



County of San Diego

RECEIVED
December 10, 2015
Commission on
State Mandates

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December 10, 2015

VIA E-FILING

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Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Controller's Audit of San Diego County's Consolidated HDS, HDS II, and
SED P Program July 1, 2006-June 30, 2009

To the Commission on State Mandates:

The County of San Diego (County) hereby submits an Incorrect Reduction Claim (IRC) challenging the State Controller's disallowance of \$1,387,095.00 in costs claimed by the County for providing legislatively mandated Consolidated Handicapped and Disabled Students (HDS), HDS II, and Seriously Emotionally Disturbed Pupils Program for the period of July 1, 2006-June 30, 2009. Please find attached the County's timely filed IRC which includes all supporting documentation.

If you have any questions regarding the County's IRC, please do not hesitate to contact the undersigned Senior Deputy at (619) 531-5296.

Very truly yours,

THOMAS E. MONTGOMERY, County Counsel

By


LISA M. MACCHIONE, Senior Deputy

11-01866

1. INCORRECT REDUCTION CLAIM TITLE

Controller's Audit of San Diego County's Consolidated HDS
HDS II, and SED P Program July 1, 2006-June 30, 2009

2. CLAIMANT INFORMATION

The County of San Diego
Name of Local Agency or School District
Alfredo Aguirre
Claimant Contact
Behavioral Health Services Director
Title
3255 Camino Del Rio South
Street Address
San Diego, CA 92108
City, State, Zip
(619)563-2705
Telephone Number
(619)563-2705
Fax Number
alfredo.aguirre@sdcounty.ca.gov
E-Mail Address

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.

Lisa Macchione
Claimant Representative Name
Senior Deputy County counsel
Title
Office of the County Counsel, County of San
Organization
1600 Pacific Highway, Rm 355
Street Address
San Diego, CA 92101
City, State, Zip
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E-Mail Address

<i>For CSM Use Only</i>	
Filing Date:	RECEIVED December 10, 2015 Commission on State Mandates
IRC #	15-9705-I-06

4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

Please specify the subject statute or executive order that claimant alleges is not being fully reimbursed pursuant to the adopted parameters and guidelines.

Seriously Emotionally Disturbed Pupils: Out of State Mental Health Services Program (Chapter 654 Statutes of 1996) added and amended Government Code section 7576 and California Code of Regulations section 60100

5. AMOUNT OF INCORRECT REDUCTION

Please specify the fiscal year and amount of reduction. More than one fiscal year may be claimed.

Fiscal Year	Amount of Reduction
2006-2007	\$825,099.00
2007-2008	\$466,264.00
2008-2009	\$95,732.00

TOTAL: \$1,387,095.00

6. NOTICE OF INTENT TO CONSOLIDATE

Please check the box below if there is intent to consolidate this claim.

Yes, this claim is being filed with the intent to consolidate on behalf of other claimants.

Sections 7 through 11 are attached as follows:

7. Written Detailed Narrative: pages 1 to 13.
8. Documentary Evidence and Declarations: Exhibit A1-A5
9. Claiming Instructions: Exhibit B.
10. Final State Audit Report or Other Written Notice of Adjustment: Exhibit C.
11. Reimbursement Claims: Exhibit D.

Sections 7 through 11 shall be included with each incorrect reduction claim submittal.

7. WRITTEN DETAILED NARRATIVE

Under the heading "7. Written Detailed Narrative," please describe the alleged incorrect reduction(s). The narrative shall include a comprehensive description of the reduced or disallowed area(s) of cost(s).

8. DOCUMENTARY EVIDENCE AND DECLARATIONS

If the narrative describing the alleged incorrect reduction(s) involves more than discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations shall be supported by testimonial or documentary evidence and shall be submitted with the claim under the heading "8. Documentary Evidence and Declarations." All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based upon the declarant's personal knowledge or information or belief.

9. CLAIMING INSTRUCTIONS

Under the heading "9. Claiming Instructions," please include a copy of the Office of State Controller's claiming instructions that were in effect during the fiscal year(s) of the reimbursement claim(s).

10. FINAL STATE AUDIT REPORT OR OTHER WRITTEN NOTICE OF ADJUSTMENT

Under the heading "10. Final State Audit Report or Other Written Notice of Adjustment," please include a copy of the final state audit report, letter, remittance advice, or other written notice of adjustment from the Office of State Controller that explains the reason(s) for the reduction or disallowance.

11. REIMBURSEMENT CLAIMS

Under the heading "11. Reimbursement Claims," please include a copy of the subject reimbursement claims the claimant submitted to the Office of State Controller.

12. CLAIM CERTIFICATION

*Read, sign, and date this section and insert at the end of the incorrect reduction claim submission.**

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.

Tracy M Sandoval

Print or Type Name of Authorized Local Agency
or School District Official

Deputy Chief Admin Officer/ATC

Print or Type Title

Tracy M Sandoval

Signature of Authorized Local Agency or
School District Official

12/10/15

Date

** If the declarant for this Claim Certification is different from the Claimant contact identified in section 2 of the incorrect reduction claim form, please provide the declarant's address, telephone number, fax number, and e-mail address below.*

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San Diego, CA 92101
Phone: (619) 531-5413
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ITEM 7: WRITTEN DETAILED NARRATIVE

OFFICE OF THE COUNTY COUNSEL
COUNTY OF SAN DIEGO
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Attorneys for
COUNTY OF SAN DIEGO

STATE OF CALIFORNIA
COMMISSION ON STATE MANDATES

In Re:

CALIFORNIA STATE CONTROLLER'S)	INCORRECT
AUDIT OF THE COUNTY OF SAN DIEGO'S)	REDUCTION CLAIM
CLAIMS FOR REIMBURSEMENT FOR THE)	BY THE COUNTY OF
CONSOLIDATED HANDICAPPED AND)	SAN DIEGO
DISABLED STUDENTS (HDS), HDS II, AND)	
SEDP PROGRAM FOR THE PERIOD OF)	
JULY 1, 2006 THROUGH JUNE 30, 2009)	

Introduction

In 1996 the Legislature amended Section 7576 of the Government Code (AB 2726) to add new fiscal and programmatic responsibilities for counties to provide mental health services to seriously emotionally disturbed ("SED") pupils placed in out-of-state residential programs. The legislation provided that the fiscal and program responsibilities of counties would be the same regardless of the location of the pupil's placement. California Code of Regulations, Title 2, sections 60100 and 60200 set forth counties'

programmatic and fiscal responsibilities when an SED pupil is placed out-of-state in a residential program. Section 60100 provides that such out-of-state placements may only be made when no in-state facility can meet the pupil's needs and may only be in programs that meet the requirements of Welfare and Institutions Code sections 11460(c)(2) through (c)(3). Section 11460 (c) (3) provides that reimbursement will only be paid to a group home organized and operated on a nonprofit basis.

