (A) the unencumbered balance of any other scheduled amount in that budget act or another budget act, or (B) an appropriation in another local government claims bill, when either of these appropriations is for reimbursement of mandate claims of school districts. This paragraph applies only to appropriations that are made for the purpose of meeting the minimum funding guarantee for educational programs pursuant to Section 8 of Article XVI of the California Constitution. (b) No authorization for an augmentation pursuant to this section may be made

sooner than 30 days after the notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations and the chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

### **GC §17615: Legislative Findings and Intent**

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for actual costs mandated by the state on an annual claim basis is time consuming, cumbersome, and expensive at both the local and state levels. The Controller must process voluminous claims with all claims subject to a desk audit and selected claims also subject to a field audit. Local agencies are required to maintain extensive documentation of all claims in anticipation of such an audit. The volume of these records is substantial and will continue to grow with no relief in sight as new programs are mandated. The cost to local agencies and school districts for filing claims, and for maintaining documentation and responding to the Controller's audits is substantial. The current administrative cost to both state and local governments represents a significant expenditure of public funds with no apparent benefit to the taxpayers. It is the intent of the Legislature to streamline the reimbursement process for costs mandated by the state by creating a system of state mandate apportionments to fund the costs of certain programs mandated by the state.

#### **GC §17615.1: Review of Programs for Inclusion in System**

The commission shall establish a procedure for reviewing, upon request, mandated cost programs for which appropriations have been made by the Legislature for the 1982-83, 1983-84, and 1984-85 fiscal years, or any three consecutive fiscal years thereafter. At the request of the Department of Finance, the Controller, or any local agency or school district receiving reimbursement for the mandated program, the commission shall review the mandated cost program to determine whether the program should be included in the State Mandates Apportionment System. If the commission determines that the State Mandates Apportionment System would accurately reflect the costs of the state-mandated program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System.

#### **GC §17615.2: Calculation of Disbursement Amounts**

(a) Notwithstanding Section 17561, after November 30, 1985, for those programs included in the State Mandates Apportionment System, after approval by the commission, there shall be disbursed by the Controller to each local agency and school district which has submitted a reimbursement claim for costs mandated by the state in the 1982-83, 1983-84, and the 1984-85 fiscal years, or any three consecutive fiscal years thereafter, an amount computed by averaging the approved reimbursement claims for this three-year period. The amount shall first be adjusted according to any changes in the deflator. The deflator shall be applied separately to each year's costs for the three years which comprise the base period. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1985 and the Budget Act for any subsequent fiscal year thereafter. For purposes of this article, "base period" means the three fiscal years immediately succeeding the commission's approval. (b) When the Controller has made payment on claims prior to commission approval of the program for inclusion in the State Mandates Apportionment System, the payment shall be adjusted in the next apportionment to the amount which would have been subvended to the local agency or school district for that fiscal year had the State Mandates Apportionment System been in effect at the time of the initial payment.

#### **GC §17615.3: Annual Recalculation of Allocation**

Notwithstanding Section 17561, by November 30, 1986, and by November 30 of each year thereafter, for those programs included in the State Mandates Apportionment System, the Controller shall recalculate each allocation for each local agency and school district for the 1985-86 fiscal year, by using the actual change in the deflator for that year. That recalculated allocation shall then be adjusted by the estimated change in the deflator for the 1986 -87 fiscal year, and each fiscal year thereafter, to



establish the allocation amount for the 1986-87 fiscal year, and each fiscal year thereafter. Additionally, for programs approved by the commission for inclusion in the State Mandates Apportionment System on or after January 1, 1988, the allocation for each year succeeding the three-year base period shall be adjusted according to any changes in both the deflator and workload. The Controller shall then subvene that amount after adjusting it by any amount of overpayment or underpayment in the 1985-86 fiscal year, and each fiscal year thereafter, due to a discrepancy between the actual change and the estimated change in the deflator or workload. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1986 and the Budget Act for any subsequent fiscal year thereafter. For purposes of this article, "workload" means, for school districts and county offices of education, changes in the average daily attendance; for community colleges, changes in the number of full-time equivalent students; for cities and counties, changes in the population within their boundaries; and for special districts, changes in the population of the county in which the largest percentage of the district's population is located.

#### **GC §17615.4: Procedure for Newly Mandated Program**

(a) When a new mandate imposes costs that are funded either by legislation or in local government claims bills, local agencies and school districts may file reimbursement claims as required by Section 17561, for a minimum of three years after the initial funding of the new mandate. (b) After actual cost claims are submitted for three fiscal years against such a new mandate, the commission shall determine, upon request of the Controller or a local entity or school district receiving reimbursement for the program, whether the amount of the base year entitlement adjusted by changes in the deflator and workload accurately reflects the costs incurred by the local agency or school district. If the commission determines that the base year entitlement, as adjusted, does accurately reflect the costs of the program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System. (c) The Controller shall make recommendations to the commission and the commission shall consider the Controller's recommendations for each new mandate submitted for inclusion in the State Mandates Apportionment System. All claims included in the State Mandates Apportionment System pursuant to this section are also subject to the audit provisions of Section 17616.

#### **GC §17615.5: Procedure Where No Base Year Entitlement Has Been Established**

(a) If any local agency or school district has an established base year entitlement which does not include costs for a particular mandate, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, adjusted pursuant to Section 17615.3 by changes in the deflator and workload, or entitlement claims covering a minimum of three consecutive years, after which time its base year entitlement may be adjusted by an amount necessary to fund the costs of that mandate. (b) If any local agency or school district has no base year entitlement, but wishes to begin claiming costs of one or more of the mandates included in the State Mandates Apportionment System, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, or entitlement claims covering the preceding three consecutive years, which shall be adjusted pursuant to Sections 17615.2 and 17615.3 by changes in the deflator and workload, after which time a base year entitlement may be established in an amount necessary to fund the costs of the mandate or mandates.

#### **GC §17615.6: Procedure Where Program is No Longer Mandatory**

If a local agency or school district realizes a decrease in the amount of costs incurred because a mandate is discontinued, or made permissive, the Controller shall determine the amount of the entitlement attributable to that mandate by determining the base year amount for that mandate for the local agency or school district plus the annual adjustments. This amount shall be subtracted from the annual subvention which would otherwise have been allocated to the local agency or school district.

**GC §17615.7: Procedure Where Program is Modified**

If a mandated program included in the State Mandates Apportionment System is modified or amended by the Legislature or by executive order, and the modification or amendment significantly affects the costs of the program, as determined by the commission, the program shall be removed from the State Mandate Apportionment System, and the payments reduced accordingly. Local entities or school districts may submit actual costs claims for a period of three years, after which the program may be considered for inclusion in the State Mandates Apportionment System, pursuant to the provisions of Section 17615.4.

**GC §17615.8: Review of Base Year Entitlement**

(a) The commission shall establish a procedure for reviewing, upon request, any apportionment or base year entitlement of a local agency or school district. (b) Local agencies and school districts which request such a review shall maintain and provide those records and documentation as the commission or its designee determines are necessary for the commission or its designee to make the required determinations. With the exception of records required to verify base year entitlements, the records may not be used to adjust current or prior apportionments, but may be used to adjust future apportionments. (c) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state does not accurately reflect the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission shall direct the Controller to adjust the apportionment accordingly. For the purposes of this section, an apportionment or a base year entitlement does not accurately reflect the costs incurred by a local agency or school district if it falls short of reimbursing, or overreimburses, that local agency's or school district's actual costs by 20 percent or by one thousand dollars (\$1,000), whichever is less. (d) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state accurately reflects the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission may, in its discretion, direct the Controller to withhold, and, if so directed, the Controller shall withhold the costs of the commission's review from the next apportionment to the local agency or school district, if the commission review was requested by the local agency or school district.

**GC §17615.9: Review of Programs Under SMAS**

The commission shall periodically review programs funded under the State Mandate Apportionments System to evaluate the effectiveness or continued statewide need for each such mandate.

**GC §17616: Audits and Verification by Controller**

The Controller shall have the authority to do either or both of the following: (a) Audit the fiscal years comprising the base year entitlement no later than three years after the year in which the base year entitlement is established. The results of such audits shall be used to adjust the base year entitlements and any subsequent apportionments based on that entitlement, in addition to adjusting actual cost payments made for the base years audited. (b) Verify that any local agency or school district receiving funds pursuant to this article is providing the reimbursed activities.

**GC §17617: Local Agency Payment**

The total amount due to each city, county, city and county, and special district, for which the state has determined, as of June 30, 2005, that reimbursement is required under Section 6 of Article XIII B of the California Constitution, shall be appropriated for payment to these entities over a period of not more than five years, commencing with the Budget Act for the 2006-07 fiscal year and concluding with the Budget Act for the 2011-12 fiscal year.

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

CIRCULAR NO. A-21

Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS  
SUBJECT: Cost Principles for Educational Institutions

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

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

3. Applicability.

a. All Federal agencies that sponsor research and development, training, and other work at educational institutions shall apply the provisions of this Circular in determining the costs incurred for such work. The principles shall also be used as a guide in the pricing of fixed price or lump sum agreements.

b. In addition, Federally Funded Research and Development Centers associated with educational institutions shall be required to comply with the Cost Accounting Standards, rules and regulations issued by the Cost Accounting Standards Board, and set forth in 48 CFR part 99; provided that they are subject thereto under defense related contracts.

4. Responsibilities. The successful application of cost accounting principles requires development of mutual understanding between representatives of educational

institutions and of the Federal Government as to their scope, implementation, and interpretation.

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

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

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

#### Attachment

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

#### TABLE OF CONTENTS

##### A. Purpose and scope

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

##### B. Definition of terms

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

##### C. Basic considerations

1. Composition of total costs
  2. Factors affecting allowability of costs
  3. Reasonable costs
  4. Allocable costs
  5. Applicable credits
  6. Costs incurred by State and local governments
  7. Limitations on allowance of costs
  8. Collection of unallowable costs
  9. Adjustment of previously negotiated F&A cost rates containing unallowable costs
  10. Consistency in estimating, accumulating and reporting costs
  11. Consistency in allocating costs incurred for the same purpose
  12. Accounting for unallowable costs
  13. Cost accounting period
  14. Disclosure statement
- D. Direct costs
1. General
  2. Application to sponsored agreements
- E. F&A costs
1. General
  2. Criteria for distribution
- F. Identification and assignment of F&A costs
1. Definition of Facilities and Administration.
  2. Depreciation and use allowances
  3. Interest
  4. Operation and maintenance expenses
  5. General administration and general expenses
  6. Departmental administration expenses
  7. Sponsored projects administration
  8. Library expenses
  9. Student administration and services
  10. Offset for F&A expenses otherwise provided for by the Federal Government
- G. Determination and application of F&A cost rate or rates
1. F&A cost pools
  2. The distribution basis
  3. Negotiated lump sum for F&A costs
  4. Predetermined rates for F&A costs
  5. Negotiated fixed rates and carry-forward provisions

6. Provisional and final rates for F&A costs
  7. Fixed rates for the life of the sponsored agreement
  8. Limitation on reimbursement of administrative costs
  9. Alternative method for administrative costs
  10. Individual rate components
  11. Negotiation and approval of F&A rate
  12. Standard format for submission
- H. Simplified method for small institutions
1. General
  2. Simplified procedure
- I. Reserved
- J. General provisions for selected items of cost
1. Advertising and public relations costs
  2. Advisory councils
  3. Alcoholic beverages
  4. Alumni/ae activities
  5. Audit and related services
  6. Bad debts
  7. Bonding costs
  8. Commencement and convocation costs
  9. Communication costs
  10. Compensation for personal services
  11. Contingency provisions
  12. Deans of faculty and graduate schools
  13. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement
  14. Depreciation and use allowances
  15. Donations and contributions
  16. Employee morale, health, and welfare costs
  17. Entertainment costs
  18. Equipment and other capital expenditures
  19. Fines and penalties
  20. Fund raising and investment costs
  21. Gains and losses on depreciable assets
  22. Goods or services for personal use
  23. Housing and personal living expenses
  24. Idle facilities and idle capacity
  25. Insurance and indemnification
  26. Interest
  27. Labor relations costs
  28. Lobbying
  29. Losses on other sponsored agreements or contracts

30. Maintenance and repair costs
31. Material and supplies costs
32. Meetings and conferences
33. Memberships, subscriptions and professional activity costs
34. Patent costs
35. Plant and homeland security costs
36. Pre-agreement costs
37. Professional service costs
38. Proposal costs
39. Publication and printing costs
40. Rearrangement and alteration costs
41. Reconversion costs
42. Recruiting costs
43. Rental costs of buildings and equipment
44. Royalties and other costs for use of patents
45. Scholarships and student aid costs
46. Selling and marketing
47. Specialized service facilities
48. Student activity costs
49. Taxes
50. Termination costs applicable to sponsored agreements
51. Training costs
52. Transportation costs
53. Travel costs
54. Trustees

K. Certification of charges

Exhibit A - List of Colleges and Universities Subject to Section J.12.h of Circular A-21

Exhibit B - Listing of Institutions that are eligible for the utility cost adjustment

Exhibit C - Examples of "major project" where direct charging of administrative or clerical staff salaries may be appropriate

Appendix A - CASB's Cost Accounting Standards (CAS)

Appendix B - CASB's Disclosure Statement (DS-2)

Appendix C - Documentation Requirements for Facilities and Administrative (F&A) Rate Proposals

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

A. Purpose and scope.

1. Objectives. This Attachment provides principles for determining the costs applicable to research and development, training, and other sponsored work performed by colleges and universities under grants, contracts, and other agreements with the Federal Government. These agreements are referred to as sponsored agreements.

2. Policy guides. The successful application of these cost accounting principles requires development of mutual understanding between representatives of universities and of the Federal Government as to their scope, implementation, and interpretation. It is recognized that --

a. The arrangements for Federal agency and institutional participation in the financing of a research, training, or other project are properly subject to negotiation between the agency and the institution concerned, in accordance with such governmentwide criteria or legal requirements as may be applicable.

b. Each institution, possessing its own unique combination of staff, facilities, and experience, should be encouraged to conduct research and educational activities in a manner consonant with its own academic philosophies and institutional objectives.

c. The dual role of students engaged in research and the resulting benefits to sponsored agreements are fundamental to the research effort and shall be recognized in the application of these principles.

d. Each institution, in the fulfillment of its obligations, should employ sound management practices.

e. The application of these cost accounting principles should require no significant changes in the generally accepted accounting practices of colleges and universities. However, the accounting practices of individual colleges and universities must support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to sponsored agreements.



f. Cognizant Federal agencies involved in negotiating facilities and administrative (F&A) cost rates and auditing should assure that institutions are generally applying these cost accounting principles on a consistent basis. Where wide variations exist in the treatment of a given cost item among institutions, the reasonableness and equitableness of such treatments should be fully considered during the rate negotiations and audit.

3. Application. These principles shall be used in determining the allowable costs of work performed by colleges and universities under sponsored agreements. The principles shall also be used in determining the costs of work performed by such institutions under subgrants, cost-reimbursement subcontracts, and other awards made to them under sponsored agreements. They also shall be used as a guide in the pricing of fixed-price contracts and subcontracts where costs are used in determining the appropriate price. The principles do not apply to:

a. Arrangements under which Federal financing is in the form of loans, scholarships, fellowships, traineeships, or other fixed amounts based on such items as education allowance or published tuition rates and fees of an institution.

b. Capitation awards.

c. Other awards under which the institution is not required to account to the Federal Government for actual costs incurred.

d. Conditional exemptions.

(1) OMB authorizes conditional exemption from OMB administrative requirements and cost principles circulars for certain Federal programs with statutorily-authorized consolidated planning and consolidated administrative funding, that are identified by a Federal agency and approved by the head of the Executive department or establishment. A Federal agency shall consult with OMB during its consideration of whether to grant such an exemption.

(2) To promote efficiency in State and local program administration, when Federal non-entitlement programs with common purposes have specific statutorily-authorized consolidated planning and consolidated administrative funding and where most of the State agency's resources come from non-Federal sources, Federal agencies may exempt these covered State-administered, non-entitlement grant programs from certain OMB grants management requirements. The exemptions would be from all but the allocability of costs provisions of OMB Circulars A-87 (Attachment A, subsection C.3), "Cost Principles

for State, Local, and Indian Tribal Governments," A-21 (Section C, subpart 4), "Cost Principles for Educational Institutions," and A-122 (Attachment A, subsection A.4), "Cost Principles for Non-Profit Organizations," and from all of the administrative requirements provisions of OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," and the agencies' grants management common rule.

(3) When a Federal agency provides this flexibility, as a prerequisite to a State's exercising this option, a State must adopt its own written fiscal and administrative requirements for expending and accounting for all funds, which are consistent with the provisions of OMB Circular A-87, and extend such policies to all subrecipients. These fiscal and administrative requirements must be sufficiently specific to ensure that: funds are used in compliance with all applicable Federal statutory and regulatory provisions, costs are reasonable and necessary for operating these programs, and funds are not be used for general expenses required to carry out other responsibilities of a State or its subrecipients.

#### 4. Inquiries.

All inquiries from Federal agencies concerning the cost principles contained in this Circular, including the administration and implementation of the Cost Accounting Standards (CAS) (described in Sections C.10 through C.13) and disclosure statement (DS-2) requirements, shall be addressed by the Office of Management and Budget (OMB), Office of Federal Financial Management, in coordination with the Cost Accounting Standard Board (CASB) with respect to inquiries concerning CAS. Educational institutions' inquiries should be addressed to the cognizant agency.

#### B. Definition of terms.

1. Major functions of an institution refers to instruction, organized research, other sponsored activities and other institutional activities as defined below:

a. Instruction means the teaching and training activities of an institution. Except for research training as provided in subsection b, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension

division. Also considered part of this major function are departmental research, and, where agreed to, university research.

(1) Sponsored instruction and training means specific instructional or training activity established by grant, contract, or cooperative agreement. For purposes of the cost principles, this activity may be considered a major function even though an institution's accounting treatment may include it in the instruction function.

(2) Departmental research means research, development and scholarly activities that are not organized research and, consequently, are not separately budgeted and accounted for. Departmental research, for purposes of this document, is not considered as a major function, but as a part of the instruction function of the institution.

b. Organized research means all research and development activities of an institution that are separately budgeted and accounted for. It includes:

(1) Sponsored research means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

(2) University research means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds. University research, for purposes of this document, shall be combined with sponsored research under the function of organized research.

c. Other sponsored activities means programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects, and community service programs. However, when any of these activities are undertaken by the institution without outside support, they may be classified as other institutional activities.

d. Other institutional activities means all activities of an institution except:

(1) instruction, departmental research, organized research, and other sponsored activities, as defined above;

(2) F&A cost activities identified in Section F; and

(3) specialized service facilities described in Section J.47. Other institutional activities include operation of residence halls, dining halls, hospitals and clinics, student unions, intercollegiate athletics, bookstores, faculty housing, student apartments, guest houses, chapels, theaters, public museums, and other similar auxiliary enterprises. This definition also includes any other categories of activities, costs of which are "unallowable" to sponsored agreements, unless otherwise indicated in the agreements.

2. Sponsored agreement, for purposes of this Circular, means any grant, contract, or other agreement between the institution and the Federal Government.

3. Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective, in reasonable and realistic proportion to the benefit provided or other equitable relationship. A cost objective may be a major function of the institution, a particular service or project, a sponsored agreement, or a F&A cost activity, as described in Section F. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

4. Facilities and administrative (F&A) costs, for the purpose of this Circular, means costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. F&A costs are synonymous with "indirect" costs, as previously used in this Circular and as currently used in Appendices A and B. The F&A cost categories are described in Section F.1.

#### C. Basic considerations.

1. Composition of total costs. The cost of a sponsored agreement is comprised of the allowable direct costs incident to its performance, plus the allocable portion of the allowable F&A costs of the institution, less applicable credits as described in subsection 5.

2. Factors affecting allowability of costs. The tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods provided herein; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items.

3. Reasonable costs. A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are: (a) whether or not the cost is of a type generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement; (b) the restraints or requirements imposed by such factors as arm's-length bargaining, Federal and State laws and regulations, and sponsored agreement terms and conditions; (c) whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the Federal Government, and the public at large; and, (d) the extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored agreements.

4. Allocable costs.

a. A cost is allocable to a particular cost objective (i.e., a specific function, project, sponsored agreement, department, or the like) if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a sponsored agreement if (1) it is incurred solely to advance the work under the sponsored agreement; (2) it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods, or (3) it is necessary to the overall operation of the institution and, in light of the principles provided in this Circular, is deemed to be assignable in part to sponsored projects. Where the purchase of equipment or other capital items is specifically authorized under a sponsored agreement, the amounts thus authorized for such purchases are assignable to the sponsored agreement regardless of the use that may subsequently be made of the equipment or other capital items involved.

b. Any costs allocable to a particular sponsored agreement under the standards provided in this Circular may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid

restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.

c. Any costs allocable to activities sponsored by industry, foreign governments or other sponsors may not be shifted to federally-sponsored agreements.

d. Allocation and documentation standard.

(1) Cost principles. The recipient institution is responsible for ensuring that costs charged to a sponsored agreement are allowable, allocable, and reasonable under these cost principles.

(2) Internal controls. The institution's financial management system shall ensure that no one person has complete control over all aspects of a financial transaction.

(3) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding subsection b, the costs may be allocated or transferred to benefited projects on any reasonable basis, consistent with subsections d. (1) and (2).

(4) Documentation. Federal requirements for documentation are specified in this Circular, Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," and specific agency policies on cost transfers. If the institution authorizes the principal investigator or other individual to have primary responsibility, given the requirements of subsection d. (2), for the management of sponsored agreement funds, then the institution's documentation requirements for the actions of those individuals (e.g., signature or initials of the principal investigator or designee or use of a password) will normally be considered sufficient.

5. Applicable credits.

a. The term "applicable credits" refers to those receipts or negative expenditures that operate to offset or reduce direct or F&A cost items. Typical examples of such transactions are: purchase discounts, rebates, or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. This term also includes "educational discounts" on products or services provided specifically to

educational institutions, such as discounts on computer equipment, except where the arrangement is clearly and explicitly identified as a gift by the vendor.

b. In some instances, the amounts received from the Federal Government to finance institutional activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the institution in determining the rates or amounts to be charged to sponsored agreements for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by Federal funds. (See Sections F.10, J.14, and J.47 for areas of potential application in the matter of direct Federal financing.)

6. Costs incurred by State and local governments. Costs incurred or paid by State or local governments on behalf of their colleges and universities for fringe benefit programs, such as pension costs and FICA and any other costs specifically incurred on behalf of, and in direct benefit to, the institutions, are allowable costs of such institutions whether or not these costs are recorded in the accounting records of the institutions, subject to the following:

a. The costs meet the requirements of subsections 1 through 5.

b. The costs are properly supported by cost allocation plans in accordance with applicable Federal cost accounting principles.

c. The costs are not otherwise borne directly or indirectly by the Federal Government.

7. Limitations on allowance of costs. Sponsored agreements may be subject to statutory requirements that limit the allowance of costs. When the maximum amount allowable under a limitation is less than the total amount determined in accordance with the principles in this Circular, the amount not recoverable under a sponsored agreement may not be charged to other sponsored agreements.

8. Collection of unallowable costs, excess costs due to noncompliance with cost policies, increased costs due to failure to follow a disclosed accounting practice and increased costs resulting from a change in cost accounting practice. The following costs shall be refunded (including interest) in accordance with applicable Federal agency regulations:

a. Costs specifically identified as unallowable in Section J, either directly or indirectly, and charged to the Federal Government.

b. Excess costs due to failure by the educational institution to comply with the cost policies in this Circular.

c. Increased costs due to a noncompliant cost accounting practice used to estimate, accumulate, or report costs.

d. Increased costs resulting from a change in accounting practice.

9. Adjustment of previously negotiated F&A cost rates containing unallowable costs. Negotiated F&A cost rates based on a proposal later found to have included costs that (a) are unallowable as specified by (i) law or regulation, (ii) Section J of this Circular, (iii) terms and conditions of sponsored agreements, or (b) are unallowable because they are clearly not allocable to sponsored agreements, shall be adjusted, or a refund shall be made, in accordance with the requirements of this section. These adjustments or refunds are designed to correct the proposals used to establish the rates and do not constitute a reopening of the rate negotiation. The adjustments or refunds will be made regardless of the type of rate negotiated (predetermined, final, fixed, or provisional).

a. For rates covering a future fiscal year of the institution, the unallowable costs will be removed from the F&A cost pools and the rates appropriately adjusted.

b. For rates covering a past period, the Federal share of the unallowable costs will be computed for each year involved and a cash refund (including interest chargeable in accordance with applicable regulations) will be made to the Federal Government. If cash refunds are made for past periods covered by provisional or fixed rates, appropriate adjustments will be made when the rates are finalized to avoid duplicate recovery of the unallowable costs by the Federal Government.

c. For rates covering the current period, either a rate adjustment or a refund, as described in subsections a and b, shall be required by the cognizant agency. The choice of method shall be at the discretion of the cognizant agency, based on its judgment as to which method would be most practical.

d. The amount or proportion of unallowable costs included in each year's rate will be assumed to be the same as the amount or proportion of unallowable costs included in the base year proposal used to establish the rate.



10. Consistency in estimating, accumulating and reporting costs.

a. An educational institution's practices used in estimating costs in pricing a proposal shall be consistent with the educational institution's cost accounting practices used in accumulating and reporting costs.

b. An educational institution's cost accounting practices used in accumulating and reporting actual costs for a sponsored agreement shall be consistent with the educational institution's practices used in estimating costs in pricing the related proposal or application.

c. The grouping of homogeneous costs in estimates prepared for proposal purposes shall not per se be deemed an inconsistent application of cost accounting practices under subsection a when such costs are accumulated and reported in greater detail on an actual cost basis during performance of the sponsored agreement.

d. Appendix A also reflects this requirement, along with the purpose, definitions, and techniques for application, all of which are authoritative.

11. Consistency in allocating costs incurred for the same purpose.

a. All costs incurred for the same purpose, in like circumstances, are either direct costs only or F&A costs only with respect to final cost objectives. No final cost objective shall have allocated to it as a cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included as a direct cost of that or any other final cost objective. Further, no final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any F&A cost pool to be allocated to that or any other final cost objective.

b. Appendix A reflects this requirement along with its purpose, definitions, and techniques for application, illustrations and interpretations, all of which are authoritative.

12. Accounting for unallowable costs.

a. Costs expressly unallowable or mutually agreed to be unallowable, including costs mutually agreed to be unallowable directly associated costs, shall be identified and excluded from any billing, claim, application, or proposal applicable to a sponsored agreement.

b. Costs which specifically become designated as unallowable as a result of a written decision furnished by a Federal official pursuant to sponsored agreement disputes procedures shall be identified if included in or used in the computation of any billing, claim, or proposal applicable to a sponsored agreement. This identification requirement applies also to any costs incurred for the same purpose under like circumstances as the costs specifically identified as unallowable under either this subsection or subsection a.

c. Costs which, in a Federal official's written decision furnished pursuant to sponsored agreement disputes procedures, are designated as unallowable directly associated costs of unallowable costs covered by either subsection a or b shall be accorded the identification required by subsection b.

d. The costs of any work project not contractually authorized by a sponsored agreement, whether or not related to performance of a proposed or existing sponsored agreement, shall be accounted for, to the extent appropriate, in a manner which permits ready separation from the costs of authorized work projects.

e. All unallowable costs covered by subsections a through d shall be subject to the same cost accounting principles governing cost allocability as allowable costs. In circumstances where these unallowable costs normally would be part of a regular F&A cost allocation base or bases, they shall remain in such base or bases. Where a directly associated cost is part of a category of costs normally included in a F&A cost pool that shall be allocated over a base containing the unallowable cost with which it is associated, such a directly associated cost shall be retained in the F&A cost pool and be allocated through the regular allocation process.

f. Where the total of the allocable and otherwise allowable costs exceeds a limitation-of-cost or ceiling-price provision in a sponsored agreement, full direct and F&A cost allocation shall be made to the sponsored agreement cost objective, in accordance with established cost accounting practices and standards which regularly govern a given entity's allocations to sponsored agreement cost objectives. In any determination of a cost overrun, the amount thereof shall be identified in terms of the excess of allowable costs over the ceiling amount, rather than through specific identification of particular cost items or cost elements.

g. Appendix A reflects this requirement, along with its purpose, definitions, techniques for application, and illustrations of this standard, all of which are authoritative.

13. Cost accounting period.

a. Educational institutions shall use their fiscal year as their cost accounting period, except that:

(1) Costs of a F&A function which exists for only a part of a cost accounting period may be allocated to cost objectives of that same part of the period on the basis of data for that part of the cost accounting period if the cost is: (i) material in amount, (ii) accumulated in a separate F&A cost pool or expense pool, and (iii) allocated on the basis of an appropriate direct measure of the activity or output of the function during that part of the period.

(2) An annual period other than the fiscal year may, upon mutual agreement with the Federal Government, be used as the cost accounting period if the use of such period is an established practice of the educational institution and is consistently used for managing and controlling revenues and disbursements, and appropriate accruals, deferrals or other adjustments are made with respect to such annual periods.

(3) A transitional cost accounting period other than a year shall be used whenever a change of fiscal year occurs.

b. An educational institution shall follow consistent practices in the selection of the cost accounting period or periods in which any types of expense and any types of adjustment to expense (including prior-period adjustments) are accumulated and allocated.

c. The same cost accounting period shall be used for accumulating costs in a F&A cost pool as for establishing its allocation base, except that the Federal Government and educational institution may agree to use a different period for establishing an allocation base, provided:

(1) The practice is necessary to obtain significant administrative convenience,

(2) The practice is consistently followed by the educational institution,

(3) The annual period used is representative of the activity of the cost accounting period for which the F&A costs to be allocated are accumulated, and

(4) The practice can reasonably be estimated to provide a distribution to cost objectives of the cost accounting period not materially different from that which otherwise would be obtained.

d. Appendix A reflects this requirement, along with its purpose, definitions, techniques for application and illustrations, all of which are authoritative.

14. Disclosure Statement.

a. Educational institutions that received aggregate sponsored agreements totaling \$25 million or more subject to this Circular during their most recently completed fiscal year shall disclose their cost accounting practices by filing a Disclosure Statement (DS-2), which is reproduced in Appendix B. With the approval of the cognizant agency, an educational institution may meet the DS-2 submission by submitting the DS-2 for each business unit that received \$25 million or more in sponsored agreements.

b. The DS-2 shall be submitted to the cognizant agency with a copy to the educational institution's audit cognizant office.

c. Educational institutions receiving \$25 million or more in sponsored agreements that are not required to file a DS-2 pursuant to 48 CFR 9903.202-1 shall file a DS-2 covering the first fiscal year beginning after the publication date of this revision, within six months after the end of that fiscal year. Extensions beyond the above due date may be granted by the cognizant agency on a case-by-case basis.

d. Educational institutions are responsible for maintaining an accurate DS-2 and complying with disclosed cost accounting practices. Educational institutions must file amendments to the DS-2 when disclosed practices are changed to comply with a new or modified standard, or when practices are changed for other reasons. Amendments of a DS-2 may be submitted at any time. If the change is expected to have a material impact on the educational institution's negotiated F&A cost rates, the revision shall be approved by the cognizant agency before it is implemented. Resubmission of a complete, updated DS-2 is discouraged except when there are extensive changes to disclosed practices.

e. Cost and funding adjustments. Cost adjustments shall be made by the cognizant agency if an educational institution fails to comply with the cost policies in this Circular or fails to consistently follow its established or disclosed cost accounting practices when estimating, accumulating or reporting the costs of sponsored agreements, if aggregate cost impact on sponsored agreements is material. The cost adjustment shall normally be made on an aggregate basis for all affected sponsored agreements through an adjustment of the educational institution's future F&A costs rates or other means considered appropriate by the cognizant agency. Under the terms of CAS-covered contracts, adjustments in the amount of funding provided may also be required when the estimated proposal costs were not determined in accordance with established cost accounting practices.

f. Overpayments. Excess amounts paid in the aggregate by the Federal Government under sponsored agreements due to a noncompliant cost accounting practice used to estimate, accumulate, or report costs shall be credited or refunded, as deemed appropriate by the cognizant agency. Interest applicable to the excess amounts paid in the aggregate during the period of noncompliance shall also be determined and collected in accordance with applicable Federal agency regulations.

g. Compliant cost accounting practice changes. Changes from one compliant cost accounting practice to another compliant practice that are approved by the cognizant agency may require cost adjustments if the change has a material effect on sponsored agreements and the changes are deemed appropriate by the cognizant agency.

h. Responsibilities. The cognizant agency shall:

(1) Determine cost adjustments for all sponsored agreements in the aggregate on behalf of the Federal Government. Actions of the cognizant agency official in making cost adjustment determinations shall be coordinated with all affected Federal agencies to the extent necessary.

(2) Prescribe guidelines and establish internal procedures to promptly determine on behalf of the Federal Government that a DS-2 adequately discloses the educational institution's cost accounting practices and that the disclosed practices are compliant with applicable CAS and the requirements of this Circular.

(3) Distribute to all affected agencies any DS-2 determination of adequacy and/or noncompliance.

#### D. Direct costs.

1. General. Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or F&A costs. Where an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution.

2. Application to sponsored agreements. Identification with the sponsored work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from F&A costs of sponsored agreements. Typical costs

charged directly to a sponsored agreement are the compensation of employees for performance of work under the sponsored agreement, including related fringe benefit costs to the extent they are consistently treated, in like circumstances, by the institution as direct rather than F&A costs; the costs of materials consumed or expended in the performance of the work; and other items of expense incurred for the sponsored agreement, including extraordinary utility consumption. The cost of materials supplied from stock or services rendered by specialized facilities or other institutional service operations may be included as direct costs of sponsored agreements, provided such items are consistently treated, in like circumstances, by the institution as direct rather than F&A costs, and are charged under a recognized method of computing actual costs, and conform to generally accepted cost accounting practices consistently followed by the institution.

#### E. F&A costs.

1. General. F&A costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. See Section F.1 for a discussion of the components of F&A costs.

##### 2. Criteria for distribution.

a. Base period. A base period for distribution of F&A costs is the period during which the costs are incurred. The base period normally should coincide with the fiscal year established by the institution, but in any event the base period should be so selected as to avoid inequities in the distribution of costs.

b. Need for cost groupings. The overall objective of the F&A cost allocation process is to distribute the F&A costs described in Section F to the major functions of the institution in proportions reasonably consistent with the nature and extent of their use of the institution's resources. In order to achieve this objective, it may be necessary to provide for selective distribution by establishing separate groupings of cost within one or more of the F&A cost categories referred to in subsection 1. In general, the cost groupings established within a category should constitute, in each case, a pool of those items of expense that are considered to be of like nature in terms of their relative contribution to (or degree of remoteness from) the particular cost objectives to which distribution is appropriate. Cost groupings should be established considering the general guides provided in subsection c. Each such pool or cost grouping should then be

distributed individually to the related cost objectives, using the distribution base or method most appropriate in the light of the guides set forth in subsection d.

c. General considerations on cost groupings. The extent to which separate cost groupings and selective distribution would be appropriate at an institution is a matter of judgment to be determined on a case-by-case basis. Typical situations which may warrant the establishment of two or more separate cost groupings (based on account classification or analysis) within an F&A cost category include but are not limited to the following:

(1) Where certain items or categories of expense relate solely to one of the major functions of the institution or to less than all functions, such expenses should be set aside as a separate cost grouping for direct assignment or selective allocation in accordance with the guides provided in subsections b and d.

(2) Where any types of expense ordinarily treated as general administration or departmental administration are charged to sponsored agreements as direct costs, expenses applicable to other activities of the institution when incurred for the same purposes in like circumstances must, through separate cost groupings, be excluded from the F&A costs allocable to those sponsored agreements and included in the direct cost of other activities for cost allocation purposes.

(3) Where it is determined that certain expenses are for the support of a service unit or facility whose output is susceptible of measurement on a workload or other quantitative basis, such expenses should be set aside as a separate cost grouping for distribution on such basis to organized research, instructional, and other activities at the institution or within the department.

(4) Where activities provide their own purchasing, personnel administration, building maintenance or similar service, the distribution of general administration and general expenses, or operation and maintenance expenses to such activities should be accomplished through cost groupings which include only that portion of central F&A costs (such as for overall management) which are properly allocable to such activities.

(5) Where the institution elects to treat fringe benefits as F&A charges, such costs should be set aside as a separate cost grouping for selective distribution to related cost objectives.

(6) The number of separate cost groupings within a category should be held within practical limits, after taking into consideration the materiality of the amounts involved and the degree of precision attainable through less selective methods of distribution.

d. Selection of distribution method.

(1) Actual conditions must be taken into account in selecting the method or base to be used in distributing individual cost groupings. The essential consideration in selecting a base is that it be the one best suited for assigning the pool of costs to cost objectives in accordance with benefits derived; a traceable cause and effect relationship; or logic and reason, where neither benefit nor cause and effect relationship is determinable.

(2) Where a cost grouping can be identified directly with the cost objective benefited, it should be assigned to that cost objective.

(3) Where the expenses in a cost grouping are more general in nature, the distribution may be based on a cost analysis study which results in an equitable distribution of the costs. Such cost analysis studies may take into consideration weighting factors, population, or space occupied if appropriate. Cost analysis studies, however, must (a) be appropriately documented in sufficient detail for subsequent review by the cognizant Federal agency, (b) distribute the costs to the related cost objectives in accordance with the relative benefits derived, (c) be statistically sound, (d) be performed specifically at the institution at which the results are to be used, and (e) be reviewed periodically, but not less frequently than every two years, updated if necessary, and used consistently. Any assumptions made in the study must be stated and explained. The use of cost analysis studies and periodic changes in the method of cost distribution must be fully justified.

(4) If a cost analysis study is not performed, or if the study does not result in an equitable distribution of the costs, the distribution shall be made in accordance with the appropriate base cited in Section F, unless one of the following conditions is met: (a) it can be demonstrated that the use of a different base would result in a more equitable allocation of the costs, or that a more readily available base would not increase the costs charged to sponsored agreements, or (b) the institution qualifies for, and elects to use, the simplified method for computing F&A cost rates described in Section H.

(5) Notwithstanding subsection (3), effective July 1, 1998, a cost analysis or base other than that in Section F shall



not be used to distribute utility or student services costs. Instead, subsections F.4.c and F.4.d may be used in the recovery of utility costs.

e. Order of distribution.

(1) F&A costs are the broad categories of costs discussed in Section F.1.

(2) Depreciation and use allowances, operation and maintenance expenses, and general administrative and general expenses should be allocated in that order to the remaining F&A cost categories as well as to the major functions and specialized service facilities of the institution. Other cost categories may be allocated in the order determined to be most appropriate by the institutions. When cross allocation of costs is made as provided in subsection (3), this order of allocation does not apply.

(3) Normally an F&A cost category will be considered closed once it has been allocated to other cost objectives, and costs may not be subsequently allocated to it. However, a cross allocation of costs between two or more F&A cost categories may be used if such allocation will result in a more equitable allocation of costs. If a cross allocation is used, an appropriate modification to the composition of the F&A cost categories described in Section F is required.

#### F. Identification and assignment of F&A costs.

1. Definition of Facilities and Administration. F&A costs are broad categories of costs. "Facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses. "Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under one of the subcategories of Facilities (including cross allocations from other pools).

2. Depreciation and use allowances.

a. The expenses under this heading are the portion of the costs of the institution's buildings, capital improvements to land and buildings, and equipment which are computed in accordance with Section J.14.

b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated in the following manner:

(1) Depreciation or use allowances on buildings used exclusively in the conduct of a single function, and on capital improvements and equipment used in such buildings, shall be assigned to that function.

(2) Depreciation or use allowances on buildings used for more than one function, and on capital improvements and equipment used in such buildings, shall be allocated to the individual functions performed in each building on the basis of usable square feet of space, excluding common areas such as hallways, stairwells, and rest rooms.

(3) Depreciation or use allowances on buildings, capital improvements and equipment related to space (e.g., individual rooms, laboratories) used jointly by more than one function (as determined by the users of the space) shall be treated as follows. The cost of each jointly used unit of space shall be allocated to benefiting functions on the basis of:

(a) the employee full-time equivalents (FTEs) or salaries and wages of those individual functions benefiting from the use of that space; or

(b) institution-wide employee FTEs or salaries and wages applicable to the benefiting major functions (see Section B.1) of the institution.

(4) Depreciation or use allowances on certain capital improvements to land, such as paved parking areas, fences, sidewalks, and the like, not included in the cost of buildings, shall be allocated to user categories of students and employees on a full-time equivalent basis. The amount allocated to the student category shall be assigned to the instruction function of the institution. The amount allocated to the employee category shall be further allocated to the major functions of the institution in proportion to the salaries and wages of all employees applicable to those functions.

c. Large research facilities. The following provisions apply to large research facilities that are included in F&A rate proposals negotiated after January 1, 2000, and on which the design and construction begin after July 1, 1998. Large facilities, for this provision, are defined as buildings with construction costs of more than \$10 million. The determination of the Federal participation (use) percentage in a building is based on institution's estimates of building use over its life, and is made during the planning phase for the building.

(1) When an institution has large research facilities, of which 40 percent or more of total assignable space is expected for Federal use, the institution must maintain an adequate review and approval process to ensure that construction costs

are reasonable. The review process shall address and document relevant factors affecting construction costs, such as:

- Life cycle costs
- Unique research needs
- Special building needs
- Building site preparation
- Environmental consideration
- Federal construction code requirements
- Competitive procurement practices

The approval process shall include review and approval of the projects by the institution's Board of Trustees (which can also be called Board of Directors, Governors or Regents) or other independent entities.

(2) For research facilities costing more than \$25 million, of which 50 percent or more of total assignable space is expected for Federal use, the institution must document the review steps performed to assure that construction costs are reasonable. The review should include an analysis of construction costs and a comparison of these costs with relevant construction data, including the National Science Foundation data for research facilities based on its biennial survey, "Science and Engineering Facilities at Colleges and Universities." The documentation must be made available for review by Federal negotiators, when requested.

3. Interest. Interest on debt associated with certain buildings, equipment and capital improvements, as defined in Sections J.25, shall be classified as an expenditure under the category Facilities. These costs shall be allocated in the same manner as the depreciation or use allowances on the buildings, equipment and capital improvements to which the interest relates.

4. Operation and maintenance expenses.

a. The expenses under this heading are those that have been incurred for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management; and, central receiving. The operation and maintenance expense category should also include its allocable

share of fringe benefit costs, depreciation and use allowances, and interest costs.

b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated in the same manner as described in subsection 2.b for depreciation and use allowances.

c. For F&A rates negotiated on or after July 1, 1998, an institution that previously employed a utility special cost study in its most recently negotiated F&A rate proposal in accordance with Section E.2.d, may add a utility cost adjustment (UCA) of 1.3 percentage points to its negotiated overall F&A rate for organized research. Exhibit B displays the list of eligible institutions. The allocation of utility costs to the benefiting functions shall otherwise be made in the same manner as described in subsection F.4.b. Beginning on July 1, 2002, Federal agencies shall reassess periodically the eligibility of institutions to receive the UCA.

d. Beginning on July 1, 2002, Federal agencies may receive applications for utilization of the UCA from institutions not subject to the provisions of subsection F.4.c.

#### 5. General administration and general expenses.

a. The expenses under this heading are those that have been incurred for the general executive and administrative offices of educational institutions and other expense of a general character which do not relate solely to any major function of the institution; i.e., solely to (1) instruction, (2) organized research, (3) other sponsored activities, or (4) other institutional activities. The general administration and general expense category should also include its allocable share of fringe benefit costs, operation and maintenance expense, depreciation and use allowances, and interest costs. Examples of general administration and general expenses include: those expenses incurred by administrative offices that serve the entire university system of which the institution is a part; central offices of the institution such as the President's or Chancellor's office, the offices for institution-wide financial management, business services, budget and planning, personnel management, and safety and risk management; the office of the General Counsel; and, the operations of the central administrative management information systems. General administration and general expenses shall not include expenses incurred within non-university-wide deans' offices, academic departments, organized research units, or similar organizational units. (See subsection 6, Departmental administration expenses.)

b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be grouped first according to common major functions of the institution to which they render services or provide benefits. The aggregate expenses of each group shall then be allocated to serviced or benefited functions on the modified total cost basis. Modified total costs consist of the same elements as those in Section G.2. When an activity included in this F&A cost category provides a service or product to another institution or organization, an appropriate adjustment must be made to either the expenses or the basis of allocation or both, to assure a proper allocation of costs.

6. Departmental administration expenses.

a. The expenses under this heading are those that have been incurred for administrative and supporting services that benefit common or joint departmental activities or objectives in academic deans' offices, academic departments and divisions, and organized research units. Organized research units include such units as institutes, study centers, and research centers. Departmental administration expenses are subject to the following limitations.

(1) Academic deans' offices. Salaries and operating expenses are limited to those attributable to administrative functions.

(2) Academic departments:

(a) Salaries and fringe benefits attributable to the administrative work (including bid and proposal preparation) of faculty (including department heads), and other professional personnel conducting research and/or instruction, shall be allowed at a rate of 3.6 percent of modified total direct costs. This category does not include professional business or professional administrative officers. This allowance shall be added to the computation of the F&A cost rate for major functions in Section G; the expenses covered by the allowance shall be excluded from the departmental administration cost pool. No documentation is required to support this allowance.

(b) Other administrative and supporting expenses incurred within academic departments are allowable provided they are treated consistently in like circumstances. This would include expenses such as the salaries of secretarial and clerical staffs, the salaries of administrative officers and assistants, travel, office supplies, stockrooms, and the like.

(3) Other fringe benefit costs applicable to the salaries and wages included in subsections (1) and (2) are allowable, as well as an appropriate share of general administration and

general expenses, operation and maintenance expenses, and depreciation and/or use allowances.

(4) Federal agencies may authorize reimbursement of additional costs for department heads and faculty only in exceptional cases where an institution can demonstrate undue hardship or detriment to project performance.

b. The following guidelines apply to the determination of departmental administrative costs as direct or F&A costs.

(1) In developing the departmental administration cost pool, special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or F&A costs. For example, salaries of technical staff, laboratory supplies (e.g., chemicals), telephone toll charges, animals, animal care costs, computer costs, travel costs, and specialized shop costs shall be treated as direct cost wherever identifiable to a particular cost objective. Direct charging of these costs may be accomplished through specific identification of individual costs to benefiting cost objectives, or through recharge centers or specialized service facilities, as appropriate under the circumstances.

(2) The salaries of administrative and clerical staff should normally be treated as F&A costs. Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity. "Major project" is defined as a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments. Some examples of major projects are described in Exhibit C.

(3) Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs.

c. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated as follows:

(1) The administrative expenses of the dean's office of each college and school shall be allocated to the academic departments within that college or school on the modified total cost basis.

(2) The administrative expenses of each academic department, and the department's share of the expenses allocated in subsection (1) shall be allocated to the appropriate functions of the department on the modified total cost basis.

7. Sponsored projects administration.

a. The expenses under this heading are limited to those incurred by a separate organization(s) established primarily to administer sponsored projects, including such functions as grant and contract administration (Federal and non-Federal), special security, purchasing, personnel, administration, and editing and publishing of research and other reports. They include the salaries and expenses of the head of such organization, assistants, and immediate staff, together with the salaries and expenses of personnel engaged in supporting activities maintained by the organization, such as stock rooms, stenographic pools and the like. This category also includes an allocable share of fringe benefit costs, general administration and general expenses, operation and maintenance expenses, depreciation/use allowances. Appropriate adjustments will be made for services provided to other functions or organizations.

b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated to the major functions of the institution under which the sponsored projects are conducted on the basis of the modified total cost of sponsored projects.

c. An appropriate adjustment shall be made to eliminate any duplicate charges to sponsored agreements when this category includes similar or identical activities as those included in the general administration and general expense category or other F&A cost items, such as accounting, procurement, or personnel administration.

8. Library expenses.

a. The expenses under this heading are those that have been incurred for the operation of the library, including the cost of books and library materials purchased for the library, less any items of library income that qualify as applicable credits under Section C.5. The library expense category should also include the fringe benefits applicable to the salaries and wages included therein, an appropriate share of general administration and general expense, operation and maintenance expense, and depreciation and use allowances. Costs incurred in the purchases of rare books (museum-type books) with no value to sponsored agreements should not be allocated to them.

b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated first on the basis of primary categories of users, including students, professional employees, and other users.

(1) The student category shall consist of full-time equivalent students enrolled at the institution, regardless of whether they earn credits toward a degree or certificate.

(2) The professional employee category shall consist of all faculty members and other professional employees of the institution, on a full-time equivalent basis.

(3) The other users category shall consist of all other users of library facilities.

c. Amount allocated in subsection b shall be assigned further as follows:

(1) The amount in the student category shall be assigned to the instruction function of the institution.

(2) The amount in the professional employee category shall be assigned to the major functions of the institution in proportion to the salaries and wages of all faculty members and other professional employees applicable to those functions.

(3) The amount in the other users category shall be assigned to the other institutional activities function of the institution.

9. Student administration and services.

a. The expenses under this heading are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, student advisers, student health and infirmary services, catalogs, and commencements and convocations. The salaries of members of the academic staff whose responsibilities to the institution require administrative work that benefits sponsored projects may also be included to the extent that the portion charged to student administration is determined in accordance with Section J.10. This expense category also includes the fringe benefit costs applicable to the salaries and wages included therein, an appropriate share of general administration and general expenses, operation and maintenance, and use allowances and/or depreciation.

b. In the absence of the alternatives provided for in Section E.2.d, the expenses in this category shall be allocated to the instruction function, and subsequently to sponsored agreements in that function.

10. Offset for F&A expenses otherwise provided for by the Federal Government.

a. The items to be accumulated under this heading are the reimbursements and other payments from the Federal Government that are made to the institution to support solely, specifically, and directly, in whole or in part, any of the



administrative or service activities described in subsections 2 through 9.

b. The items in this group shall be treated as a credit to the affected individual F&A cost category before that category is allocated to benefiting functions.

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

1. F&A cost pools.

a. (1) Subject to subsection b, the separate categories of F&A costs allocated to each major function of the institution as prescribed in Section F shall be aggregated and treated as a common pool for that function. The amount in each pool shall be divided by the distribution base described in subsection 2 to arrive at a single F&A cost rate for each function.

(2) The rate for each function is used to distribute F&A costs to individual sponsored agreements of that function. Since a common pool is established for each major function of the institution, a separate F&A cost rate would be established for each of the major functions described in Section B.1 under which sponsored agreements are carried out.

(3) Each institution's F&A cost rate process must be appropriately designed to ensure that Federal sponsors do not in any way subsidize the F&A costs of other sponsors, specifically activities sponsored by industry and foreign governments. Accordingly, each allocation method used to identify and allocate the F&A cost pools, as described in Sections E.2 and F.2 through F.9, must contain the full amount of the institution's modified total costs or other appropriate units of measurement used to make the computations. In addition, the final rate distribution base (as defined in subsection 2) for each major function (organized research, instruction, etc., as described in Section B.1) shall contain all the programs or activities that utilize the F&A costs allocated to that major function. At the time a F&A cost proposal is submitted to a cognizant Federal agency, each institution must describe the process it uses to ensure that Federal funds are not used to subsidize industry and foreign government funded programs.

b. In some instances a single rate basis for use across the board on all work within a major function at an institution may not be appropriate. A single rate for research, for example, might not take into account those different environmental factors and other conditions which may affect substantially the F&A costs applicable to a particular segment of research at the institution. A particular segment of research may be that performed under a single sponsored agreement or it may consist

of research under a group of sponsored agreements performed in a common environment. The environmental factors are not limited to the physical location of the work. Other important factors are the level of the administrative support required, the nature of the facilities or other resources employed, the scientific disciplines or technical skills involved, the organizational arrangements used, or any combination thereof. Where a particular segment of a sponsored agreement is performed within an environment which appears to generate a significantly different level of F&A costs, provisions should be made for a separate F&A cost pool applicable to such work. The separate F&A cost pool should be developed during the regular course of the rate determination process and the separate F&A cost rate resulting therefrom should be utilized; provided it is determined that (1) such F&A cost rate differs significantly from that which would have been obtained under subsection a, and (2) the volume of work to which such rate would apply is material in relation to other sponsored agreements at the institution.

2. The distribution basis. F&A costs shall be distributed to applicable sponsored agreements and other benefiting activities within each major function (see Section B.1) on the basis of modified total direct costs, consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000 shall be excluded from modified total direct costs. Other items may only be excluded where necessary to avoid a serious inequity in the distribution of F&A costs. For this purpose, a F&A cost rate should be determined for each of the separate F&A cost pools developed pursuant to subsection 1. The rate in each case should be stated as the percentage that the amount of the particular F&A cost pool is of the modified total direct costs identified with such pool.

3. Negotiated lump sum for F&A costs. A negotiated fixed amount in lieu of F&A costs may be appropriate for self-contained, off-campus, or primarily subcontracted activities where the benefits derived from an institution's F&A services cannot be readily determined. Such negotiated F&A costs will be treated as an offset before allocation to instruction, organized research, other sponsored activities, and

other institutional activities. The base on which such remaining expenses are allocated should be appropriately adjusted.

4. Predetermined rates for F&A costs. Public Law 87-638 (76 Stat. 437) authorizes the use of predetermined rates in determining the "indirect costs" (F&A costs in this Circular) applicable under research agreements with educational institutions. The stated objectives of the law are to simplify the administration of cost-type research and development contracts (including grants) with educational institutions, to facilitate the preparation of their budgets, and to permit more expeditious closeout of such contracts when the work is completed. In view of the potential advantages offered by this procedure, negotiation of predetermined rates for F&A costs for a period of two to four years should be the norm in those situations where the cost experience and other pertinent facts available are deemed sufficient to enable the parties involved to reach an informed judgment as to the probable level of F&A costs during the ensuing accounting periods.

5. Negotiated fixed rates and carry-forward provisions. When a fixed rate is negotiated in advance for a fiscal year (or other time period), the over- or under-recovery for that year may be included as an adjustment to the F&A cost for the next rate negotiation. When the rate is negotiated before the carry-forward adjustment is determined, the carry-forward amount may be applied to the next subsequent rate negotiation. When such adjustments are to be made, each fixed rate negotiated in advance for a given period will be computed by applying the expected F&A costs allocable to sponsored agreements for the forecast period plus or minus the carry-forward adjustment (over- or under-recovery) from the prior period, to the forecast distribution base. Unrecovered amounts under lump-sum agreements or cost-sharing provisions of prior years shall not be carried forward for consideration in the new rate negotiation. There must, however, be an advance understanding in each case between the institution and the cognizant Federal agency as to whether these differences will be considered in the rate negotiation rather than making the determination after the differences are known. Further, institutions electing to use this carry-forward provision may not subsequently change without prior approval of the cognizant Federal agency. In the event that an institution returns to a postdetermined rate, any over- or under-recovery during the period in which negotiated fixed rates and carry-forward provisions were followed will be included in the subsequent postdetermined rates. Where multiple

rates are used, the same procedure will be applicable for determining each rate.

6. Provisional and final rates for F&A costs. Where the cognizant agency determines that cost experience and other pertinent facts do not justify the use of predetermined rates, or a fixed rate with a carry-forward, or if the parties cannot agree on an equitable rate, a provisional rate shall be established. To prevent substantial overpayment or underpayment, the provisional rate may be adjusted by the cognizant agency during the institution's fiscal year. Predetermined or fixed rates may replace provisional rates at any time prior to the close of the institution's fiscal year. If a provisional rate is not replaced by a predetermined or fixed rate prior to the end of the institution's fiscal year, a final rate will be established and upward or downward adjustments will be made based on the actual allowable costs incurred for the period involved.

7. Fixed rates for the life of the sponsored agreement.

a. Federal agencies shall use the negotiated rates for F&A costs in effect at the time of the initial award throughout the life of the sponsored agreement. "Life" for the purpose of this subsection means each competitive segment of a project. A competitive segment is a period of years approved by the Federal funding agency at the time of the award. If negotiated rate agreements do not extend through the life of the sponsored agreement at the time of the initial award, then the negotiated rate for the last year of the sponsored agreement shall be extended through the end of the life of the sponsored agreement. Award levels for sponsored agreements may not be adjusted in future years as a result of changes in negotiated rates.

b. When an educational institution does not have a negotiated rate with the Federal Government at the time of the award (because the educational institution is a new grantee or the parties cannot reach agreement on a rate), the provisional rate used at the time of the award shall be adjusted once a rate is negotiated and approved by the cognizant agency.

8. Limitation on reimbursement of administrative costs.

a. Notwithstanding the provisions of subsection 1.a, the administrative costs charged to sponsored agreements awarded or amended (including continuation and renewal awards) with effective dates beginning on or after the start of the institution's first fiscal year which begins on or after October 1, 1991, shall be limited to 26% of modified total direct costs (as defined in subsection 2) for the total of General Administration and General Expenses, Departmental

Administration, Sponsored Projects Administration, and Student Administration and Services (including their allocable share of depreciation and/or use allowances, interest costs, operation and maintenance expenses, and fringe benefits costs, as provided by Sections F.5, F.6, F.7 and F.9) and all other types of expenditures not listed specifically under one of the subcategories of facilities in Section F.

b. Existing F&A cost rates that affect institutions' fiscal years which begin on or after October 1, 1991, shall be unilaterally amended by the cognizant Federal agency to reflect the cost limitation in subsection a.

c. Permanent rates established prior to this revision that have been amended in accordance with subsection b may be renegotiated. However, no such renegotiated rate may exceed the rate which would have been in effect if the agreement had remained in effect; nor may the administrative portion of any renegotiated rate exceed the limitation in subsection a.

d. Institutions should not change their accounting or cost allocation methods which were in effect on May 1, 1991, if the effect is to: (i) change the charging of a particular type of cost from F&A to direct, or (ii) reclassify costs, or increase allocations, from the administrative pools identified in subsection to the other F&A cost pools or fringe benefits. Cognizant Federal agencies are authorized to permit changes where an institution's charging practices are at variance with acceptable practices followed by a substantial majority of other institutions.