As summarized in the Parameters and Guidelines attached hereto in Item 9 as Exhibit "B", the Commission on State Mandates ("CSM") adopted its Statement of Decision on the subject test claim and found the following activities to be reimbursable under Government Code section 17561:

- Payment of out-of-state residential placements for SED pupils;
- Case management of out-of-state residential placements for SED pupils. Case management includes supervision of mental health treatment and monitoring of psychotropic medications;
- Travel to conduct quarterly face-to-face contacts at the residential facility to monitor level of care, supervision, and the provision of mental health services as required in the pupil's Individualized Education Plan (IEP); and
- Program management, which includes parent notifications, as required, payment facilitation, and all other activities necessary to ensure a county's out-of-state residential placement program meets the requirements of Government Code section 7576 and Title 2, California Code of Regulations, subdivision 60000-60610.

The CSM adopted the parameters and guidelines on October 26, 2000 and these parameters and guidelines define the program and what costs are reimbursable.¹ The State Controller's Office issued claiming instructions on January 2, 2001, on January 2,

¹ The responsibility for funding and providing mental health services including out-of- state mental health and residential placement services required by the Individuals with Disabilities Education Act (IDEA) and identified in

2007 and again on January 2, 2009. The 2007 and 2009 instructions are attached hereto as Item 9, Exhibit "B". The most recent Claiming Instructions were issued following the adoption of the Program's Amended Parameters and Guidelines by the Commission on State Mandates and Claiming Instructions assist the counties in claiming the mandated program's reimbursable costs.

Summary of State's Audit and County's Incorrect Reduction Claim

The State Controller's Office audited the costs claimed by the County of San Diego ("County") for the legislatively mandated Consolidated Handicapped and Disabled Students (HDS), HDS II, and SED Pupils: Out-of-State Mental Health Services Program (Chapter 1747, Statutes of 1084; Chapter 1274, Statutes of 1985; Chapter 1128, Statutes of 1994; and Chapter 654 Statutes of 1996) for the period of July 1, 2006 through June 30, 2009. The State Controller's Office issued an Audit Report dated March 7, 2012 and subsequently, issued a Revised Audit Report which supersedes the previous Report dated December 18, 2012. (See Page 2 of Item 10 Revised Audit Report attached hereto as Exhibit "C".) The County submitted its Response to the Consolidated HDS, HDS II and SEDP Program Audit for the Period of July 1, 2006 through June 30, 2009 on February 29, 2012.

The County claimed \$14,484,766 for the mandated program and \$4,106,959 has already been paid by the State. The State found \$11,651,891 was allowable and

a pupil's individualized education plan (IEP) was the responsibility of counties during the subject claim period of July 1, 2006 through June 30, 2009. It should be noted, however, that the Commission on State Mandates adopted the statement of decision and the parameters and guidelines amendment to end reimbursement for the *Handicapped and Disabled Students, Handicapped and Disabled Students II, and Seriously Emotionally Disturbed (SED) Pupils: Out of State Mental Health Services* programs effective July 1, 2011.

\$2,832,875 was unallowable. The State alleges that the unallowable costs occurred because the County overstated mental health services costs, administrative costs, and claimed ineligible vendor payments for out-of-state residential placement of SED pupils in facilities that are owned and operated for profit, and because the County duplicated due process hearing costs and understated offsetting reimbursements. There were four Findings in the Audit Report and the County disputes only the second Finding which alleges the County overstated residential placement costs by \$1,653,904 for the audit period.

The County disputes Finding 2 – Overstated residential placement costs - because the California Code of Regulations Title 2 section 60100(h) which was in effect during the audit period and Welfare and Institutions Code section 11460(c)(3) cited by the State is in conflict with requirements of federal law, including the Individuals with Disabilities Education Act (IDEA) and Section 472(c)(2) of the Social Security Act (42 U.S.C. 672 (c)(2)). The Parameters and Guidelines which are included as an integral part of the Claiming Instructions attached hereto as Item 9, Exhibit B cite the State law referenced above which is in conflict with the requirements of federal law. Please see the following argument in support of County's position that the subject claim was incorrectly reduced by \$1,387,095.00.

Argument

I. Summary of Response To Finding 2 – Overstated Residential Placement Costs

The State's position is that the County overstated residential placement

costs by \$1,653,904 for the audit period; and the County disputes this finding. The County specifically disputes the finding that it claimed ineligible vendor payments of \$1,387,095 (board and care costs of \$753,624 and treatment costs of \$633,471) for out-of-state residential placement of SED pupils owned and operated for profit. In support of its position, the State cites the California Code of Regulations, Title 2, section 60100, subdivision (h), which provides that out-of-state residential placements will be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460(c)(2) through (3). Welfare and Institutions Code section 11460(c) (3) provides that reimbursement will only be paid to a group home organized and operated on a nonprofit basis.

The County asserts that it is entitled to the entire amount claimed less the sum already paid by the State and that its claim was incorrectly reduced by board and care costs of \$753,624 and treatment costs of \$633,471. Please see Summary of Program Costs for Out-of-State Residential Placements for Profit facilities - July 1, 2006 - June 30, 2009 attached hereto as Item 8 Exhibit A-4. In support of its position, the County provides the following arguments and Exhibits A-1, A-2 and A-3 attached hereto.

A. California Law in Effect during the Audit Period Prohibiting For-Profit Placements was Inconsistent with Both Federal Law, Which No Longer Has Such a Limitation, and With IDEA's "Most Appropriate Placement" Requirement.