9. Alternative method for administrative costs.

a. Notwithstanding the provisions of subsection 1.a, an institution may elect to claim fixed allowance for the "Administration" portion of F&A costs. The allowance could be either 24% of modified total direct costs or a percentage equal to 95% of the most recently negotiated fixed or predetermined rate for the cost pools included under "Administration" as defined in Section F.1, whichever is less, provided that no accounting or cost allocation changes with the effects described in subsection 8.d have occurred. Under this alternative, no cost proposal need be prepared for the "Administration" portion of the F&A cost rate nor is further identification or documentation of these costs required (see subsection c). Where a negotiated F&A cost agreement includes this alternative, an institution shall make no further charges for the expenditure categories described in Sections F.5, F.6, F.7 and F.9.

b. In negotiations of rates for subsequent periods, an institution that has elected the option of subsection a may

continue to exercise it at the same rate without further identification or documentation of costs, provided that no accounting or cost allocation changes with the effects described in subsection 8.d have occurred.

c. If an institution elects to accept a threshold rate, it is not required to perform a detailed analysis of its administrative costs. However, in order to compute the facilities components of its F&A cost rate, the institution must reconcile its F&A cost proposal to its financial statements and make appropriate adjustments and reclassifications to identify the costs of each major function as defined in Section B.1, as well as to identify and allocate the facilities components. Administrative costs that are not identified as such by the institution's accounting system (such as those incurred in academic departments) will be classified as instructional costs for purposes of reconciling F&A cost proposals to financial statements and allocating facilities costs.

#### 10. Individual rate components.

In order to satisfy the requirements of Section J.14 and to provide mutually agreed upon information for management purposes, each F&A cost rate negotiation or determination shall include development of a rate for each F&A cost pool as well as the overall F&A cost rate.

#### 11. Negotiation and approval of F&A rate.

a. Cognizant agency assignments. "A cognizant agency" means the Federal agency responsible for negotiating and approving F&A rates for an educational institution on behalf of all Federal agencies.

(1) Cost negotiation cognizance is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years. Information on funding shall be derived from relevant data gathered by the National Science Foundation. In cases where neither HHS nor DOD provides Federal funding to an educational institution, the cognizant agency assignment shall default to HHS. Notwithstanding the method for cognizance determination described above, other arrangements for cognizance of a particular educational institution may also be based in part on the types of research performed at the educational institution and shall be decided based on mutual agreement between HHS and DOD.

(2) Cognizant assignments as of December 31, 1995, shall continue in effect through educational institutions' fiscal

years ending during 1997, or the period covered by negotiated agreements in effect on December 31, 1995, whichever is later, except for those educational institutions with cognizant agencies other than HHS or DOD. Cognizance for these educational institutions shall transfer to HHS or DOD at the end of the period covered by the current negotiated rate agreement. After cognizance is established, it shall continue for a five-year period.

b. Acceptance of rates. The negotiated rates shall be accepted by all Federal agencies. Only under special circumstances, when required by law or regulation, may an agency use a rate different from the negotiated rate for a class of sponsored agreements or a single sponsored agreement.

c. Correcting deficiencies. The cognizant agency shall negotiate changes needed to correct systems deficiencies relating to accountability for sponsored agreements. Cognizant agencies shall address the concerns of other affected agencies, as appropriate.

d. Resolving questioned costs. The cognizant agency shall conduct any necessary negotiations with an educational institution regarding amounts questioned by audit that are due the Federal Government related to costs covered by a negotiated agreement.

e. Reimbursement. Reimbursement to cognizant agencies for work performed under Circular A-21 may be made by reimbursement billing under the Economy Act, 31 U.S.C. 1535.

f. Procedure for establishing facilities and administrative rates. The cognizant agency shall arrange with the educational institution to provide copies of rate proposals to all interested agencies. Agencies wanting such copies should notify the cognizant agency. Rates shall be established by one of the following methods:

(1) Formal negotiation. The cognizant agency is responsible for negotiating and approving rates for an educational institution on behalf of all Federal agencies. Non-cognizant Federal agencies, which award sponsored agreements to an educational institution, shall notify the cognizant agency of specific concerns (i.e., a need to establish special cost rates) that could affect the negotiation process. The cognizant agency shall address the concerns of all interested agencies, as appropriate. A pre-negotiation conference may be scheduled among all interested agencies, if necessary. The cognizant agency shall then arrange a negotiation conference with the educational institution.

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

g. Formalizing determinations and agreements. The cognizant agency shall formalize all determinations or agreements reached with an educational institution and provide copies to other agencies having an interest.

h. Disputes and disagreements. Where the cognizant agency is unable to reach agreement with an educational institution with regard to rates or audit resolution, the appeal system of the cognizant agency shall be followed for resolution of the disagreement.

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

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

##### 1. General.

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

b. The simplified procedure should not be used where it produces results that appear inequitable to the Federal Government or the institution. In any such case, F&A costs should be determined through use of the regular procedure.

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

a. Establish the total amount of salaries and wages paid to all employees of the institution.



b. Establish an F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:

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

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

(3) Library.

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

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

c. Establish a salary and wage distribution base, determined by deducting from the total of salaries and wages as established in subsection a the amount of salaries and wages included under subsection b.

d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.

e. Apply the F&A cost rate to direct salaries and wages for individual agreements to determine the amount of F&A costs allocable to such agreements.

3. Simplified procedure - Modified total direct cost base.

a. Establish the total costs incurred by the institution for the base period.

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

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

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

(3) Library.

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

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

c. Establish a modified total direct cost distribution base, as defined in Section G.2, that consists of all institution's direct functions.

d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.

e. Apply the F&A cost rate to the modified total direct costs for individual agreements to determine the amount of F&A costs allocable to such agreements.

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

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

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

a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

b. The term public relations includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

c. The only allowable advertising costs are those that are solely for:

(1) The recruitment of personnel required for the performance by the institution of obligations arising under a sponsored agreement (See also subsection b. of section J.42, Recruiting);

(2) The procurement of goods and services for the performance of a sponsored agreement;

(3) The disposal of scrap or surplus materials acquired in the performance of a sponsored agreement except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; or

(4) Other specific purposes necessary to meet the requirements of the sponsored agreement.

d. The only allowable public relations costs are:

(1) Costs specifically required by the sponsored agreement;

(2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of sponsored agreements (these costs are considered necessary as part of the outreach effort for the sponsored agreement); or

(3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc.

e. Costs identified in subsections c and d if incurred for more than one sponsored agreement or for both sponsored work and other work of the institution, are allowable to the extent that the principles in sections D. ("Direct Costs") and E. ("F & A Costs") are observed.

f. Unallowable advertising and public relations costs include the following:

(1) All advertising and public relations costs other than as specified in subsections 1.c, 1.d and 1.e.

(2) Costs of meetings, conventions, convocations, or other events related to other activities of the institution, including:

(a) Costs of displays, demonstrations, and exhibits;

(b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and

(c) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

(3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs;

(4) Costs of advertising and public relations designed solely to promote the institution.

## 2. Advisory councils.

Costs incurred by advisory councils or committees are allowable as a direct cost where authorized by the Federal awarding agency or as an indirect cost where allocable to sponsored agreements.

3. Alcoholic beverages.

Costs of alcoholic beverages are unallowable.

4. Alumni/ae activities.

Costs incurred for, or in support of, alumni/ae activities and similar services are unallowable.

5. Audit costs and related services.

a. The costs of audits required by, and performed in accordance with, the Single Audit Act, as implemented by Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" are allowable. Also see 31 USC 7505(b) and section \_\_.230 ("Audit Costs") of Circular A-133.

b. Other audit costs are allowable if included in an indirect cost rate proposal, or if specifically approved by the awarding agency as a direct cost to an award.

c. The cost of agreed-upon procedures engagements to monitor subrecipients who are exempted from A-133 under section \_\_.200(d) are allowable, subject to the conditions listed in A-133, section \_\_.230 (b)(2).

6. Bad Debt.

Bad debts, including losses (whether actual or estimated) arising from uncollectable accounts and other claims, related collection costs, and related legal costs, are unallowable.

7. Bonding costs.

a. Bonding costs arise when the Federal Government requires assurance against financial loss to itself or others by reason of the act or default of the institution. They arise also in instances where the institution requires similar assurance. Included are such bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds.

b. Costs of bonding required pursuant to the terms of the award are allowable.

c. Costs of bonding required by the institution in the general conduct of its operations are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

8. Commencement and convocation costs.

Costs incurred for commencements and convocations are unallowable, except as provided for in Section F.9.

9. Communication costs.

Costs incurred for telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are allowable.

10. Compensation for personal services.

a. General. Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. Such amounts include salaries, wages, and fringe benefits (see subsection f). These costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied, and provided that the charges for work performed directly on sponsored agreements and for other work allocable as F&A costs are determined and supported as provided below. Charges to sponsored agreements may include reasonable amounts for activities contributing and intimately related to work under the agreements, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences. Incidental work (that in excess of normal for the individual), for which supplemental compensation is paid by an institution under institutional policy, need not be included in the payroll distribution systems described below, provided such work and compensation are separately identified and documented in the financial management system of the institution.

b. Payroll distribution.

(1) General Principles.

(a) The distribution of salaries and wages, whether treated as direct or F&A costs, will be based on payrolls documented in accordance with the generally accepted practices of colleges and universities. Institutions may include in a residual category all activities that are not directly charged to sponsored agreements, and that need not be distributed to more than one activity for purposes of identifying F&A costs and the functions to which they are allocable. The components of

the residual category are not required to be separately documented.

(b) The apportionment of employees' salaries and wages which are chargeable to more than one sponsored agreement or other cost objective will be accomplished by methods which will-

(1) be in accordance with Sections A.2 and C;

(2) produce an equitable distribution of charges for employee's activities; and

(3) distinguish the employees' direct activities from their F&A activities.

(c) In the use of any methods for apportioning salaries, it is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.

(d) There is no single best method for documenting the distribution of charges for personal services. Methods for apportioning salaries and wages, however, must meet the criteria specified in subsection b.(2). Examples of acceptable methods are contained in subsection c. Other methods that meet the criteria specified in subsection b.(2) also shall be deemed acceptable, if a mutually satisfactory alternative agreement is reached.

(2) Criteria for Acceptable Methods.

(a) The payroll distribution system will

(i) be incorporated into the official records of the institution;

(ii) reasonably reflect the activity for which the employee is compensated by the institution; and

(iii) encompass both sponsored and all other activities on an integrated basis, but may include the use of subsidiary records. (Compensation for incidental work described in subsection a need not be included.)

(b) The method must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and F&A cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Confirmation by the employee is not a requirement for either direct or F&A cost activities if other responsible persons make appropriate confirmations.

(c) The payroll distribution system will allow confirmation of activity allocable to each sponsored agreement and each of the categories of activity needed to identify F&A costs and the functions to which they are allocable. The activities chargeable to F&A cost categories or the major functions of the institution for employees whose salaries must be apportioned (see subsection b.(1)b)), if not initially identified as separate categories, may be subsequently distributed by any reasonable method mutually agreed to, including, but not limited to, suitably conducted surveys, statistical sampling procedures, or the application of negotiated fixed rates.

(d) Practices vary among institutions and within institutions as to the activity constituting a full workload. Therefore, the payroll distribution system may reflect categories of activities expressed as a percentage distribution of total activities.

(e) Direct and F&A charges may be made initially to sponsored agreements on the basis of estimates made before services are performed. When such estimates are used, significant changes in the corresponding work activity must be identified and entered into the payroll distribution system. Short-term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term, such as an academic period.

(f) The system will provide for independent internal evaluations to ensure the system's effectiveness and compliance with the above standards.

(g) For systems which meet these standards, the institution will not be required to provide additional support or documentation for the effort actually performed.

c. Examples of Acceptable Methods for Payroll Distribution:

(1) Plan-Confirmation: Under this method, the distribution of salaries and wages of professorial and professional staff applicable to sponsored agreements is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution. A plan-confirmation system used for salaries and wages charged directly or indirectly to sponsored agreements will meet the following standards:

(a) A system of budgeted, planned, or assigned work activity will be incorporated into the official records of the institution and encompass both sponsored and all other

activities on an integrated basis. The system may include the use of subsidiary records.

(b) The system will reasonably reflect only the activity for which the employee is compensated by the institution (compensation for incidental work described in subsection a need not be included). Practices vary among institutions and within institutions as to the activity constituting a full workload. Hence, the system will reflect categories of activities expressed as a percentage distribution of total activities. (See Section H for treatment of F&A costs under the simplified method for small institutions.)

(c) The system will reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and the functions to which they are allocable. The system may treat F&A cost activities initially within a residual category and subsequently determine them by alternate methods as discussed in subsection b.(2)(c).

(d) The system will provide for modification of an individual's salary or salary distribution commensurate with a significant change in the employee's work activity. Short-term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term, such as an academic period. Whenever it is apparent that a significant change in work activity that is directly or indirectly charged to sponsored agreements will occur or has occurred, the change will be documented over the signature of a responsible official and entered into the system.

(e) At least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, F&A cost or other categories are reasonable in relation to work performed.

(f) The system will provide for independent internal evaluation to ensure the system's integrity and compliance with the above standards.

(g) In the use of this method, an institution shall not be required to provide additional support or documentation for the effort actually performed.

(2) After-the-fact Activity Records: Under this system the distribution of salaries and wages by the institution will be supported by activity reports as prescribed below.

(a) Activity reports will reflect the distribution of activity expended by employees covered by the system



(compensation for incidental work as described in subsection a need not be included).

(b) These reports will reflect an after-the-fact reporting of the percentage distribution of activity of employees. Charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences are indicated by activity records.

(c) Reports will reasonably reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.

(d) The system will reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and the functions to which they are allocable. The system may treat F&A cost activities initially within a residual category and subsequently determine them by alternate methods as discussed in subsection b.(2)(c).

(e) For professorial and professional staff, the reports will be prepared each academic term, but no less frequently than every six months. For other employees, unless alternate arrangements are agreed to, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.

(f) Where the institution uses time cards or other forms of after-the-fact payroll documents as original documentation for payroll and payroll charges, such documents shall qualify as records for this purpose, provided that they meet the requirements in subsections (a) through (e).

(3) Multiple Confirmation Records: Under this system, the distribution of salaries and wages of professorial and professional staff will be supported by records which certify separately for direct and F&A cost activities as prescribed below.

(a) For employees covered by the system, there will be direct cost records to reflect the distribution of that activity expended which is to be allocable as direct cost to each sponsored agreement. There will also be F&A cost records to reflect the distribution of that activity to F&A costs. These records may be kept jointly or separately (but are to be certified separately, see below).

(b) Salary and wage charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences occur.

(c) Institutional records will reasonably reflect only the activity for which employees are compensated by the institution (compensation for incidental work as described in subsection a need not be included).

(d) The system will reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and the functions to which they are allocable.

(e) To confirm that distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the record for each employee will include:

(1) the signature of the employee or of a person having direct knowledge of the work, confirming that the record of activities allocable as direct costs of each sponsored agreement is appropriate; and,

(2) the record of F&A costs will include the signature of responsible person(s) who use suitable means of verification that the work was performed and is consistent with the overall distribution of the employee's compensated activities. These signatures may all be on the same document.

(f) The reports will be prepared each academic term, but no less frequently than every six months.

(g) Where the institution uses time cards or other forms of after-the-fact payroll documents as original documentation for payroll and payroll charges, such documents shall qualify as records for this purposes, provided they meet the requirements in subsections (a) through (f).

d. Salary rates for faculty members.

(1) Salary rates for academic year. Charges for work performed on sponsored agreements by faculty members during the academic year will be based on the individual faculty member's regular compensation for the continuous period which, under the policy of the institution concerned, constitutes the basis of his salary. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period. This principle applies to all members of the faculty at an institution. Since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary, the principle also applies

to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the same institution. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided that such consulting arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency.

(2) Periods outside the academic year.

(a) Except as otherwise specified for teaching activity in subsection (b), charges for work performed by faculty members on sponsored agreements during the summer months or other period not included in the base salary period will be determined for each faculty member at a rate not in excess of the base salary divided by the period to which the base salary relates, and will be limited to charges made in accordance with other parts of this section. The base salary period used in computing charges for work performed during the summer months will be the number of months covered by the faculty member's official academic year appointment.

(b) Charges for teaching activities performed by faculty members on sponsored agreements during the summer months or other periods not included in the base salary period will be based on the normal policy of the institution governing compensation to faculty members for teaching assignments during such periods.

(3) Part-time faculty. Charges for work performed on sponsored agreements by faculty members having only part-time appointments will be determined at a rate not in excess of that regularly paid for the part-time assignments. For example, an institution pays \$5000 to a faculty member for half-time teaching during the academic year. He devoted one-half of his remaining time to a sponsored agreement. Thus, his additional compensation, chargeable by the institution to the agreement, would be one-half of \$5000, or \$2500.

e. Noninstitutional professional activities. Unless an arrangement is specifically authorized by a Federal sponsoring agency, an institution must follow its institution-wide policies and practices concerning the permissible extent of professional services that can be provided outside the institution for noninstitutional compensation. Where such institution-wide policies do not exist or do not adequately define the permissible extent of consulting or other noninstitutional

activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on sponsored agreements be allocated between (1) institutional activities, and (2) noninstitutional professional activities. If the sponsoring agency considers the extent of noninstitutional professional effort excessive, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

f. Fringe benefits.

(1) Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, military leave, and the like, are allowable, provided such costs are distributed to all institutional activities in proportion to the relative amount of time or effort actually devoted by the employees. See subsection 11.f.(4) for treatment of sabbatical leave.

(2) Fringe benefits in the form of employer contributions or expenses for social security, employee insurance, workmen's compensation insurance, tuition or remission of tuition for individual employees are allowable, provided such benefits are granted in accordance with established educational institutional policies, and are distributed to all institutional activities on an equitable basis. Tuition benefits for family members other than the employee are unallowable for fiscal years beginning after September 30, 1998. See Section J.45.b, Scholarships and student aid costs, for treatment of tuition remission provided to students.

(3) Rules for pension plan costs are as follows:

(a) Costs of the institution's pension plan which are incurred in accordance with the established policies of the institution are allowable, provided: (i) such policies meet the test of reasonableness, (ii) the methods of cost allocation are equitable for all activities, (iii) the amount of pension cost assigned to each fiscal year is determined in accordance with subsection (b), and (iv) the cost assigned to a given fiscal year is paid or funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are unallowable.