In 1990, Congress enacted the Individuals with Disabilities Education Act (IDEA) (20 U.S.C.S. § 1400-1487) pursuant to the Spending Clause (U.S. Const., art. I, § 8, cl. 1). According to Congress, the statutory purpose of IDEA is “. . . to assure that all

children with disabilities have available to them . . . a free appropriate public education which emphasizes special education and related services designed to meet their unique needs. . . .” 20 U.S.C. § 1400(d)(1)(A); *County of San Diego v. Cal. Special Educ. Hearing*, 93 F.3d 1458, 1461 (9th Cir. 1996).

To accomplish the purposes and goals of IDEA, the statute “provides federal funds to assist state and local agencies in educating children with disabilities but conditions such funding on compliance with certain goals and procedures.” *Ojai Unified School Dist. v. Jackson*, 4 F.3d 1467, 1469 (9th Cir. 1993); see *Ciresoli v. M.S.A.D. No. 22*, 901 F. Supp. 378, 381 (D.Me. 1995). All 50 states currently receive IDEA funding and therefore must comply with IDEA. *County of L.A. v. Smith*, 74 Cal. App. 4th 500, 508 (1999).

IDEA defines “special education” to include instruction conducted in hospitals and institutions. If placement in a public or private residential program is necessary for a student to benefit from their special education program, regulations require that the program must be provided at no cost to the parents of the student. 34 C.F.R. § 300.302 (2000). Thus, IDEA requires that a state pay for a disabled student’s residential placement when necessary. *Indep. Schl. Dist. No. 284 v. A.C.*, 258 F. 3d 769 (8th Cir. 2001). Local educational agencies (LEA) were initially responsible for providing all the necessary services to special education students including required mental health services, however, Assembly Bill 3632 (“3632”) codified in California Government Code sections 7570 *et seq.* , shifted the responsibility for providing special education mental health services to disabled students to counties. That pendulum, however, has

shifted back and Assembly Bill 114 repealed and made inoperative the statutes that originally shifted the provision of mental health services to pupils on their IEPs to counties effective July 1, 2011. It should be noted that during the audit period counties were responsible for providing such services.

Federal law originally required residential placements to be in nonprofit facilities. In 1997, however, the federal requirements changed to remove any reference to the tax identification (profit/nonprofit) status of an appropriate residential placement as follows: Section 501 of the Personal Responsibility and Work Opportunity Responsibility Act of 1996 states, Section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2) is amended by striking “nonprofit.” That section during the audit period provided as follows:

“The term ‘child-care institution’ means a private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.”

The California Code of Regulations, Title 2, section 60100, subdivision (h)² and Welfare and Institutions Code section 11460(c)(2) through (3) are therefore inconsistent with and more restrictive than the requirements set forth in the Social Security Act as referenced above, as well as inconsistent with a primary principle of IDEA as described below.

IDEA “was intended to ensure that children with disabilities receive an education that is both appropriate and free.” *Florence County School District Four v. Carter*, 510

² All references in this document to the Government Code Chapter 26.5 commencing with section 7570, the corresponding regulations Title 2, sections 60000 et seq.) were in effect during the audit period and counties were mandated to provide the mental health services to pupils on their IEPs.

U.S. 7, 13, 126 L. Ed. 2d 284, 114 S. Ct. 361 (1993). A “free appropriate public education” (FAPE) includes both instruction and “related services” as may be required to assist a child with a disability. 20 U.S.C. § 1401 (9). Both instruction and related services, including residential placement, must be specially designed to suit the needs of the individual child. 20 U.S.C. § 1401(26). The most appropriate residential placement specially designed to meet the needs of an individual child may not necessarily be one that is operated on a nonprofit basis. Consequently, to limit the field of appropriate placements for a special education student would be contrary to the FAPE requirement referenced above. Counties and students could not be limited by such restrictions because the most appropriate placement for a student may not have a nonprofit status. This need for flexibility became most pronounced when a county was seeking to place a student in an out-of-state residential facility which is the most restrictive level of care. Such students have typically failed California programs and required a more specialized program that may not necessarily have a nonprofit tax identification status.

In contrast to the restrictions placed on counties with respect to placement in nonprofits, LEAs were not limited to accessing only nonprofit educational programs for special education students. When special education students are placed in residential programs, out-of-state, LEAs may utilize the services provided by certified nonpublic, nonsectarian schools and agencies that have a for-profit tax identification status. See Educ. Code § 56366.1. These nonpublic schools become certified by the state of California because they meet the requirements set forth in Education Code sections 56365 *et seq.* These requirements do not include nonprofit status, but rather, among

other things, the ability to provide special education and designated instruction to individuals with exceptional needs which includes having qualified licensed and credentialed staff. LEAs monitor the out-of-state nonpublic schools through the Individualized Education Program (“IEP”) process and are also required to monitor these schools annually which may include a site visit. Consequently, during the audit period, counties and LEAs could not be subject to different criteria when seeking a placement in out-of- state facilities for a special education student. Consistent with federal law, counties needed to have the ability to place students in the most appropriate educational environment out-of- state and not be constrained by nonprofit status.

B. Parents Can be Reimbursed When Placing Students in Appropriate For-Profit Out-of-State Facilities. County Mental Health Agencies Were Subject to Increased Litigation Without the Same Ability to Place Seriously Emotionally Disturbed Students in Appropriate For-Profit Out-of-State Facilities During the Audit Period.

In *Florence County School District Four, et al. v. Shannon Carter*, 510 U.S. 7, 114 S.Ct. 361 (1993), the U.S. Supreme Court found that although the parents placed their child in a private school that did not meet state education standards and was not state approved, they were entitled to reimbursement because the placement was found to be appropriate under IDEA. The parents in *Carter* placed their child in a private school because the public school she was attending provided an inappropriate education under IDEA.