(b) The amount of pension cost assigned to each fiscal year shall be determined in accordance with generally accepted accounting principles. Institutions may elect to follow the "Cost Accounting Standard for Composition and Measurement of Pension Cost" (48 Part 9904-412).

(c) Premiums paid for pension plan termination insurance pursuant to the Employee Retirement Income Security Act (ERISA) of 1974 (Pub. L. 93-406) are allowable. Late payment charges on such premiums are unallowable. Excise taxes on accumulated funding deficiencies and prohibited transactions of pension plan fiduciaries imposed under ERISA are also unallowable.

(4) Rules for sabbatical leave are as follows:

(a) Costs of leave of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable provided the institution has a uniform policy on sabbatical leave for persons engaged in instruction and persons engaged in research. Such costs will be allocated on an equitable basis among all related activities of the institution.

(b) Where sabbatical leave is included in fringe benefits for which a cost is determined for assessment as a direct charge, the aggregate amount of such assessments applicable to all work of the institution during the base period must be reasonable in relation to the institution's actual experience under its sabbatical leave policy.

(5) Fringe benefits may be assigned to cost objectives by identifying specific benefits to specific individual employees or by allocating on the basis of institution-wide salaries and wages of the employees receiving the benefits. When the allocation method is used, separate allocations must be made to selective groupings of employees, unless the institution demonstrates that costs in relationship to salaries and wages do not differ significantly for different groups of employees. Fringe benefits shall be treated in the same manner as the salaries and wages of the employees receiving the benefits. The benefits related to salaries and wages treated as direct costs shall also be treated as direct costs; the benefits related to salaries and wages treated as F&A costs shall be treated as F&A costs.

g. Institution-furnished automobiles.

That portion of the cost of institution-furnished automobiles that relates to personal use by employees (including transportation to and from work) is unallowable regardless of whether the cost is reported as taxable income to the employees.

h. Severance pay.

(1) Severance pay is compensation in addition to regular salary and wages which is paid by an institution to employees whose services are being terminated. Costs of severance pay are allowable only to the extent that such payments are required by law, by employer-employee agreement, by established policy that constitutes in effect an implied agreement on the institution's

part, or by circumstances of the particular employment.

(2) Severance payments that are due to normal recurring turnover and which otherwise meet the conditions of subsection (1) may be allowed provided the actual costs of such severance payments are regarded as expenses applicable to the current fiscal year and are equitably distributed among the institution's activities during that period.

(3) Severance payments that are due to abnormal or mass terminations are of such conjectural nature that allowability must be determined on a case-by-case basis. However, the Federal Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment.

(4) Costs incurred in excess of the institution's normal severance pay policy applicable to all persons employed by the institution upon termination of employment are unallowable.

#### 11. Contingency provisions.

Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable, except as noted in the cost principles in this circular regarding self-insurance, pensions, severance and post-retirement health costs.

#### 12. Deans of faculty and graduate schools.

The salaries and expenses of deans of faculty and graduate schools, or their equivalents, and their staffs, are allowable.

#### 13. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement.

##### a. Definitions.

"Conviction," as used herein, means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon verdict or a plea, including a conviction due to a plea of nolo contendere.

"Costs," include, but are not limited to, administrative and clerical expenses; the cost of legal services, whether performed by in-house or private counsel; the costs of the services of accountants, consultants, or others retained by the institution to assist it; costs of employees, officers and trustees, and any similar costs incurred before, during, and after commencement of a judicial or administrative proceeding that bears a direct relationship to the proceedings.

"Fraud," as used herein, means -

(1) acts of fraud or corruption or attempts to defraud the Federal Government or to corrupt its agents;

(2) acts that constitute a cause for debarment or suspension (as specified in agency regulations), and (3) acts which violate the False Claims Act, 31 U.S.C., sections 3729-3731, or the Anti-kickback Act, 41 U.S.C., sections 51 and 54.

"Penalty," does not include restitution, reimbursement, or compensatory damages.

"Proceeding," includes an investigation.

b. (1) Except as otherwise described herein, costs incurred in connection with any criminal, civil or administrative proceeding (including filing of a false certification) commenced by the Federal Government, or a State, local or foreign government, are not allowable if the proceeding

(a) relates to a violation of, or failure to comply with, a Federal, State, local or foreign statute or regulation, by the institution (including its agents and employees); and

(b) results in any of the following dispositions:

(i) In a criminal proceeding, a conviction.

(ii) In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of institutional liability.

(iii) In the case of any civil or administrative proceeding, the imposition of a monetary penalty.

(iv) A final decision by an appropriate Federal official to debar or suspend the institution, to rescind or void an award, or to terminate an award for default by reason of a violation or failure to comply with a law or regulation.

(v) A disposition by consent or compromise, if the action could have resulted in any of the dispositions described in subsections (i) through (iv).

(2) If more than one proceeding involves the same alleged misconduct, the costs of all such proceedings shall be unallowable if any one of them results in one of the dispositions shown in subsection b.

c. If a proceeding referred to in subsection b. is commenced by the Federal Government and is resolved by consent or compromise pursuant to an agreement entered into by the institution and the Federal Government, then the costs incurred by the institution in connection with such proceedings that are otherwise not allowable under subsection b. may be allowed to the extent specifically provided in such agreement.

d. If a proceeding referred to in subsection b. is commenced by a State, local or foreign government, the authorized Federal

official may allow the costs incurred by the institution for such proceedings, if such authorized official determines that the costs were incurred as a result of -

(1) a specific term or condition of a federally-sponsored agreement; or

(2) specific written direction of an authorized official of the sponsoring agency.

e. Costs incurred in connection with proceedings described in subsection b, but which are not made unallowable by that subsection, may be allowed by the Federal Government, but only to the extent that:

(1) The costs are reasonable in relation to the activities required to deal with the proceeding and the underlying cause of action;

(2) Payment of the costs incurred, as allowable and allocable costs, is not prohibited by any other provision(s) of the sponsored agreement;

(3) The costs are not otherwise recovered from the Federal Government or a third party, either directly as a result of the proceeding or otherwise; and,

(4) The percentage of costs allowed does not exceed the percentage determined by an authorized Federal official to be appropriate considering the complexity of procurement litigation, generally accepted principles governing the award of legal fees in civil actions involving the United States as a party, and such other factors as may be appropriate. Such percentage shall not exceed 80 percent. However, if an agreement reached under subsection c has explicitly considered this 80 percent limitation and permitted a higher percentage, then the full amount of costs resulting from that agreement shall be allowable.

f. Costs incurred by the institution in connection with the defense of suits brought by its employees or ex-employees under section 2 of the Major Fraud Act of 1988 (Pub. L. 100-700), including the cost of all relief necessary to make such employee whole, where the institution was found liable or settled, are unallowable.

g. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with defense against Federal Government claims or appeals, or the prosecution of claims or appeals against the Federal Government, are unallowable.

h. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with patent infringement



litigation, are unallowable unless otherwise provided for in the sponsored agreements.

i. Costs, which may be unallowable under this section, including directly associated costs, shall be segregated and accounted for by the institution separately. During the pendency of any proceeding covered by subsections b and f, the Federal Government shall generally withhold payment of such costs. However, if in the best interests of the Federal Government, the Federal Government may provide for conditional payment upon provision of adequate security, or other adequate assurance, and agreement by the institution to repay all unallowable costs, plus interest, if the costs are subsequently determined to be unallowable.

#### 14. Depreciation and use allowances.

a. Institutions may be compensated for the use of their buildings, capital improvements, and equipment, provided that they are used, needed in the institutions' activities, and properly allocable to sponsored agreements. Such compensation shall be made by computing either depreciation or use allowance. Use allowances are the means of providing such compensation when depreciation or other equivalent costs are not computed. The allocation for depreciation or use allowance shall be made in accordance with Section F.2. Depreciation and use allowances are computed applying the following rules:

b. The computation of depreciation or use allowances shall be based on the acquisition cost of the assets involved. The acquisition cost of an asset donated to the institution by a third party shall be its fair market value at the time of the donation.

c. For this purpose, the acquisition cost will exclude:

- (1) the cost of land;
- (2) any portion of the cost of buildings and equipment borne by or donated by the Federal Government, irrespective of where title was originally vested or where it is presently located; and
- (3) any portion of the cost of buildings and equipment contributed by or for the institution where law or agreement prohibits recovery.

d. In the use of the depreciation method, the following shall be observed:

- (1) The period of useful service (useful life) established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment, technological developments in the particular

area, and the renewal and replacement policies followed for the individual items or classes of assets involved.

(2) The depreciation method used to charge the cost of an asset (or group of assets) to accounting periods shall reflect the pattern of consumption of the asset during its useful life. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight-line method shall be presumed to be the appropriate method.

Depreciation methods once used shall not be changed unless approved in advance by the cognizant Federal agency. The depreciation methods used to calculate the depreciation amounts for F&A rate purposes shall be the same methods used by the institution for its financial statements. This requirement does not apply to those institutions (e.g., public institutions of higher education) which are not required to record depreciation by applicable generally accepted accounting principles (GAAP).

(3) Where the depreciation method is introduced to replace the use allowance method, depreciation shall be computed as if the asset had been depreciated over its entire life (i.e., from the date the asset was acquired and ready for use to the date of disposal or withdrawal from service). The aggregate amount of use allowances and depreciation attributable to an asset (including imputed depreciation applicable to periods prior to the conversion to the use allowance method as well as depreciation after the conversion) may be less than, and in no case, greater than the total acquisition cost of the asset.

(4) The entire building, including the shell and all components, may be treated as a single asset and depreciated over a single useful life. A building may also be divided into multiple components. Each component item may then be depreciated over its estimated useful life. The building components shall be grouped into three general components of a building: building shell (including construction and design costs), building services systems (e.g., elevators, HVAC, plumbing system and heating and air-conditioning system) and fixed equipment (e.g., sterilizers, casework, fume hoods, cold rooms and glassware/washers). In exceptional cases, a Federal cognizant agency may authorize a institution to use more than these three groupings. When a institution elects to depreciate its buildings by its components, the same depreciation methods must be used for F&A purposes and financial statement purposes, as described in subsection d.2.

(5) Where the depreciation method is used for a particular class of assets, no depreciation may be allowed on any such assets that have outlived their depreciable lives. (See also subsection e.(3))

e. Under the use allowance method, the following shall be observed:

(1) The use allowance for buildings and improvements (including improvements such as paved parking areas, fences, and sidewalks) shall be computed at an annual rate not exceeding two percent of acquisition cost.

The use allowance for equipment shall be computed at an annual rate not exceeding six and two-thirds percent of acquisition cost. Use allowance recovery is limited to the acquisition cost of the assets. For donated assets, use allowance recovery is limited to the fair market value of the assets at the time of donation.

(2) In contrast to the depreciation method, the entire building must be treated as a single asset without separating its "shell" from other building components under the use allowance method. The entire building must be treated as a single asset, and the two-percent use allowance limitation must be applied to all parts of the building.

The two-percent limitation, however, need not be applied to equipment or other assets that are merely attached or fastened to the building but not permanently fixed and are used as furnishings, decorations or for specialized purposes (e.g., dentist chairs and dental treatment units, counters, laboratory benches bolted to the floor, dishwashers, modular furniture, and carpeting). Such equipment and assets will be considered as not being permanently fixed to the building if they can be removed without the need for costly or extensive alterations or repairs to the building to make the space usable for other purposes. Equipment and assets that meet these criteria will be subject to the 6 2/3 percent equipment use allowance.

(3) A reasonable use allowance may be negotiated for any assets that are considered to be fully depreciated, after taking into consideration the amount of depreciation previously charged to the Federal Government, the estimated useful life remaining at the time of negotiation, the effect of any increased maintenance charges, decreased efficiency due to age, and any other factors pertinent to the utilization of the asset for the purpose contemplated.

(4) Notwithstanding subsection e.(3), once a institution converts from one cost recovery methodology to another,

acquisition costs not recovered may not be used in the calculation of the use allowance in subsection e.(3).

f. Except as otherwise provided in subsections b. through e., a combination of the depreciation and use allowance methods may not be used, in like circumstances, for a single class of assets (e.g., buildings, office equipment, and computer equipment).

g. Charges for use allowances or depreciation must be supported by adequate property records, and physical inventories must be taken at least once every two years to ensure that the assets exist and are usable, used, and needed. Statistical sampling techniques may be used in taking these inventories. In addition, when the depreciation method is used, adequate depreciation records showing the amount of depreciation taken each period must also be maintained.

h. This section applies to the largest college and university recipients of Federal research and development funds as displayed in Exhibit A, List of Colleges and Universities Subject to Section J.14.h of Circular A-21.

(1) Institutions shall expend currently, or reserve for expenditure within the next five years, the portion of F&A cost payments made for depreciation or use allowances under sponsored research agreements, consistent with Section F.2, to acquire or improve research facilities. This provision applies only to Federal agreements, which reimburse F&A costs at a full negotiated rate. These funds may only be used for (a) liquidation of the principal of debts incurred to acquire assets that are used directly for organized research activities, or (b) payments to acquire, repair, renovate, or improve buildings or equipment directly used for organized research. For buildings or equipment not exclusively used for organized research activity, only appropriately proportionate amounts will be considered to have been expended for research facilities.

(2) An assurance that an amount equal to the Federal reimbursements has been appropriately expended or reserved to acquire or improve research facilities shall be submitted as part of each F&A cost proposal submitted to the cognizant Federal agency which is based on costs incurred on or after October 1, 1991. This assurance will cover the cumulative amounts of funds received and expended during the period beginning after the period covered by the previous assurance and ending with the fiscal year on which the proposal is based. The assurance shall also cover any amounts reserved from a prior period in which the funds received exceeded the amounts expended.

15. Donations and contributions.

a. Contributions or Donations rendered.

Contributions or donations, including cash, property, and services, made by the institution, regardless of the recipient, are unallowable.

b. Donated services received.

Donated or volunteer services may be furnished to a institution by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or F&A cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with Circular A-110.

c. Donated property.

The value of donated property is not reimbursable either as a direct or F&A cost, except that depreciation or use allowances on donated assets are permitted in accordance with Section J.14. The value of donated property may be used to meet cost sharing or matching requirements, in accordance with Circular A-110.

16. Employee morale, health, and welfare costs and costs.

a. The costs of employee information publications, health or first-aid clinics and/or infirmaries, recreational activities, employee counseling services, and any other expenses incurred in accordance with the institution's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance are allowable.

b. Such costs will be equitably apportioned to all activities of the institution. Income generated from any of these activities will be credited to the cost thereof unless such income has been irrevocably set over to employee welfare organizations.

c. Losses resulting from operating food services are allowable only if the institution's objective is to operate such services on a break-even basis. Losses sustained because of operating objectives other than the above are allowable only (a) where the institution can demonstrate unusual circumstances, and (b) with the approval of the cognizant Federal agency.

17. Entertainment costs.

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals,

lodging, rentals, transportation, and gratuities) are unallowable.

18. Equipment and other capital expenditures.

a. For purposes of this subsection, the following definitions apply:

(1) "Capital Expenditures" means expenditures for the acquisition cost of capital assets (equipment, buildings, and land), or expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the institution's regular accounting practices.

(2) "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the institution for financial statement purposes, or \$5000.

(3) "Special purpose equipment" means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

(4) "General purpose equipment" means equipment, which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

b. The following rules of allowability shall apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of the awarding agency.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or

useful life are unallowable as a direct cost except with the prior approval of the awarding agency.

(4) When approved as a direct charge pursuant to subsections J.18.b(1) through (3) above, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate by and negotiated with the awarding agency.

(5) Equipment and other capital expenditures are unallowable as indirect costs. However, see section J.14, Depreciation and use allowances, for rules on the allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also, see section J.43, Rental costs of buildings and equipment, for rules on the allowability of rental costs for land, buildings, and equipment.

(6) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable use allowances or depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the cognizant agency.

#### 19. Fines and penalties.

Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency authorizing in advance such payments.

#### 20. Fund raising and investment costs.

a. Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, are unallowable.

b. Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are unallowable.

c. Costs related to the physical custody and control of monies and securities are allowable.

#### 21. Gain and losses on depreciable assets.

a. (1) Gains and losses on the sale, retirement, or other disposition of depreciable property shall be included in the year in which they occur as credits or charges to the asset cost grouping(s) in which the property was included. The amount of the gain or loss to be included as a credit or charge to the appropriate asset cost grouping(s) shall be the difference between the amount realized on the property and the undepreciated basis of the property.

(2) Gains and losses on the disposition of depreciable property shall not be recognized as a separate credit or charge under the following conditions:

(a) The gain or loss is processed through a depreciation account and is reflected in the depreciation allowable under Section J.14.

(b) The property is given in exchange as part of the purchase price of a similar item and the gain or loss is taken into account in determining the depreciation cost basis of the new item.

(c) A loss results from the failure to maintain permissible insurance, except as otherwise provided in Section J.25.

(d) Compensation for the use of the property was provided through use allowances in lieu of depreciation.

b. Gains or losses of any nature arising from the sale or exchange of property other than the property covered in subsection a shall be excluded in computing sponsored agreement costs.

c. When assets acquired with Federal funds, in part or wholly, are disposed of, the distribution of the proceeds shall be made in accordance with Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations."

## 22. Goods or services for personal use.

Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

## 23. Housing and personal living expenses.

a. Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent, etc.), housing allowances and personal living expenses for/of the institution's officers are unallowable regardless of whether the cost is reported as taxable income to the employees.

b. The term "officers" includes current and past officers.



24. Idle facilities and idle capacity.

a. As used in this section the following terms have the meanings set forth below:

(1) "Facilities" means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the institution.

(2) "Idle facilities" means completely unused facilities that are excess to the institution's current needs.

(3) "Idle capacity" means the unused capacity of partially used facilities. It is the difference between:

(a) that which a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays; and

(b) the extent to which the facility was actually used to meet demands during the accounting period. A multi-shift basis should be used if it can be shown that this amount of usage would normally be expected for the type of facility involved.

(4) "Cost of idle facilities or idle capacity" means costs such as maintenance, repair, housing, rent, and other related costs, e.g., insurance, interest, property taxes and depreciation or use allowances.

b. The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet fluctuations in workload; or

(2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under the exception stated in this subsection, costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year, depending on the initiative taken to use, lease, or dispose of such facilities.

c. The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. Such costs are allowable, provided that the capacity is reasonably anticipated to be necessary or was originally reasonable and is not subject to reduction or elimination by use on other sponsored agreements, subletting, renting, or sale, in accordance with

sound business, economic, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be considered idle facilities.

25. Insurance and indemnification.

a. Costs of insurance required or approved, and maintained, pursuant to the sponsored agreement, are allowable.

b. Costs of other insurance maintained by the institution in connection with the general conduct of its activities, are allowable subject to the following limitations:

(1) types and extent and cost of coverage must be in accordance with sound institutional practice;

(2) costs of insurance or of any contributions to any reserve covering the risk of loss of or damage to federally-owned property are unallowable, except to the extent that the Federal Government has specifically required or approved such costs; and

(3) costs of insurance on the lives of officers or trustees are unallowable except where such insurance is part of an employee plan which is not unduly restricted.

c. Contributions to a reserve for a self-insurance program are allowable, to the extent that the types of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks.

d. Actual losses which could have been covered by permissible insurance (whether through purchased insurance or self-insurance) are unallowable, unless expressly provided for in the sponsored agreement, except that costs incurred because of losses not covered under existing deductible clauses for insurance coverage provided in keeping with sound management practice as well as minor losses not covered by insurance, such as spoilage, breakage and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.

e. Indemnification includes securing the institution against liabilities to third persons and other losses not compensated by insurance or otherwise. The Federal Government is obligated to indemnify the institution only to the extent expressly provided for in the sponsored agreement, except as provided in subsection d.

f. Insurance against defects. Costs of insurance with respect to any costs incurred to correct defects in the institution's materials or workmanship are unallowable.

g. Medical liability (malpractice) insurance is an allowable cost of research programs only to the extent that the research

involves human subjects. Medical liability insurance costs shall be treated as a direct cost and shall be assigned to individual projects based on the manner in which the insurer allocates the risk to the population covered by the insurance.

26. Interest.

a. Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the institution's own funds, however represented, are unallowable. However, interest on debt incurred after July 1, 1982 to acquire buildings, major reconstruction and remodeling, or the acquisition or fabrication of capital equipment costing \$10,000 or more, is allowable.

b. Interest on debt incurred after **May 8, 1996** to acquire or replace capital assets (including construction, renovations, alterations, equipment, land, and capital assets acquired through capital leases) acquired after that date and used in support of sponsored agreements is allowable, subject to the following conditions:

(1) For facilities costing over \$500,000, the institution shall prepare, prior to acquisition or replacement of the facility, a lease-purchase analysis in accordance with the provisions of Sec\_\_\_\_.30 through\_\_\_\_.37 of OMB Circular A-110, which shows that a financed purchase, including a capital lease is less costly to the institution than other operating lease alternatives, on a net present value basis. Discount rates used shall be equal to the institution's anticipated interest rates and shall be no higher than the fair market rate available to the institution from an unrelated ("arm's length") third-party. The lease-purchase analysis shall include a comparison of the net present value of the projected total cost comparisons of both alternatives over the period the asset is expected to be used by the institution. The cost comparisons associated with purchasing the facility shall include the estimated purchase price, anticipated operating and maintenance costs (including property taxes, if applicable) not included in the debt financing, less any estimated asset salvage value at the end of the defined period. The cost comparison for a capital lease shall include the estimated total lease payments, any estimated bargain purchase option, operating and maintenance costs, and taxes not included in the capital leasing arrangement, less any estimated credits due under the lease at the end of the defined period. Projected operating lease costs shall be based on the anticipated cost of leasing comparable facilities at fair market rates under rental agreements that would be renewed or

reestablished over the period defined above, and any expected maintenance costs and allowable property taxes to be borne by the institution directly or as part of the lease arrangement.

(2) The actual interest cost claimed is predicated upon interest rates that are no higher than the fair market rate available to the institution from an unrelated (arm's length) third party.

(3) Investment earnings, including interest income on bond or loan principal, pending payment of the construction or acquisition costs, are used to offset allowable interest cost. Arbitrage earnings reportable to the Internal Revenue Service are not required to be offset against allowable interest costs.

(4) Reimbursements are limited to the least costly alternative based on the total cost analysis required under subsection (1). For example, if an operating lease is determined to be less costly than purchasing through debt financing, then reimbursement is limited to the amount determined if leasing had been used. In all cases where a lease-purchase analysis is required to be performed, Federal reimbursement shall be based upon the least expensive alternative.

(5) For debt arrangements over \$1 million, unless the institution makes an initial equity contribution to the asset purchase of 25 percent or more, the institution shall reduce claims for interest expense by an amount equal to imputed interest earnings on excess cash flow, which is to be calculated as follows. Annually, non-Federal entities shall prepare a cumulative (from the inception of the project) report of monthly cash flows that includes inflows and outflows, regardless of the funding source. Inflows consist of depreciation expense, amortization of capitalized construction interest, and annual interest cost. For cash flow calculations, the annual inflow figures shall be divided by the number of months in the year (i.e., usually 12) that the building is in service for monthly amounts. Outflows consist of initial equity contributions, debt principal payments (less the pro rata share attributable to the unallowable costs of land) and interest payments. Where cumulative inflows exceed cumulative outflows, interest shall be calculated on the excess inflows for that period and be treated as a reduction to allowable interest cost. The rate of interest to be used to compute earnings on excess cash flows shall be the three-month Treasury bill closing rate as of the last business day of that month.

(6) Substantial relocation of federally-sponsored activities from a facility financed by indebtedness, the cost of

which was funded in whole or part through Federal reimbursements, to another facility prior to the expiration of a period of 20 years requires notice to the cognizant agency. The extent of the relocation, the amount of the Federal participation in the financing, and the depreciation and interest charged to date may require negotiation and/or downward adjustments of replacement space charged to Federal programs in the future.

(7) The allowable costs to acquire facilities and equipment are limited to a fair market value available to the institution from an unrelated (arm's length) third party.

c. Institutions are also subject to the following conditions:

(1) Interest on debt incurred to finance or refinance assets re-acquired after the applicable effective dates stipulated above is unallowable.

(2) Interest attributable to fully depreciated assets is unallowable.

d. The following definitions are to be used for purposes of this section:

(1) "Re-acquired" assets means assets held by the institution prior to the applicable effective dates stipulated above that have again come to be held by the institution, whether through repurchase or refinancing. It does not include assets acquired to replace older assets.

(2) "Initial equity contribution" means the amount or value of contributions made by non-Federal entities for the acquisition of the asset prior to occupancy of facilities.

(3) "Asset costs" means the capitalizable costs of an asset, including construction costs, acquisition costs, and other such costs capitalized in accordance with Generally Accepted Accounting Principles (GAAP).

#### 27. Labor relations costs.

Costs incurred in maintaining satisfactory relations between the institution and its employees, including costs of labor management committees, employees' publications, and other related activities, are allowable.

#### 28. Lobbying.

Reference is made to the common rule published at 55 FR 6736 (2/26/90), and OMB's governmentwide guidance, amendments to OMB's governmentwide guidance, and OMB's clarification notices published at 54 FR 52306 (12/20/89), 61 FR 1412 (1/19/96), 55 FR

24540 (6/15/90) and 57 FR 1772 (1/15/92), respectively. In addition, the following restrictions shall apply:

a. Notwithstanding other provisions of this Circular, costs associated with the following activities are unallowable:

(1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity;

(2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;

(3) Any attempt to influence -

(i) the introduction of Federal or State legislation;

(ii) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature, including efforts to influence State or local officials to engage in similar lobbying activity; or

(iii) any government official or employee in connection with a decision to sign or veto enrolled legislation;

(4) Any attempt to influence -

(i) the introduction of Federal or State legislation; or

(ii) the enactment or modification of any pending Federal or State legislation by preparing, distributing, or using publicity or propaganda, or by urging members of the general public, or any segment thereof, to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or

(5) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

b. The following activities are excepted from the coverage of subsection a:

(1) Technical and factual presentations on topics directly related to the performance of a grant, contract, or other agreement (through hearing testimony, statements, or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member thereof), in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, legislative body or

subdivision, or a cognizant staff member thereof, provided such information is readily obtainable and can be readily put in deliverable form, and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearings;

(2) Any lobbying made unallowable by subsection a.(3) to influence State legislation in order to directly reduce the cost, or to avoid material impairment of the institution's authority to perform the grant, contract, or other agreement; or

(3) Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.

c. When an institution seeks reimbursement for F&A costs, total lobbying costs shall be separately identified in the F&A cost rate proposal, and thereafter treated as other unallowable activity costs in accordance with the procedures of Section B.1.d.

d. Institutions shall submit as part of their annual F&A cost rate proposal a certification that the requirements and standards of this section have been complied with.

e. Institutions shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to this section complies with the requirements of this Circular.

f. Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this section during any particular calendar month when:

(1) the employee engages in lobbying (as defined in subsections a and b) 25 percent or less of the employee's compensated hours of employment during that calendar month; and

(2) within the preceding five-year period, the institution has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs. When conditions (1) and (2) are met, institutions are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions (1) and (2) are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

g. Agencies shall establish procedures for resolving in advance, in consultation with OMB, any significant questions or

disagreements concerning the interpretation or application of this section. Any such advance resolutions shall be binding in any subsequent settlements, audits, or investigations with respect to that grant or contract for purposes of interpretation of this Circular, provided, however, that this shall not be construed to prevent a contractor or grantee from contesting the lawfulness of such a determination.

h. Executive lobbying costs.

Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the Executive Branch of the Federal Government to give consideration or to act regarding a sponsored agreement or a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a Federal employee or officer to give consideration or to act regarding a federally-sponsored agreement or regulatory matter on any basis other than the merits of the matter.

29. Losses on other sponsored agreements or contracts.

Any excess of costs over income under any other sponsored agreement or contract of any nature is unallowable. This includes, but is not limited to, the institution's contributed portion by reason of cost-sharing agreements or any under-recoveries through negotiation of flat amounts for F&A costs.

30. Maintenance and repair costs.

Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life shall be treated as capital expenditures (see section 18.a(1)).

31. Material and supplies costs.

a. Costs incurred for materials, supplies, and fabricated parts necessary to carry out a sponsored agreement are allowable.

b. Purchased materials and supplies shall be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory



withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.

c. Only materials and supplies actually used for the performance of a sponsored agreement may be charged as direct costs.

d. Where federally-donated or furnished materials are used in performing the sponsored agreement, such materials will be used without charge.

### 32. Meetings and Conferences.

Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. But see section J.17, Entertainment costs.

### 33. Memberships, subscriptions and professional activity costs.

a. Costs of the institution's membership in business, technical, and professional organizations are allowable.

b. Costs of the institution's subscriptions to business, professional, and technical periodicals are allowable.

c. Costs of membership in any civic or community organization are unallowable.

d. Costs of membership in any country club or social or dining club or organization are unallowable.

### 34. Patent costs.

a. The following costs relating to patent and copyright matters are allowable:

(1) cost of preparing disclosures, reports, and other documents required by the sponsored agreement and of searching the art to the extent necessary to make such disclosures;

(2) cost of preparing documents and any other patent costs in connection with the filing and prosecution of a United States patent application where title or royalty-free license is required by the Federal Government to be conveyed to the Federal Government; and

(3) general counseling services relating to patent and copyright matters, such as advice on patent and copyright laws, regulations, clauses, and employee agreements (but see sections J.37, Professional service costs, and J.44, Royalties and other costs for use of patents).

b. The following costs related to patent and copyright matter are unallowable:

(i) Cost of preparing disclosures, reports, and other documents and of searching the art to the extent necessary to make disclosures not required by the award

(ii) Costs in connection with filing and prosecuting any foreign patent application, or any United States patent application, where the sponsored agreement award does not require conveying title or a royalty-free license to the Federal Government, (but see section J.44, Royalties and other costs for use of patents).

35. Plant and homeland security costs.

Necessary and reasonable expenses incurred for routine and homeland security to protect facilities, personnel, and work products are allowable. Such costs include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; contractual security services; consultants; etc. Capital expenditures for homeland and plant security purposes are subject to section J.18, Equipment and other capital expenditures, of this Circular.

36. Preagreement costs. Costs incurred prior to the effective date of the sponsored agreement, whether or not they would have been allowable thereunder if incurred after such date, are unallowable unless approved by the sponsoring agency.

37. Professional service costs.

a. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the institution, are allowable, subject to subparagraphs b and c when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. In addition, legal and related services are limited under section J.13.

b. In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:

(1) The nature and scope of the service rendered in relation to the service required.

(2) The necessity of contracting for the service, considering the institution's capability in the particular area.

(3) The past pattern of such costs, particularly in the years prior to sponsored agreements.

(4) The impact on the institution's business (i.e., what new problems have arisen).

(5) Whether the proportion of Federal work to the institution's total business is such as to influence the institution in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal grants and contracts.

(6) Whether the service can be performed more economically by direct employment rather than contracting.

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-sponsored agreements.

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

c. In addition to the factors in subparagraph b, retainer fees to be allowable must be supported by evidence of bona fide services available or rendered.

### 38. Proposal costs.

Proposal costs are the costs of preparing bids or proposals on potential federally and non-federally-funded sponsored agreements or projects, including the development of data necessary to support the institution's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as F&A costs and allocated currently to all activities of the institution, and no proposal costs of past accounting periods will be allocable to the current period. However, the institution's established practices may be to treat proposal costs by some other recognized method. Regardless of the method used, the results obtained may be accepted only if found to be reasonable and equitable.

### 39. Publication and printing costs.

a. Publication costs include the costs of printing (including the processes of composition, plate-making, press work, binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling. Publication costs also include page charges in professional publications.

b. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs to all benefiting activities of the institution.

c. Page charges for professional journal publications are allowable as a necessary part of research costs where:

(1) The research papers report work supported by the Federal Government: and

(2) The charges are levied impartially on all research papers published by the journal, whether or not by federally-sponsored authors.

#### 40. Rearrangement and alteration costs.

Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable with the prior approval of the sponsoring agency.

#### 41. Reconversion costs.

Costs incurred in the restoration or rehabilitation of the institution's facilities to approximately the same condition existing immediately prior to commencement of a sponsored agreement, fair wear and tear excepted, are allowable.

#### 42. Recruiting costs.

a. Subject to subsections b, c, and d, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to a well-managed recruitment program. Where the institution uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

b. In publications, costs of help wanted advertising that includes color, includes advertising material for other than recruitment purposes, or is excessive in size (taking into consideration recruitment purposes for which intended and normal institutional practices in this respect), are unallowable.

c. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel from other institutions that do not meet

the test of reasonableness or do not conform with the established practices of the institution, are unallowable.

d. Where relocation costs incurred incident to recruitment of a new employee have been allowed either as an allocable direct or F&A cost, and the newly hired employee resigns for reasons within his control within 12 months after hire, the institution will be required to refund or credit such relocation costs to the Federal Government.

43. Rental costs of buildings and equipment.

a. Subject to the limitations described in subsections b. through d. of this section, rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available.

b. Rental costs under "sale and lease back" arrangements are allowable only up to the amount that would be allowed had the institution continued to own the property. This amount would include expenses such as depreciation or use allowance, maintenance, taxes, and insurance.

c. Rental costs under "less-than-arms-length" leases are allowable only up to the amount (as explained in subsection b) that would be allowed had title to the property vested in the institution. For this purpose, a less-than-arms-length lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to those between --

(1) divisions of a institution;

(2) non-Federal entities under common control through common officers, directors, or members; and

(3) a institution and a director, trustee, officer, or key employee of the institution or his immediate family, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest. For example, a institution may establish a separate corporation for the sole purpose of owning property and leasing it back to the institution.

d. Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only up to the amount (as explained in subsection b) that would be allowed had the institution purchased the property on the date the lease agreement was executed. The provisions of Financial Accounting

Standards Board Statement 13, *Accounting for Leases*, shall be used to determine whether a lease is a capital lease. Interest costs related to capital leases are allowable to the extent they meet the criteria in section J.26. Unallowable costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the institution purchased the facility.

44. Royalties and other costs for use of patents.

a. Royalties on a patent or copyright or amortization of the cost of acquiring by purchase a copyright, patent, or rights thereto, necessary for the proper performance of the award are allowable unless:

(1) The Federal Government has a license or the right to free use of the patent or copyright.

(2) The patent or copyright has been adjudicated to be invalid, or has been administratively determined to be invalid.

(3) The patent or copyright is considered to be unenforceable.

(4) The patent or copyright is expired.

b. Special care should be exercised in determining reasonableness where the royalties may have been arrived at as a result of less-than-arm's-length bargaining, e.g.:

(1) Royalties paid to persons, including corporations, affiliated with the institution.

(2) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that a sponsored agreement award would be made.

(3) Royalties paid under an agreement entered into after an award is made to a institution.

c. In any case involving a patent or copyright formerly owned by the institution, the amount of royalty allowed should not exceed the cost which would have been allowed had the institution retained title thereto.

45. Scholarships and student aid costs.

a. Costs of scholarships, fellowships, and other programs of student aid are allowable only when the purpose of the sponsored agreement is to provide training to selected participants and the charge is approved by the sponsoring agency. However, tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work are allowable provided that --

(1) The individual is conducting activities necessary to the sponsored agreement;

(2) Tuition remission and other support are provided in accordance with established educational institutional policy and consistently provided in a like manner to students in return for similar activities conducted in nonsponsored as well as sponsored activities; and

(3) During the academic period, the student is enrolled in an advanced degree program at the institution or affiliated institution and the activities of the student in relation to the Federally-sponsored research project are related to the degree program;

(4) the tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and

(5) it is the institution's practice to similarly compensate students in nonsponsored as well as sponsored activities.

b. Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages shall be subject to the reporting requirements stipulated in Section J.10, and shall be treated as direct or F&A cost in accordance with the actual work being performed. Tuition remission may be charged on an average rate basis.

#### 46. Selling and marketing.

Costs of selling and marketing any products or services of the institution are unallowable (unless allowed under subsection J.1 as allowable public relations costs or under subsection J.38 as allowable proposal costs).

#### 47. Specialized service facilities.

a. The costs of services provided by highly complex or specialized facilities operated by the institution, such as computers, wind tunnels, and reactors are allowable, provided the charges for the services meet the conditions of either subsection 47.b. or 47.c. and, in addition, take into account any items of income or Federal financing that qualify as applicable credits under subsection C.5. of this Circular.

b. The costs of such services, when material, must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that

(1) does not discriminate against federally-supported activities of the institution, including usage by the institution for internal purposes, and

(2) is designed to recover only the aggregate costs of the services. The costs of each service shall consist normally of both its direct costs and its allocable share of all F&A costs. Rates shall be adjusted at least biennially, and shall take into consideration over/under applied costs of the previous period(s).

c. Where the costs incurred for a service are not material, they may be allocated as F&A costs.

d. Under some extraordinary circumstances, where it is in the best interest of the Federal Government and the institution to establish alternative costing arrangements, such arrangements may be worked out with the cognizant Federal agency.

#### 48. Student activity costs.

Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the sponsored agreements.

#### 49. Taxes.

a. In general, taxes which the institution is required to pay and which are paid or accrued in accordance with generally accepted accounting principles are allowable. Payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for--

(1) taxes from which exemptions are available to the institution directly or which are available to the institution based on an exemption afforded the Federal Government, and in the latter case when the sponsoring agency makes available the necessary exemption certificates; and

(2) special assessments on land which represent capital improvements.

b. Any refund of taxes, interest, or penalties, and any payment to the institution of interest thereon, attributable to taxes, interest, or penalties which were allowed as sponsored agreement costs, will be credited or paid to the Federal Government in the manner directed by the Federal Government. However, any interest actually paid or credited to an institution incident to a refund of tax, interest, and penalty will be paid or credited to the Federal Government only to the extent that such interest accrued over the period during which the institution has been reimbursed by the Federal Government for the taxes, interest, and penalties.



50. Termination costs applicable to sponsored agreements.

Termination of awards generally gives rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the sponsored agreement not been terminated. Cost principles covering these items are set forth below. They are to be used in conjunction with the other provisions of this Circular in termination situations.

a. The cost of items reasonably usable on the institution's other work shall not be allowable unless the institution submits evidence that it would not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the institution, the awarding agency should consider the institution's plans and orders for current and scheduled activity.