In California, during the audit period, if counties were unable to access for-profit out-of-state programs, they may not be able to offer an appropriate placement for a pupil that had a high level of unique mental health needs that may only be treated in a

specialized program. If that program was for-profit, that county would have been subject to litigation from parents, who through litigation, may access the appropriate program for their child regardless of the program's tax identification status. For example, *In the Matter of Student v. Riverside Unified School District and Riverside Department of Mental Health*, OAH Case Number: N 2007090403, the Administrative Law Judge of the Office of Administrative Hearings Special Education Division, State of California ("OAH") ordered the Riverside Unified School District ("RUSD") and the Riverside County Department of Mental Health ("RCDMH") to place a deaf student with very unique needs in a residential program with a for-profit tax identification status. This program is highly specialized, located in Florida and there was no other program available that would meet this pupil's unique needs. Therefore, both the RUSD and the RCDMH were ordered to "provide Student with compensatory education consisting of immediate placement at the National Deaf Academy and through the 2008-2009 school year." RUSD and RCDMH were also ordered to continue to fund the placement until the Student "voluntarily terminates his attendance at NDA after his 18th birthday, or student's placement is terminated by NDA."

Thus, through litigation and as ordered by the administrative law judge the Student was able to access the most appropriate residential program which met Student's unique needs consistent with IDEA and which happened to be for-profit; and through litigation, a county and school district were ordered to fund a for-profit residential program.

County Mental Health Agencies recommended out-of-state residential programs

for special education students only after in state alternatives had been considered and were not found to meet the child's needs. See Gov't Code §§ 7572.5 and 7572.55³. As described in 7572.5 and 7572.55, such decisions were not made hastily and required levels of documented review, including consensus from the special education student's IEP team. Further, when students require the most restrictive educational environment, their needs are great and unique. Consistent with IDEA, during the audit period, counties should have been able to place special education students in the most appropriate program that met their unique needs without consideration for the programs for-profit or nonprofit status so that students would be placed appropriately and counties would not be subject to needless litigation as evidenced in the *Riverside* case above.

C. County Contracted with Nonprofit Out-of-State Residential Program for SED Pupils.

During the audit period, the County contracted with Mental Health Systems, Inc. (Provo Canyon School) the provider of the out-of-state residential services that is the subject of the proposed disallowance that the County disputes in this Incorrect Reduction Claim. As referenced in the April 28, 2007 letter from the Internal Revenue Service (attached hereto in Item 8, Exhibit A-5) Mental Health Systems, Inc. (Provo Canyon School) is a nonprofit entity. The County contracted with this provider in a manner consistent with the requirements of the California Code of Regulations and Welfare and Institutions Code referenced above. The State never provided any guidance to counties as to how to access or contract with appropriate out-of-state facilities that meet State

³ As referenced in prior footnotes, the Government Code Sections commencing with Section 7570 and the implementing regulations were repealed effective July 1, 2011, but were operative during the audit period.

criteria or qualifications. The State never provided counties a list of appropriate out-of-state facilities that meet State requirements. County should not be penalized now for fulfilling the requirements of the law with little or no guidance from the State.

D. There Are No Requirements in Federal or State Law Regarding the Tax Identification Status of Mental Health Treatment Services Providers. Thus, There Are No Grounds to Disallow the County's Treatment Costs.

Government Code section 7572 (c), provided that "Psychotherapy and other mental health assessments shall be conducted by qualified mental health professionals as specified in regulations developed by the State Department of Mental Health in consultation with the State Department of Education. . . ." The California Code of Regulations, title 2, division 9, chapter 1, article 1, section 60020 (i) and (j), which were operative during the audit period, further described the type of mental health services to be provided in the program as well as who shall provide those services to special education pupils. There was no requirement that the providers have a nonprofit or for-profit status. The requirements were that the services "shall be provided directly or by contract at the discretion of the community mental health service of the county of origin" and that the services were to be provided by "qualified mental health professionals." Qualified mental health professionals include licensed practitioners of the healing arts such as: psychiatrists, psychologists, clinical social workers, marriage, family and child counselors, registered nurses, mental health rehabilitation specialists and others who have been waived under Section 5751.2 of the Welfare and Institutions Code. The County complied with all of these requirements. Consequently, because there was no legal

requirement that treatment services be provided by nonprofit entities the State cannot and shall not disallow the treatment costs.

Conclusion

In conclusion, the County asserts that the costs it claimed for the period of July 1, 2006 through June 30, 2009 was incorrectly reduced by \$1,387,095 as set forth in Exhibits A-1 through A-4 and the County should be reimbursed the full amount of these disputed costs.

Dated: 12/10/15

Respectfully submitted,

THOMAS E. MONTGOMERY, County Counsel

By 

LISA M. MACCHIONE, Senior Deputy
Attorneys for the County of San Diego

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS:
Exhibits A-1, A-2, A-3, A-4, & A-5

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS:
Exhibits A-1, A-2, A-3, A-4, & A-5

Summary of July 01 2006- June 30 2007

Direct and Indirect Costs:

	Actual Costs Claimed	Allowable	Adjustments
Referral and mental health assessments,	\$ 884,162	\$ 880,170	\$ (3,992)
Transfers and Interim placements	\$ 1,923,625	\$ 1,890,217	\$ (33,408)
Psychotherapy /other mental health services	\$ 7,868,926	\$ 7,837,430	\$ (31,496)
Authorize/issue payments to providers:			\$ -
Vendor Reimbursement	\$ 5,788,131	\$ 4,726,644	\$ (1,061,487)
Travel	\$ 14,797	\$ 14,797	\$ -
Participation in due process hearings	\$ 5,330	\$ -	\$ (5,330)
Sub-Total program costs	<u>\$ 16,484,971</u>	<u>\$ 15,349,258.00</u>	<u>\$ (1,135,713)</u>
Less: Other reimbursements	\$ (9,887,542)	\$ (9,651,932)	\$ 235,610
Total claimed amount	<u>\$ 6,597,429</u>	<u>\$ 5,697,326</u>	<u>\$ (900,103)</u>
Less: Late filing penalty	\$ (10,000)	\$ (10,000)	\$ -
Total Program Costs	<u>\$ 6,587,429</u>	<u>\$ 5,687,326</u>	<u>\$ (900,103)</u>
Less: Amount paid by the State		<u>\$ (4,106,959)</u>	
Allowable costs claimed in excess of amount paid		<u>\$ 1,580,367</u>	
Allowable per State Audit (Residential Placement Costs)		\$ 4,726,644.00	
Amount being appealed (Payments to Profit Facility)		\$ 825,099.00	
Breakdown:		\$ 373,380.00	
Out of State Residential Placement (Treatment Cost) Provo Canyon PO#506325		\$ 451,719.00	
Out of State Residential Placement (Room and Board) Provo Canyon PO#506325		<u>\$ 825,099.00</u>	
Total		<u>\$ 825,099.00</u>	