Contemporaneous purchases of common items by the institution shall be regarded as evidence that such items are reasonably usable on the institution's other work. Any acceptance of common items as allocable to the terminated portion of the sponsored agreement shall be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

b. If in a particular case, despite all reasonable efforts by the institution, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this Circular, except that any such costs continuing after termination due to the negligent or willful failure of the institution to discontinue such costs shall be unallowable.

c. Loss of useful value of special tooling, machinery, and equipment is generally allowable if:

(1) Such special tooling, special machinery, or equipment is not reasonably capable of use in the other work of the institution,

(2) The interest of the Federal Government is protected by transfer of title or by other means deemed appropriate by the awarding agency, and

(3) The loss of useful value for any one terminated sponsored agreement is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the sponsored agreement bears to the entire terminated sponsored agreement award and other sponsored agreements for which the special tooling, machinery, or equipment was acquired.

d. Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated sponsored agreement less the residual value of such leases, if:

(1) the amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the sponsored agreement and such further period as may be reasonable, and

(2) the institution makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property, provided such alterations were necessary for the performance of the sponsored agreement, and of reasonable restoration required by the provisions of the lease.

e. Settlement expenses including the following are generally allowable:

(1) Accounting, legal, clerical, and similar costs reasonably necessary for:

(a) The preparation and presentation to the awarding agency of settlement claims and supporting data with respect to the terminated portion of the sponsored agreement, unless the termination is for default (see Subpart. \_\_.61 of Circular A-110); and

(b) The termination and settlement of subawards.

(2) Reasonable costs for the storage, transportation, protection, and disposition of property provided by the Federal Government or acquired or produced for the sponsored agreement, except when institutions are reimbursed for disposals at a predetermined amount in accordance with Subparts \_\_.32 through \_\_.37 of Circular A-110.

(3) F&A costs related to salaries and wages incurred as settlement expenses in subsections b.(1) and (2). Normally, such F&A costs shall be limited to fringe benefits, occupancy cost, and immediate supervision.

f. Claims under subawards, including the allocable portion of claims which are common to the sponsored agreement and to other work of the institution, are generally allowable.

An appropriate share of the institution's F&A costs may be allocated to the amount of settlements with subcontractors and/or subgrantees, provided that the amount allocated is otherwise consistent with the basic guidelines contained in section E, F&A costs. The F&A costs so allocated shall exclude the same and similar costs claimed directly or indirectly as settlement expenses.

51. Training costs.

The cost of training provided for employee development is allowable.

52. Transportation costs.

Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered, are allowable. When such costs can readily be identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, inbound transportation cost may be charged to the appropriate F&A cost accounts if the institution follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the sponsored agreement, should be treated as a direct cost.

53. Travel costs.

a. General.

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the institution's non-federally-sponsored activities.

b. Lodging and subsistence.

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the institution in its regular operations as the result of the institution's written travel policy. In the absence of an acceptable, written institution policy regarding travel costs, the rates and amounts established under subchapter I of Chapter 57, Title 5, United States Code ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter shall apply to travel under sponsored agreements (48 CFR 31.205-46(a)).

c. Commercial air travel.

(1) Airfare costs in excess of the customary standard commercial airfare (coach or equivalent), Federal Government contract airfare (where authorized and available), or the lowest commercial discount airfare are unallowable except when such accommodations would:

- (a) require circuitous routing;
- (b) require travel during unreasonable hours; (c) excessively prolong travel;
- (d) result in additional costs that would offset the transportation savings; or
- (e) offer accommodations not reasonably adequate for the traveler's medical needs. The institution must justify and document these conditions on a case-by-case basis in order for the use of first-class airfare to be allowable in such cases.

(2) Unless a pattern of avoidance is detected, the Federal Government will generally not question a institution's determinations that customary standard airfare or other discount airfare is unavailable for specific trips if the institution can demonstrate either of the following:

- (a) that such airfare was not available in the specific case; or
- (b) that it is the institution's overall practice to make routine use of such airfare.

d. Air travel by other than commercial carrier.

Costs of travel by institution-owned, -leased, or -chartered aircraft include the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. The portion of such costs that exceeds the cost of allowable commercial air travel, as provided for in subsection 53.c., is unallowable.

#### 54. Trustees.

Travel and subsistence costs of trustees (or directors) are allowable. The costs are subject to restrictions regarding lodging, subsistence and air travel costs provided in Section 53.

#### K. Certification of charges.

1. To assure that expenditures for sponsored agreements are proper and in accordance with the agreement documents and approved project budgets, the annual and/or final fiscal reports or vouchers requesting payment under the agreements will include a certification, signed by an authorized official of the university, which reads essentially as follows: "I certify that

all expenditures reported (or payment requested) are for appropriate purposes and in accordance with the provisions of the application and award documents."

2. Certification of F&A costs.

a. Policy.

(1) No proposal to establish F&A cost rates shall be acceptable unless such costs have been certified by the educational institution using the Certificate of F&A Costs set forth in subsection b. The certificate must be signed on behalf of the institution by an individual at a level no lower than vice president or chief financial officer of the institution that submits the proposal.

(2) No F&A cost rate shall be binding upon the Federal Government if the most recent required proposal from the institution has not been certified. Where it is necessary to establish F&A cost rates, and the institution has not submitted a certified proposal for establishing such rates in accordance with the requirements of this section, the Federal Government shall unilaterally establish such rates. Such rates may be based upon audited historical data or such other data that have been furnished to the cognizant Federal agency and for which it can be demonstrated that all unallowable costs have been excluded. When F&A cost rates are unilaterally established by the Federal Government because of failure of the institution to submit a certified proposal for establishing such rates in accordance with this section, the rates established will be set at a level low enough to ensure that potentially unallowable costs will not be reimbursed.

b. Certificate. The certificate required by this section shall be in the following form:

Certificate of F&A Costs

This is to certify that to the best of my knowledge and belief:

(1) I have reviewed the F&A cost proposal submitted herewith;

(2) All costs included in this proposal [identify date] to establish billing or final F&A costs rate for [identify period

covered by rate] are allowable in accordance with the requirements of the Federal agreement(s) to which they apply and with the cost principles applicable to those agreements.

(3) This proposal does not include any costs which are unallowable under applicable cost principles such as (without limitation): advertising and public relations costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings; and

(4) All costs included in this proposal are properly allocable to Federal agreements on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements.

For educational institutions that are required to file a DS-2 in accordance with Section C.14, the following statement shall be added to the "Certificate of F&A Costs":

(5) The rate proposal is prepared using the same cost accounting practices that are disclosed in the DS-2, including its amendments and revisions, filed with and approved by the cognizant agency.

I declare under penalty of perjury that the foregoing is true and correct.

Institution: \_\_\_\_\_

Signature: \_\_\_\_\_

Name of Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

Exhibit A -- List of Colleges and Universities Subject to  
Section J.12.h of Circular A-21.

1. Johns Hopkins University
2. Stanford University
3. Massachusetts Institute of Technology
4. University of Washington
5. University of California-Los Angeles
6. University of Michigan
7. University of California-San Diego
8. University of California-San Francisco
9. University of Wisconsin-Madison
10. Columbia University
11. Yale University
12. Harvard University
13. Cornell University
14. University of Pennsylvania
15. University of California-Berkeley
16. University of Minnesota
17. Pennsylvania State University
18. University of Southern California
19. Duke University
20. Washington University
21. University of Colorado
22. University of Illinois-Urbana
23. University of Rochester
24. University of North Carolina-Chapel Hill
25. University of Pittsburgh
26. University of Chicago
27. University of Texas-Austin
28. University of Arizona
29. New York University
30. University of Iowa
31. Ohio State University
32. University of Alabama-Birmingham
33. Case Western Reserve
34. Baylor College of Medicine
35. California Institute of Technology
36. Yeshiva University
37. University of Massachusetts
38. Vanderbilt University
39. Purdue University
40. University of Utah
41. Georgia Institute of Technology
42. University of Maryland-College Park

43. University of Miami
44. University of California-Davis
45. Boston University
46. University of Florida
47. Carnegie-Mellon University
48. Northwestern University
49. Indiana University
50. Michigan State University
51. University of Virginia
52. University of Texas-SW Medical Center
53. University of California-Irvine
54. Princeton University
55. Tulane University of Louisiana
56. Emory University
57. University of Georgia
58. Texas A&M University-all campuses
59. New Mexico State University
60. North Carolina State University-Raleigh
61. University of Illinois-Chicago
62. Utah State University
63. Virginia Commonwealth University
64. Oregon State University
65. SUNY-Stony Brook
66. University of Cincinnati
67. CUNY-Mount Sinai School of Medicine
68. University of Connecticut
69. Louisiana State University
70. Tufts University
71. University of California-Santa Barbara
72. University of Hawaii-Manoa
73. Rutgers State University of New Jersey
74. Colorado State University
75. Rockefeller University
76. University of Maryland-Baltimore
77. Virginia Polytechnic Institute & State University
78. SUNY-Buffalo
79. Brown University
80. University of Medicine & Dentistry of New Jersey
81. University of Texas-Health Science Center San Antonio
82. University of Vermont
83. University of Texas-Health Science Center Houston
84. Florida State University
85. University of Texas-MD Anderson Cancer Center
86. University of Kentucky
87. Wake Forest University



88. Wayne State University
89. Iowa State University of Science & Technology
90. University of New Mexico
91. Georgetown University
92. Dartmouth College
93. University of Kansas
94. Oregon Health Sciences University
95. University of Texas-Medical Branch-Galveston
96. University of Missouri-Columbia
97. Temple University
98. George Washington University
99. University of Dayton

Exhibit B -- Listing of institutions that are eligible for the utility cost adjustment.

1. Baylor University
2. Boston College
3. Boston University
4. California Institute of Technology
5. Carnegie-Mellon University
6. Case Western University
7. Columbia University
8. Cornell University (Endowed)
9. Cornell University (Statutory)
10. Cornell University (Medical)
11. Dayton University
12. Emory University
13. George Washington University (Medical)
14. Georgetown University
15. Harvard Medical School
16. Harvard University (Main Campus)
17. Harvard University (School of Public Health)
18. Johns Hopkins University
19. Massachusetts Institute of Technology
20. Medical University of South Carolina
21. Mount Sinai School of Medicine
22. New York University (except New York University Medical Center)
23. New York University Medical Center
24. North Carolina State University
25. Northeastern University
26. Northwestern University
27. Oregon Health Sciences University
28. Oregon State University
29. Rice University
30. Rockefeller University
31. Stanford University
32. Tufts University
33. Tulane University
34. Vanderbilt University
35. Virginia Commonwealth University
36. Virginia Polytechnic Institute and State University
37. University of Arizona
38. University of CA, Berkeley
39. University of CA, Irvine
40. University of CA, Los Angeles
41. University of CA, San Diego

42. University of CA, San Francisco
43. University of Chicago
44. University of Cincinnati
45. University of Colorado, Health Sciences Center
46. University of Connecticut, Health Sciences Center
47. University of Health Science and The Chicago Medical School
48. University of Illinois, Urbana
49. University of Massachusetts, Medical Center
50. University of Medicine & Dentistry of New Jersey
51. University of Michigan
52. University of Pennsylvania
53. University of Pittsburgh
54. University of Rochester
55. University of Southern California
56. University of Tennessee, Knoxville
57. University of Texas, Galveston
58. University of Texas, Austin
60. University of Texas Southwestern Medical Center
61. University of Virginia
62. University of Vermont & State Agriculture College
63. University of Washington
64. Washington University
65. Yale University
66. Yeshiva University

Exhibit C -- Examples of "major project" where direct charging of administrative or clerical staff salaries may be appropriate.

- \* Large, complex programs such as General Clinical Research Centers, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.

- \* Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies).

- \* Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.

- \* Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).

- \* Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research fields sites that are remote from campus.

- \* Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.

These examples are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries would always be appropriate for the situations illustrated in the examples. For instance, the examples would be appropriate when the costs of such activities are incurred in unlike circumstances, i.e., the actual activities charged direct are not the same as the actual activities normally included in the institution's facilities and administrative (F&A) cost pools or, if the same, the indirect activity costs are immaterial in amount. It would be inappropriate to charge the cost of such activities directly to specific sponsored agreements if, in similar circumstances, the costs of performing the same type of

activity for other sponsored agreements were included as allocable costs in the institution's F&A cost pools. Application of negotiated predetermined F&A cost rates may also be inappropriate if such activity costs charged directly were not provided for in the allocation base that was used to determine the predetermined F&A cost rates.

Appendix A Part 99005 -- Cost Accounting Standards for Educational Institutions.

CAS 9905.501 -- Consistency in estimating, accumulating and reporting costs by educational institutions.

Purpose

The purpose of this standard is to ensure that each educational institution's practices used in estimating costs for a proposal are consistent with cost accounting practices used by the educational institution in accumulating and reporting costs. Consistency in the application of cost accounting practices is necessary to enhance the likelihood that comparable transactions are treated alike. With respect to individual sponsored agreements, the consistent application of cost accounting practices will facilitate the preparation of reliable cost estimates used in pricing a proposal and their comparison with the costs of performance of the resulting sponsored agreement. Such comparisons provide one important basis for financial control over costs during sponsored agreement performance and aid in establishing accountability for costs in the manner agreed to by both parties at the time of agreement. The comparisons also provide an improved basis for evaluating estimating capabilities.

Definitions

(a) The following are definitions of terms which are prominent in this standard.

(1) Accumulating costs means the collecting of cost data in an organized manner, such as through a system of accounts.

(2) Actual cost means an amount determined on the basis of cost incurred (as distinguished from forecasted cost), including standard cost properly adjusted for applicable variance.

(3) Estimating costs means the process of forecasting a future result in terms of cost, based upon information available at the time.

(4) Indirect cost pool means a grouping of incurred costs identified with two or more objectives but not identified specifically with any final cost objective.

(5) Pricing means the process of establishing the amount or amounts to be paid in return for goods or services.

(6) Proposal means any offer or other submission used as a basis for pricing a sponsored agreement, sponsored agreement modification or termination settlement or for securing payments thereunder.

(7) Reporting costs means the providing of cost information to others.

#### Fundamental Requirement

An educational institution's practices used in estimating costs in pricing a proposal shall be consistent with the educational institution's cost accounting practices used in accumulating and reporting costs.

An educational institution's cost accounting practices used in accumulating and reporting actual costs for a sponsored agreement shall be consistent with the educational institution's practices used in estimating costs in the related proposal or application.

The grouping of homogeneous costs in estimates prepared for proposal purposes shall not per se be deemed an inconsistent application of cost accounting practices of this paragraph when such costs are accumulated in reported in greater detail on an actual costs basis during performance of the sponsored agreement.

#### Techniques for application

(a) The standard allows grouping of homogeneous costs in order to cover those cases where it is not practicable to estimate sponsored agreement costs by individual cost element. However, costs estimated for proposal purposes shall be presented in such a manner and in such detail that any significant cost can be compared with the actual cost accumulated and reported therefor. In any event, the cost accounting practices used in estimating costs in pricing a proposal and in accumulating and reporting costs on the resulting sponsored agreement shall be consistent with respect to:

(1) The classification of elements of cost as direct or indirect; (2) the indirect cost pools to which each element of cost is charged or proposed to be charged; and (3) the methods of allocating indirect costs to the sponsored agreement.

(b) Adherence to the requirement of this standard shall be determined as of the date of award of the sponsored agreement, unless the sponsored agreement has submitted cost or pricing data pursuant to 10 U.S.C. 2306(a) or 41 U.S.C. 254(d) (Pub. L. 87-653), in which case adherence to the requirement of this standard shall be determined as of the date of final agreement on price, as shown on the signed certificate of current cost or pricing data. Notwithstanding 9905.501-40(b), changes in established cost accounting practices during sponsored agreement performance may be made in accordance with Part 9903 (48 CFR 9903).

(c) The standard does not prescribe the amount of detail required in accumulating and reporting costs. The basic requirement which must be met, however, is that for any significant amount of estimated cost, the sponsored agreement must be able to accumulate and report actual cost at a level which permits sufficient and meaningful comparison with its estimates. The amount of detail required may vary considerably depending on how the proposed costs were estimated, the data presented in justification or lack thereof, and the significance of each situation. Accordingly, it is neither appropriate nor practical to prescribe a single set of accounting practices which would be consistent in all situations with the practices of estimating costs. Therefore, the amount of accounting and statistical detail to be required and maintained in accounting for estimated costs has been and continues to be a matter to be decided by Government procurement authorities on the basis of the individual facts and circumstances.

CAS 9905.502 -- Consistency in allocating costs incurred for the same purpose by educational institutions.

#### Purpose

The purpose of this standard is to require that each type of cost is allocated only once and on only one basis to any sponsored agreement or other cost objective. The criteria for determining the allocation of costs to a sponsored agreement or



other cost objective should be the same for all similar objectives. Adherence to these cost accounting concepts is necessary to guard against the overcharging of some cost objectives and to prevent double counting. Double counting occurs most commonly when cost items are allocated directly to a cost objective without eliminating like cost items from indirect cost pools which are allocated to that cost objective.

#### Definitions

(a) The following are definitions of terms which are prominent in this standard.

(1) Allocate means to assign an item of cost, or a group of items of cost, to one or more cost objectives. This term includes both direct assignment of cost and the reassignment of a share from an indirect cost pool.

(2) Cost objective means a function, organizational subdivision, sponsored agreement, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capitalized projects, etc.

(3) Direct cost means any cost which is identified specifically with a particular final cost objective. Direct costs are not limited to items which are incorporated in the end product as material or labor. Costs identified specifically with a sponsored agreement are direct costs of that sponsored agreement. All costs identified specifically with other final cost objectives of the educational institution are direct costs of those cost objectives.

(4) Final cost objective means a cost objective which has allocated to it both direct and indirect costs, and in the educational institution's accumulation system, is one of the final accumulation points.

(5) Indirect cost means any cost not directly identified with a single final cost objective, but identified with two or more final cost objectives or with at least one intermediate cost objective.

(6) Indirect cost pool means a grouping of incurred costs identified with two or more cost objectives but not identified with any final cost objective.

(7) Intermediate cost objective means a cost objective that is used to accumulate indirect costs or service center costs that are subsequently allocated to one or more indirect cost pools and/or final cost objectives.

#### Fundamental Requirement

All costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only with respect to final cost objectives. No final cost objective shall have allocated to it as an indirect cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included as a direct cost of that or any other final cost objective. Further, no final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any indirect cost pool to be allocated to that or any other final cost objective.

#### Techniques for application

(a) The Fundamental Requirement is stated in terms of cost incurred and is equally applicable to estimates of costs to be incurred as used in sponsored agreement proposals.

(b) The Disclosure Statement to be submitted by the educational institution will require that the educational institution set forth its cost accounting practices with regard to the distinction between direct and indirect costs. In addition, for those types of cost which are sometimes accounted for as direct and sometimes accounted for as indirect, the educational institution will set forth in its Disclosure Statement the specific criteria and circumstances for making such distinctions. In essence, the Disclosure Statement submitted by the educational institution, by distinguishing between direct and indirect costs, and by describing the criteria and circumstances for allocating those items which are sometimes direct and sometimes indirect, will be determinative as to whether or not costs are incurred for the same purpose. Disclosure Statement as used herein refers to the statement

required to be submitted by educational institutions in Section C.14.

(c) In the event that an educational institution has not submitted a Disclosure Statement, the determination of whether specific costs are directly allocable to sponsored agreements shall be based upon the educational institution's cost accounting practices used at the time of sponsored agreement proposal.