FY0607

Summary of July 01 2007- June 30 2008

Direct and Indirect Costs:

Referral and mental health assessments
 Transfers and Interim placements
 Psychotherapy /other mental health services
 Authorize/issue payments to providers:
 Vendor Reimbursement
 Travel
 Participation in due process hearings

Sub-Total program costs

Less: Other reimbursements

Total claimed amount

Total Program Costs

Less: Amount paid by the State

Allowable costs claimed in excess of amount paid

Allowable per State Audit (Residential Placement Costs)

Amount being appealed (Payments to Profit Facility)

Breakdown:

Out of State Residential Placement (Treatment Cost) Provo Canyon PO#506325
 Out of State Residential Placement (Room and Board) Provo Canyon PO#506325

Total

	Actual Costs Claimed	Allowable	Adjustments
	\$ 1,040,292	\$ 1,032,856	\$ (7,436)
	\$ 1,827,332	\$ 1,822,587	\$ (4,745)
	\$ 8,565,332	\$ 8,514,338	\$ (50,994)
			\$ -
	\$ 6,724,027	\$ 6,242,968	\$ (481,059)
	\$ 14,185	\$ 14,185	\$ -
	\$ 10,071	\$ -	\$ (10,071)
	\$ 18,181,239	\$ 17,626,934	\$ (554,305)
	\$ (11,589,942)	\$ (11,662,369)	\$ (72,427)
	\$ 6,591,297	\$ 5,964,565	\$ (626,732)
	\$ 6,591,297	\$ 5,964,565	\$ (626,732)
		\$ -	
		\$ 5,964,565	
		\$ 6,242,968.00	
		\$ 466,264.00	
		\$ 215,136.00	
		\$ 251,128.00	
		\$ 466,264.00	

Summary of July 01 2008- June 30 2009

Direct and Indirect Costs:

Referral and mental health assessments
 Transfers and Interim placements
 Psychotherapy /other mental health services
 Authorize/issue payments to providers:
 Vendor Reimbursement
 Travel
 Participation in due process hearings
 Sub-Total program costs
 Less: Other reimbursements
 Total claimed amount
 Adjustment to eliminate negative balance
 Total Program Costs
 Less: Amount paid by the State
 Allowable costs claimed in excess of amount paid

Actual Costs Claimed	Allowable	Adjustments
\$ 1,625,079	\$ 1,207,589	\$ (417,490)
\$ 722,633	\$ 548,944	\$ (173,689)
\$ 9,749,679	\$ 9,198,502	\$ (551,177)
\$ 6,211,566	\$ 6,112,890	\$ (98,676)
\$ 12,472	\$ 12,472	\$ -
\$ 46,636	\$ 46,636	\$ -
\$ 18,368,065	\$ 17,127,033	\$ (1,241,032)
\$ (17,062,025)	\$ (17,566,899)	\$ (504,874)
\$ 1,306,040	\$ (439,866)	\$ (1,745,906)
\$ -	\$ 439,866	\$ 439,866
\$ 1,306,040	\$ -	\$ (1,306,040)
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -

Allowable per State Audit (Residential Placement Costs)

\$ 6,112,890.00

Amount being appealed (Payments to Profit Facility)

\$ 95,732.00

Breakdown:

Out of State Residential Placement (Treatment Cost) Provo Canyon PO#506325
 Out of State Residential Placement (Room and Board) Provo Canyon PO#506325

\$ 44,955.00
 \$ 50,777.00
\$ 95,732.00

Total

Summary of July 01 2006- June 30 2009

Direct and Indirect Costs:

	Actual Costs Claimed	Allowable	Adjustments
Referral and mental health assessments	\$ 3,549,533	\$ 3,120,615	\$ (428,918)
Transfers and interim placements	\$ 4,473,590	\$ 4,261,748	\$ (211,842)
Psychotherapy /other mental health services	\$ 26,183,937	\$ 25,550,270	\$ (633,667)
Authorize/issue payments to providers:			
Vendor Reimbursement	\$ 18,723,724	\$ 17,082,502	\$ (1,641,222)
Travel	\$ 41,454	\$ 41,454	\$ -
Participation in due process hearings	\$ 62,037	\$ 46,636	\$ (15,401)
Sub-Total program costs	<u>\$ 53,034,275</u>	<u>\$ 50,103,225</u>	<u>\$ (2,931,050)</u>
Less: Other reimbursements	\$ (38,539,509)	\$ (38,881,200)	\$ (341,691)
Total claimed amount	\$ 14,494,766	\$ 11,222,025	\$ (3,272,741)
Adjustment to eliminate negative balance		439,866	439,866
Less: Late filing penalty	\$ (10,000)	\$ (10,000)	
Total Program Costs	<u>\$ 14,484,766</u>	<u>\$ (4,106,959)</u>	<u>\$ (2,832,875)</u>
Less: Amount paid by the State		\$ 7,544,932	
Allowable costs claimed in excess of amount paid			
Allowable per State Audit (Residential Placement Costs)		\$ 17,082,502.00	
Total amount being appealed (Payments to Profit Facility)		<u>\$ 1,387,095.00</u>	
Breakdown:			
Out of State Residential Placement (Treatment Cost) Provo Canyon PO#506325		\$ 633,471.00	
Out of State Residential Placement (Room and Board) Provo Canyon PO#506325		\$ 753,624.00	
Grand Total		<u>\$ 1,387,095.00</u>	

Administration

MAY 07 2007

Internal Revenue Service

Date: April 28, 2007

**MENTAL HEALTH SYSTEMS INC
9465 FARNHAM ST
SAN DIEGO CA 92123**

**Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201**

**Person to Contact:
T. Buckingham 29-70700
Customer Service Representative
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:**

Dear Sir or Madam:

This is in response to your request of April 26, 2007, regarding your organization's tax-exempt status.

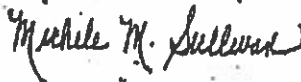
In November 1982 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under section 509(a)(2) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations 1

ITEM 9
CLAIMING INSTRUCTIONS:
Exhibit B

ITEM 9
CLAIMING INSTRUCTIONS:
Exhibit B

OFFICE OF THE STATE CONTROLLER
STATE MANDATED COST CLAIMING INSTRUCTIONS NO. 2007-03
CONSOLIDATION OF HANDICAPPED AND DISABLED STUDENTS (HDS), HDS II,
AND SERIOUSLY EMOTIONALLY DISTURBED (SED) PUPILS: OUT OF STATE
MENTAL HEALTH SERVICES
JANUARY 2, 2007

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 filing claims for the Consolidation of HDS, HDS II, and SED 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 May 26, 2005, the COSM determined that the test claim legislation established costs mandated by the State according to the provisions listed in the Amended P's & G's. For your reference, the Amended P's & G's are included as an integral part of the claiming instructions.

Limitations and Exceptions

Commencing with fiscal year 2006-07, reimbursement claims shall be filed through these consolidated P's and G's.

When providing psychotherapy or other mental health treatment services, the activities of crisis intervention, vocational services, and socialization services are not reimbursable.

Attorneys' fees when parents prevail in due process hearings and in negotiated settlement agreements are not reimbursable.

The one-time activity of revising the interagency agreement with each local educational agency is reimbursable only if it was not previously claimed under the P's and G's for HDS II. This is listed as activity "A" on Form I.

Eligible Claimants

Any county that incurs increased costs as a 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. Costs incurred for this program are reimbursable for fiscal year 2006-07 and subsequent fiscal years. Estimated claims for fiscal year 2006-07 may be filed with SCO and be delivered or postmarked on or before **May 2, 2007**. Actual claims for fiscal year 2006-07 may be filed by **January 15, 2008**, before a late penalty is assessed.

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. Late Penalty

1. Initial Claims

AB 3000, enacted into law on September 30, 2002, amended the late penalty assessments on initial claims. Late initial claims submitted **on or after September 30, 2002**, are assessed a late penalty of 10% of the total amount of the initial claims **without limitation**.

2. Annual Reimbursement Claims

All late annual reimbursement claims are assessed a late penalty of 10% subject to the \$1,000 limitation regardless of when the claims were filed.

C. Estimated Claims

Unless otherwise specified in the claiming instructions, local agencies 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%, the supplemental claim forms must be completed to support the 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 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 incurred to implement the mandated activities. These 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. It may also 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.

Certification of Claim

In accordance with the provisions of GC section 17561, an authorized representative of the claimant shall be required to provide a certification of claim 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, for those costs mandated by the State and contained herein.

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 for this mandate 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 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 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.

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 Angie Lowi-Teng at (916) 323-6527 or e-mailed to ateng@sco.ca.gov. Or, if you wish, you may call Angie of the Local Reimbursements Section at (916) 323-0706.

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.

Offsetting Revenues and Other Reimbursements

Any offsets 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 of the following sources shall be identified and deducted from this claim:

1. Funds received by a county pursuant to Government Code section 7576.5.
2. Any direct payments or categorical funding received from the State that is specifically allocated to any service provided under this program.
3. Funds received and applied to this program from appropriations made by the Legislature in future Budget Acts for disbursement by SCO.

4. Private insurance proceeds obtained with the consent of a parent for purposes of this program.
5. Medi-Cal proceeds obtained from the state or federal government, exclusive of the county match, that pay for a portion of the county services provided to a pupil under the HDS program in accordance with federal law.
6. Any other reimbursement received from the federal or state government, or other non-local source.

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

CONSOLIDATED PARAMETERS AND GUIDELINES

Government Code Sections 7570-7588

Statutes 1984, Chapter 1747 (Assem. Bill No. 3632)

Statutes 1985, Chapter 1274 (Assem. Bill No. 882)

Statutes 1994, Chapter 1128 (Assem. Bill No. 1892)

Statutes 1996, Chapter 654 (Assem. Bill No. 2726)

California Code of Regulations, Title 2, Sections 60000-60610

(Emergency regulations effective January 1, 1986 [Register 86, No. 1], and re-filed

June 30, 1986, designated effective July 12, 1986 [Register 86, No. 28]; and

Emergency regulations effective July 1, 1998 [Register 98, No. 26],

final regulations effective August 9, 1999 [Register 99, No. 33])

Handicapped and Disabled Students (04-RL-4282-10);

Handicapped and Disabled Students II (02-TC-40/02-TC-49); and

Seriously Emotionally Disturbed (SED) Pupils:

Out-of-State Mental Health Services (97-TC-05)

Commencing with Fiscal Year 2006-2007

I. SUMMARY OF THE MANDATE

The *Handicapped and Disabled Students* program was enacted in 1984 and 1985 as the state's response to federal legislation (Individuals with Disabilities Education Act, or IDEA) that guaranteed to disabled pupils, including those with mental health needs, the right to receive a free and appropriate public education, including psychological and other mental health services, designed to meet the pupil's unique educational needs. The legislation shifted to counties the responsibility and funding of mental health services required by a pupil's individualized education plan (IEP).

The Commission on State Mandates (Commission) adopted amended parameters and guidelines for the *Handicapped and Disabled Students* program (CSM 4282) on January 26, 2006, ending the period of reimbursement for costs incurred through and including June 30, 2004. Costs incurred after this date are claimed under the parameters and guidelines for the Commission's decision on reconsideration, *Handicapped and Disabled Students (04-RL-4282-10)*.

The Commission adopted its Statement of Decision on the reconsideration of *Handicapped and Disabled Students (04-RL-4282-10)* on May 26, 2005. The Commission found that the 1990 Statement of Decision in *Handicapped and Disabled Students* correctly concluded that the test claim legislation imposes a reimbursable state-mandated program on counties pursuant to article XIII B, section 6 of the California Constitution. The Commission determined, however, that the 1990 Statement of Decision does not fully identify all of the activities mandated by the statutes and regulations pled in the test claim or the offsetting revenue applicable to the claim. Thus, the Commission, on reconsideration, identified the activities expressly required by the test claim legislation and the offsetting revenue that must be identified and deducted from the costs

claimed. Parameters and guidelines were adopted on January 26, 2006, and corrected on July 21, 2006, with a period of reimbursement beginning July 1, 2004.