(d) Whenever costs which serve the same purpose cannot equitably be indirectly allocated to one or more final cost objectives in accordance with the educational institution's disclosed accounting practices, the educational institution may either (1) use a method for reassigning all such costs which would provide an equitable distribution to all final cost objectives, or (2) directly assign all such costs to final cost objectives with which they are specifically identified. In the event the educational institution decides to make a change for either purpose, the Disclosure Statement shall be amended to reflect the revised accounting practices involved.

(e) Any direct cost of minor dollar amount may be treated as an indirect cost for reasons of practicality where the accounting treatment for such cost is consistently applied to all final cost objectives, provided that such treatment produces results which are substantially the same as the results which would have been obtained if such cost had been treated as a direct cost.

#### Illustrations

(a) Illustrations of costs which are incurred for the same purpose:

(1) An educational institution normally allocates all travel as an indirect cost and previously disclosed this accounting practice to the Government. For purposes of a new proposal, the educational institution intends to allocate the travel costs of personnel whose time is accounted for as direct labor directly to the sponsored agreement. Since travel costs of personnel whose time is accounted for as direct labor working on other sponsored agreements are costs which are incurred for the same purpose, these costs may no longer be included within indirect cost pools for purposes of allocation to any covered Government sponsored agreement. The educational institution's

Disclosure Statement must be amended for the proposed changes in accounting practices.

(2) An educational institution normally allocates purchasing activity costs indirectly and allocates this cost to instruction and research on the basis of modified total costs. A proposal for a new sponsored agreement requires a disproportionate amount of subcontract administration to be performed by the purchasing activity. The educational institution prefers to continue to allocate purchasing activity costs indirectly. In order to equitably allocate the total purchasing activity costs, the educational institution may use a method for allocating all such costs which would provide an equitable distribution to all applicable indirect cost pools. For example, the educational institution may use the number of transactions processed rather than its former allocation base of modified total costs. The educational institution's Disclosure Statement must be amended for the proposed changes in accounting practices.

(b) Illustrations of costs which are not incurred for the same purpose:

(1) An educational institution normally allocates special test equipment costs directly to sponsored agreements. The costs of general purpose test equipment are normally included in the indirect cost pool which is allocated to sponsored agreements. Both of these accounting practices were previously disclosed to the Government. Since both types of costs involved were not incurred for the same purpose in accordance with the criteria set forth in the educational institution's Disclosure Statement, the allocation of general purpose test equipment costs from the indirect cost pool to the sponsored agreement, in addition to the directly allocated special test equipment costs, is not considered a violation of the standard.

(2) An educational institution proposes to perform a sponsored agreement which will require three firemen on 24-hour duty at a fixed-post to provide protection against damage to highly inflammable materials used on the sponsored agreement. The educational institution presently has a firefighting force of 10 employees for general protection of its facilities. The educational institution's costs for these latter firemen are treated as indirect costs and allocated to all sponsored agreements; however, it wants to allocate the three fixed-post

firemen directly to the particular sponsored agreement requiring them and also allocate a portion of the cost of the general firefighting force to the same sponsored agreement. The educational institution may do so but only on condition that its disclosed practices indicate that the costs of the separate classes of firemen serve different purposes and that it is the educational institution's practice to allocate the general firefighting force indirectly and to allocate fixed-post firemen directly.

#### Interpretation

(a) Consistency in Allocating Costs Incurred for the Same Purpose by Educational Institutions, provides, in this standard, that " \* \* \* no final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any indirect cost pool to be allocated to that or any other final cost objective."

(b) This interpretation deals with the way this standard applies to the treatment of costs incurred in preparing, submitting, and supporting proposals. In essence, it is addressed to whether or not, under the standard, all such costs are incurred for the same purpose, in like circumstances.

(c) Under this standard, costs incurred in preparing, submitting, and supporting proposals pursuant to a specific requirement of an existing sponsored agreement are considered to have been incurred in different circumstances from the circumstances under which costs are incurred in preparing proposals which do not result from such specific requirement. The circumstances are different because the costs of preparing proposals specifically required by the provisions of an existing sponsored agreement relate only to that sponsored agreement while other proposal costs relate to all work of the educational institution.

(d) This interpretation does not preclude the allocation, as indirect costs, of costs incurred in preparing all proposals. The cost accounting practices used by the educational institution, however, must be followed consistently and the method used to reallocate such costs, of course, must provide an equitable distribution to all final cost objectives.

CAS 9905.505 -- Accounting for unallowable costs --  
Educational institutions.

#### Purpose

(a) The purpose of this standard is to facilitate the negotiation, audit, administration and settlement of sponsored agreements by establishing guidelines covering (1) identification of costs specifically described as unallowable, at the time such costs first become defined or authoritatively designated as unallowable, and (2) the cost accounting treatment to be accorded such identified unallowable costs in order to promote the consistent application of sound cost accounting principles covering all incurred costs. The standard is predicated on the proposition that costs incurred in carrying on the activities of an educational institution -- regardless of the allowability of such costs under Government sponsored agreements -- are allocable to the cost objectives with which they are identified on the basis of their beneficial or causal relationships.

(b) This standard does not govern the allowability of costs. This is a function of the appropriate procurement or reviewing authority.

#### Definitions

(a) The following are definitions of terms which are prominent in this standard.

(1) Directly associated cost means any cost which is generated solely as a result of the incurrence of another cost, and which would not have been incurred had the other cost not been incurred.

(2) Expressly unallowable cost means a particular item or type of cost which, under the express provisions of an applicable law, regulation, or sponsored agreement, is specifically named and stated to be unallowable.

(3) Indirect cost means any cost not directly identified with a single final cost objective, but identified with two or more final cost objectives or with at least one intermediate cost objective.

(4) Unallowable cost means any cost which, under the provisions of any pertinent law, regulation, or sponsored agreement, cannot be included in prices, cost reimbursements, or settlements under a Government sponsored agreement to which it is allocable.

#### Fundamental requirement

(a) Costs expressly unallowable or mutually agreed to be unallowable, including costs mutually agreed to be unallowable directly associated costs, shall be identified and excluded from any billing, claim, application, or proposal applicable to a Government sponsored agreement.

(b) Costs which specifically become designated as unallowable as a result of a written decision furnished by a Federal official pursuant to sponsored agreement disputes procedures shall be identified if included in or used in the computation of any billing, claim, or proposal applicable to a sponsored agreement. This identification requirement applies also to any costs incurred for the same purpose under like circumstances as the costs specifically identified as unallowable under either this paragraph or paragraph (a) of this subsection.

(c) Costs which, in a Federal official's written decision furnished pursuant to disputes procedures, are designated as unallowable directly associated costs of unallowable costs covered by either paragraph (a) or (b) of this subsection shall be accorded the identification required by paragraph b. of this subsection.

(d) The costs of any work project not contractually authorized, whether or not related to performance of a proposed or existing contract, shall be accounted for, to the extent appropriate, in a manner which permits ready separation from the costs of authorized work projects.

(e) All unallowable costs covered by paragraphs (a) through (d) of this subsection shall be subject to the same cost accounting principles governing cost allocability as allowable costs. In circumstances where these unallowable costs normally would be part of a regular indirect-cost allocation base or bases, they shall remain in such base or bases. Where a directly associated cost is part of a category of costs normally included

in an indirect-cost pool that will be allocated over a base containing the unallowable cost with which it is associated, such a directly associated cost shall be retained in the indirect-cost pool and be allocated through the regular allocation process.

(f) Where the total of the allocable and otherwise allowable costs exceeds a limitation-of-cost or ceiling-price provision in a sponsored agreement, full direct and indirect cost allocation shall be made to the cost objective, in accordance with established cost accounting practices and Standards which regularly govern a given entity's allocations to Government sponsored agreement cost objectives. In any determination of unallowable cost overrun, the amount thereof shall be identified in terms of the excess of allowable costs over the ceiling amount, rather than through specific identification of particular cost items or cost elements.

#### Techniques for application

(a) The detail and depth of records required as backup support for proposals, billings, or claims shall be that which is adequate to establish and maintain visibility of identified unallowable costs (including directly associated costs), their accounting status in terms of their allocability to sponsored agreement cost objectives, and the cost accounting treatment which has been accorded such costs. Adherence to this cost accounting principle does not require that allocation of unallowable costs to final cost objectives be made in the detailed cost accounting records. It does require that unallowable costs be given appropriate consideration in any cost accounting determinations governing the content of allocation bases used for distributing indirect costs to cost objectives. Unallowable costs involved in the determination of rates used for standard costs, or for indirect-cost bidding or billing, need be identified only at the time rates are proposed, established, revised or adjusted.

(b) The visibility requirement of paragraph (a) of this subsection, may be satisfied by any form of cost identification which is adequate for purposes of sponsored agreement cost determination and verification. The standard does not require such cost identification for purposes which are not relevant to the determination of Government sponsored agreement cost. Thus, to provide visibility for incurred costs, acceptable alternative



practices would include (1) the segregation of unallowable costs in separate accounts maintained for this purpose in the regular books of account, (2) the development and maintenance of separate accounting records or workpapers, or (3) the use of any less formal cost accounting techniques which establishes and maintains adequate cost identification to permit audit verification of the accounting recognition given unallowable costs. Educational institutions may satisfy the visibility requirements for estimated costs either (1) by designation and description (in backup data, workpapers, etc.) of the amounts and types of any unallowable costs which have specifically been identified and recognized in making the estimates, or (2) by description of any other estimating technique employed to provide appropriate recognition of any unallowable costs pertinent to the estimates.

(c) Specific identification of unallowable costs is not required in circumstances where, based upon considerations of materiality, the Government and the educational institution reach agreement on an alternate method that satisfies the purpose of the standard.

#### Illustrations

(a) An auditor recommends disallowance of certain direct labor and direct material costs, for which a billing has been submitted under a sponsored agreement, on the basis that these particular costs were not required for performance and were not authorized by the sponsored agreement. The Federal officer issues a written decision which supports the auditor's position that the questioned costs are unallowable. Following receipt of the Federal officer's decision, the educational institution must clearly identify the disallowed direct labor and direct material costs in the educational institution's accounting records and reports covering any subsequent submission which includes such costs. Also, if the educational institution's base for allocation of any indirect cost pool relevant to the subject sponsored agreement consists of direct labor, direct material, total prime cost, total cost input, etc., the educational institution must include the disallowed direct labor and material costs in its allocation base for such pool. Had the Federal officer's decision been against the auditor, the educational institution would not, of course, have been required to account separately for the costs questioned by the auditor.

(b) An educational institution incurs, and separately identifies, as a part of a service center or expense pool, certain costs which are expressly unallowable under the existing and currently effective regulations. If the costs of the service center or indirect expense pool are regularly a part of the educational institution's base for allocation of general administration and general expenses (GA&GE) or other indirect expenses, the educational institution must allocate the GA&GE or other indirect expenses to sponsored agreements and other final cost objectives by means of a base which includes the identified unallowable indirect costs.

(c) An auditor recommends disallowance of certain indirect costs. The educational institution claims that the costs in question are allowable under the provisions of Office Of Management and Budget Circular A-21, Cost Principles For Educational Institutions; the auditor disagrees. The issue is referred to the Federal officer for resolution pursuant to the sponsored agreement disputes clause. The Federal officer issues a written decision supporting the auditor's position that the total costs questioned are unallowable under the Circular. Following receipt of the Federal officer's decision, the educational institution must identify the disallowed costs and specific other costs incurred for the same purpose in like circumstances in any subsequent estimating, cost accumulation or reporting for Government sponsored agreements, in which such costs are included. If the Federal officer's decision had supported the educational institution's contention, the costs questioned by the auditor would have been allowable and the educational institution would not have been required to provide special identification.

(d) An educational institution incurred certain unallowable costs that were charged indirectly as general administration and general expenses (GA&GE). In the educational institution's proposals for final indirect cost rates to be applied in determining allowable sponsored agreement costs, the educational institution identified and excluded the expressly unallowable costs. In addition, during the course of negotiation of indirect cost rates to be used for bidding and billing purposes, the educational institution agreed to classify as unallowable cost, various directly associated costs of the identifiable unallowable costs. On the basis of negotiations and agreements between the educational institution and the Federal officer's authorized representatives, indirect cost rates were

established, based on the net balance of allowable GA&GE. Application of the rates negotiated to proposals, and to billings, for covered sponsored agreements constitutes compliance with the standard.

(e) An employee, whose salary, travel, and subsistence expenses are charged regularly to the general administration and general expenses (GA&GE) pool, takes several business associates on what is clearly a business entertainment trip. The entertainment costs of such trips is expressly unallowable because it constitutes entertainment expense prohibited by OMB Circular A-21, and is separately identified by the educational institution. The educational institution does not regularly include its GA&GE in any indirect-expense allocation base. In these circumstances, the employee's travel and subsistence expenses would be directly associated costs for identification with the unallowable entertainment expense. However, unless this type of activity constituted a significant part of the employee's regular duties and responsibilities on which his salary was based, no part of the employee's salary would be required to be identified as a directly associated cost of the unallowable entertainment expense.

CAS 9905.506 -- Cost accounting period -- Educational institutions.

#### Purpose

The purpose of this standard is to provide criteria for the selection of the time periods to be used as cost accounting periods for sponsored agreement cost estimating, accumulating, and reporting. This standard will reduce the effects of variations in the flow of costs within each cost accounting period. It will also enhance objectivity, consistency, and verifiability, and promote uniformity and comparability in sponsored agreement cost measurements.

#### Definitions

(a) The following are definitions of terms which are prominent in this standard.

(1) Allocate means to assign an item of cost, or a group of items of cost, to one or more cost objectives. This term

includes both direct assignment of cost and the reassignment of a share from an indirect cost pool.

(2) Cost Objective means a function, organizational subdivision, sponsored agreement, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capitalized projects, etc.

(3) Fiscal year means the accounting period for which annual financial statements are regularly prepared, generally a period of 12 months, 52 weeks, or 53 weeks.

(4) Indirect cost pool means a grouping of incurred costs identified with two or more cost objectives but not identified specifically with any final cost objective.

#### Fundamental requirement

Educational institutions shall use their fiscal year as their cost accounting period, except that:

Costs of an indirect function which exists for only a part of a cost accounting period may be allocated to cost objectives of that same part of the period.

An annual period other than the fiscal year may be used as the cost accounting period if its use is an established practice of the educational institution.

A transitional cost accounting period other than a year shall be used whenever a change of fiscal year occurs.

An educational institution shall follow consistent practices in the selection of the cost accounting period or periods in which any types of expense and any types of adjustment to expense (including prior-period adjustments) are accumulated and allocated.

The same cost accounting period shall be used for accumulating costs in an indirect cost pool as for establishing its allocation base, except that the contracting parties may agree to use a different period for establishing an allocation base.

#### Techniques for application

(a) The cost of an indirect function which exists for only a part of a cost accounting period may be allocated on the basis of data for that part of the cost accounting period if the cost is (1) material in amount, (2) accumulated in a separate indirect cost pool or expense pool, and (3) allocated on the basis of an appropriate direct measure of the activity or output of the function during that part of the period.

(b) The practices required by this standard shall include appropriate practices for deferrals, accruals, and other adjustments to be used in identifying the cost accounting periods among which any types of expense and any types of adjustment to expense are distributed. If an expense, such as insurance or employee leave, is identified with a fixed, recurring, annual period which is different from the educational institution's cost accounting period, the standard permits continued use of that different period. Such expenses shall be distributed to cost accounting periods in accordance with the educational institution's established practices for accruals, deferrals, and other adjustments.

(c) Indirect cost allocation rates, based on estimates, which are used for the purpose of expediting the closing of sponsored agreements which are terminated or completed prior to the end of a cost accounting period need not be those finally determined or negotiated for that cost accounting period. They shall, however, be developed to represent a full cost accounting period, except as provided in paragraph (a) of this subsection.

(d) An educational institution may, upon mutual agreement with the Government, use as its cost accounting period a fixed annual period other than its fiscal year, if the use of such a period is an established practice of the educational institution and is consistently used for managing and controlling revenues and disbursements, and appropriate accruals, deferrals or other adjustments are made with respect to such annual periods.

(e) The parties may agree to use an annual period which does not coincide precisely with the cost accounting period for developing the data used in establishing an allocation base: Provided,

(1) The practice is necessary to obtain significant administrative convenience, (2) the practice is consistently followed by the educational institution, (3) the annual period

used is representative of the activity of the cost accounting period for which the indirect costs to be allocated are accumulated, and (4) the practice can reasonably be estimated to provide a distribution to cost objectives of the cost accounting period not materially different from that which otherwise would be obtained.

(f) When a transitional cost accounting period is required, educational institution may select any one of the following: (1) the period, less than a year in length, extending from the end of its previous cost accounting period to the beginning of its next regular cost accounting period, (2) a period in excess of a year, but not longer than 15 months, obtained by combining the period described in subparagraph (f)(1) of this subsection with the previous cost accounting period, or (3) a period in excess of a year, but not longer than 15 months, obtained by combining the period described in subparagraph (f)(1) of this subsection with the next regular cost accounting period. A change in the educational institution's cost accounting period is a change in accounting practices for which an adjustment in the sponsored agreement price may be required.

#### Illustrations

(a) An educational institution allocates indirect expenses for Organized Research on the basis of a modified total direct cost base. In a proposal for a sponsored agreement, it estimates the allocable expenses based solely on the estimated amount of indirect costs allocated to Organized Research and the amount of the modified total direct cost base estimated to be incurred during the 8 months in which performance is scheduled to be commenced and completed. Such a proposal would be in violation of the requirements of this standard that the calculation of the amounts of both the indirect cost pools and the allocation bases be based on the educational institution's cost accounting period.

(b) An educational institution whose cost accounting period is the calendar year, installs a computer service center to begin operations on May 1. The operating expense related to the new service center is expected to be material in amount, will be accumulated in an intermediate cost objective, and will be allocated to the benefitting cost objectives on the basis of measured usage. The total operating expenses of the computer service center for the 8-month part of the cost accounting

period may be allocated to the benefitting cost objectives of that same 8-month period.

(c) An educational institution changes its fiscal year from a calendar year to the 12-month period ending May 31. For financial reporting purposes, it has a 5-month transitional "fiscal year." The same 5-month period must be used as the transitional cost accounting period; it may not be combined, because the transitional period would be longer than 15 months. The new fiscal year must be adopted thereafter as its regular cost accounting period. The change in its cost accounting period is a change in accounting practices; adjustments of the sponsored agreement prices may thereafter be required.

(d) Financial reports are prepared on a calendar year basis on a university-wide basis. However, the contracting segment does all internal financial planning, budgeting, and internal reporting on the basis of a twelve month period ended June 30. The contracting parties agree to use the period ended June&nbsp;30 and they agree to overhead rates on the June 30 basis. They also agree on a technique for prorating fiscal year assignment of the university's central system office expenses between such June 30 periods. This practice is permitted by the standard.

(e) Most financial accounts and sponsored agreement cost records are maintained on the basis of a fiscal year which ends November 30 each year. However, employee vacation allowances are regularly managed on the basis of a "vacation year" which ends September 30 each year. Vacation expenses are estimated uniformly during each "vacation year." Adjustments are made each October to adjust the accrued liability to actual, and the estimating rates are modified to the extent deemed appropriate. This use of a separate annual period for determining the amounts of vacation expense is permitted.