The Commission also adopted a Statement of Decision for the *Handicapped and Disabled Students II* program on May 26, 2005, addressing the statutory and regulatory amendments to the program. Parameters and guidelines were adopted on December 9, 2005, and corrected on July 21, 2006, with a period of reimbursement beginning July 1, 2001.

On May 25, 2000, the Commission adopted a Statement of Decision for the *Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services (97-TC-05)* program, addressing the counties' responsibilities for out-of-state placement of seriously emotionally disturbed students. Parameters and guidelines were adopted on October 26, 2000, and corrected on July 21, 2006, with a period of reimbursement beginning January 1, 1997.

These parameters and guidelines consolidate the Commission's decisions on the Reconsideration of *Handicapped and Disabled Students (04-RL-4282-10)*, *Handicapped and Disabled Students II (02-TC-40/02-TC-49)*, and *SED Pupils: Out-of-State Mental Health Services (97-TC-05)* for reimbursement claims filed for costs incurred commencing with the 2006-2007 fiscal year.

II. ELIGIBLE CLAIMANTS

Any county, or city and county, 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

The period of reimbursement for the activities in this consolidated parameters and guidelines begins on July 1, 2006.

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, subdivision (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 given 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, calendars, 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 reported 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 eligible for reimbursement:

- A. The one-time activity of revising the interagency agreement with each local educational agency to include the following eight procedures (Cal. Code Regs., tit. 2, § 60030):
 1. Resolving interagency disputes at the local level, including procedures for the continued provision of appropriate services during the resolution of any interagency dispute, pursuant to Government Code section 7575, subdivision (f). For purposes of this subdivision only, the term "appropriate" means any service identified in the pupil's IEP, or any service the pupil actually was receiving at the time of the interagency dispute. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(2).)
 2. A host county to notify the community mental health service of the county of origin within two (2) working days when a pupil with a disability is placed within the host county by courts, regional centers or other agencies for other than educational reasons. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(4).)
 3. Development of a mental health assessment plan and its implementation. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(5).)
 4. At least ten (10) working days prior notice to the community mental health service of all IEP team meetings, including annual IEP reviews, when the participation of its staff is required. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(7).)
 5. The provision of mental health services as soon as possible following the development of the IEP pursuant to section 300.342 of Title 34 of the Code of Federal Regulations. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(9).)
 6. The provision of a system for monitoring contracts with nonpublic, nonsectarian schools to ensure that services on the IEP are provided. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(14).)
 7. The development of a resource list composed of qualified mental health professionals who conduct mental health assessments and provide mental health services. The community mental health service shall provide the LEA with a copy of this list and monitor these contracts to assure that services as specified on the IEP are provided. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(15).)
 8. Mutual staff development for education and mental health staff pursuant to Government Code section 7586.6, subdivision (a). (Cal. Code Regs., tit. 2, § 60030, subd. (c)(17).)

This activity is reimbursable only if it was not previously claimed under the parameters and guidelines for *Handicapped and Disabled Students II* (02-TC-40/02-TC-49).

- B. Renew the interagency agreement with the local educational agency every three years and, if necessary, revise the agreement (Gov. Code, § 7571; Cal. Code Regs., tit. 2, §§ 60030, 60100)
1. Renew the interagency agreement every three years, and revise if necessary.
 2. Define the process and procedures for coordinating local services to promote alternatives to out-of-home care of seriously emotionally disturbed pupils.
- C. Referral and Mental Health Assessments (Gov. Code, §§ 7572, 7576; Cal. Code Regs., tit. 2, §§ 60040, 60045, 60200, subd. (c))
1. Work collaboratively with the local educational agency to ensure that assessments performed prior to referral are as useful as possible to the community mental health service in determining the need for mental health services and the level of services needed. (Gov. Code, § 7576, subd. (b)(1).)
 2. A county that receives a referral for a pupil with a different county of origin shall forward the referral within one working day to the county of origin. (Gov. Code, § 7576, subd. (g); Cal. Code Regs., tit. 2, § 60040, subd. (g).)
 3. If the county determines that a mental health assessment is not necessary, the county shall document the reasons and notify the parents and the local educational agency of the county determination within one day. (Cal. Code Regs., tit. 2, § 60045, subd. (a)(1).)
 4. If the county determines that the referral is incomplete, the county shall document the reasons, notify the local educational agency within one working day, and return the referral. (Cal. Code Regs., tit. 2, § 60045, subd. (a)(2).)
 5. Notify the local educational agency when an assessment is determined necessary. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
 6. If mental health assessments are deemed necessary by the county, develop a mental health assessment plan and obtain the parent's written informed consent for the assessment. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
 7. Provide the assessment plan to the parent. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
 8. Report back to the referring local educational agency or IEP team within 30 days from the date of the receipt of the referral if no parental consent for a mental health assessment has been obtained. (Cal. Code Regs., tit. 2, § 60045, subd. (c).)
 9. Notify the local educational agency within one working day after receipt of the parent's written consent for the mental health assessment to establish the date of the IEP meeting. (Cal. Code Regs., tit. 2, § 60045, subd. (d).)
 10. Review the following educational information of a pupil referred to the county by a local educational agency for an assessment: a copy of the assessment reports completed in accordance with Education Code section 56327, current and relevant behavior observations of the pupil in a variety of educational and natural settings, a report prepared by personnel that provided "specialized" counseling and guidance services to the pupil and, when appropriate, an explanation why such counseling and guidance will not meet the needs of the pupil. (Cal. Code Regs., tit. 2, § 60045, subd. (a).)

11. If necessary, observe the pupil in the school environment to determine if mental health assessments are needed.
 12. If necessary, interview the pupil and family, and conduct collateral interviews.
 13. Assess the pupil within the time required by Education Code section 56344. (Cal. Code Regs., tit. 2, § 60045, subd. (e).)
 14. Prepare and provide to the IEP team, and the parent or guardian, a written assessment report in accordance with Education Code section 56327. The report shall include the following information: whether the pupil may need special education and related services; the basis for making the determination; the relevant behavior noted during the observation of the pupil in the appropriate setting; the relationship of that behavior to the pupil's academic and social functioning; the educationally relevant health and development, and medical findings, if any; for pupils with learning disabilities, whether there is such a discrepancy between achievement and ability that it cannot be corrected without special education and related services; a determination concerning the effects of environmental, cultural, or economic disadvantage, where appropriate; and the need for specialized services, materials, equipment for pupils with low incidence disabilities. (Cal. Code Regs., tit. 2, § 60045, subs. (f) and (g).)
 15. Provide the parent with written notification that the parent may require the assessor to attend the IEP meeting to discuss the recommendation when the parent disagrees with the assessor's mental health service recommendation. (Cal. Code Regs., tit. 2, § 60045, subd. (f).)
 16. Review and discuss the county recommendation with the parent and the appropriate members of the IEP team before the IEP team meeting. (Gov. Code, § 7572, subd. (d)(1); Cal. Code Regs., tit. 2, § 60045, subd. (f).)
 17. In cases where the local education agency refers a pupil to the county for an assessment, attend the IEP meeting if requested by the parent. (Gov. Code, § 7572, subd. (d)(1); Cal. Code Regs., tit. 2, § 60045, subd. (f).)
 18. Review independent assessments of a pupil obtained by the parent. (Gov. Code, § 7572, subd. (d)(2).)
 19. Following review of the independent assessment, discuss the recommendation with the parent and with the IEP team before the meeting of the IEP team. (Gov. Code, § 7572, subd. (d)(2).)
 20. In cases where the parent has obtained an independent assessment, attend the IEP team meeting if requested. (Gov. Code, § 7572, subd. (d)(2).)
 21. The county of origin shall prepare yearly IEP reassessments to determine the needs of a pupil. (Cal. Code Regs., tit. 2, § 60045, subd. (h).)
- D. Transfers and Interim Placements (Cal. Code Regs., tit. 2, § 60055)
1. Following a pupil's transfer to a new school district, the county shall provide interim mental health services, as specified in the existing IEP. for thirty days, unless the parent agrees otherwise.

2. Participate as a member of the IEP team of a transfer pupil to review the interim services and make a determination of services.
- E. Participate as a member of the IEP team whenever the assessment of a pupil determines the pupil is seriously emotionally disturbed and in-state or out-of-state residential placement may be necessary (Gov. Code, §§ 7572.5, subs. (a) and (b), 7572.55; Cal. Code Regs., tit. 2, § 60100)
1. Participate as a member of the IEP team whenever the assessment of a pupil determines the pupil is seriously emotionally disturbed and residential placement may be necessary.
 2. Re-assess the pupil in accordance with section 60400 of the regulations, if necessary.
 3. When a recommendation is made that a child be placed in an out-of-state residential facility, the expanded IEP team, with the county as a participant, shall develop a plan for using less restrictive alternatives and in-state alternatives as soon as they become available, unless it is in the best educational interest of the child to remain in the out-of-state school. Residential placements for a pupil who is seriously emotionally disturbed may be made out of California only when no in-state facility can meet the pupil's needs and only when the requirements of Title 2, California Code of Regulations, section 60100, subdivisions (d) and (e), have been met. (Gov. Code, § 7572.55, subd. (c); Cal. Code Regs., tit. 2, § 60100, subd. (h).)
 4. The expanded IEP team, with the county as a participant, shall document the alternatives to residential placement that were considered and the reasons why they were rejected. (Cal. Code Regs., tit. 2, § 60100, subd. (c).)
 5. The expanded IEP team, with the county as a participant, shall ensure that placement is in accordance with the admission criteria of the facility. (Cal. Code Regs., tit. 2, § 60100, subd. (j).)
 6. When the expanded IEP team determines that it is necessary to place a pupil who is seriously emotionally disturbed in either in-state or out-of-state residential care, counties shall ensure that: (1) the mental health services are specified in the IEP in accordance with federal law, and (2) the mental health services are provided by qualified mental health professionals. (Cal. Code Regs., tit. 2, § 60100, subd. (i).)
- F. Designate the lead case manager if the IEP calls for in-state or out-of-state residential placement of a seriously emotionally disturbed pupil to perform the following activities (Gov. Code, § 7572.5, subd. (c)(1); Cal. Code Regs., tit. 2, §§ 60100, 60110)
1. Convene parents and representatives of public and private agencies in order to identify the appropriate residential facility. (Cal. Code Regs., tit. 2, §§ 60110, subd. (c)(1).)
 2. Identify, in consultation with the IEP team's administrative designee, a mutually satisfactory placement that is acceptable to the parent and addresses the pupil's educational and mental health needs in a manner that is cost-effective for both public agencies, subject to the requirements of state and federal special education law, including the requirement that the placement be appropriate and in the least restrictive environment. (Cal. Code Regs, tit. 2, §§ 60100, subd. (e), 60110, subd. (c)(2).)

3. Document the determination that no nearby placement alternative that is able to implement the IEP can be identified and seek an appropriate placement that is as close to the parents' home as possible. (Cal. Code Regs., tit. 2, § 60100, subd. (f).)
4. Coordinate the residential placement plan of a pupil with a disability who is seriously emotionally disturbed as soon as possible after the decision has been made to place the pupil in residential placement. The residential placement plan shall include provisions, as determined in the pupil's IEP, for the care, supervision, mental health treatment, psychotropic medication monitoring, if required, and education of the pupil. (Cal. Code Regs., tit. 2, § 60110, subd. (b)(1).)
5. When the IEP team determines that it is necessary to place a pupil with a disability who is seriously emotionally disturbed in a community treatment facility, the lead case manager shall ensure that placement is in accordance with admission, continuing stay, and discharge criteria of the community treatment facility. (Cal. Code Regs., tit. 2, § 60110, subd. (b)(3).)
6. Complete the local mental health program payment authorization in order to initiate out of home care payments. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(3).)
7. Coordinate the completion of the necessary County Welfare Department, local mental health program, and responsible local education agency financial paperwork or contracts. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(4).)
8. Develop the plan for and assist the family and pupil in the pupil's social and emotional transition from home to the residential facility and the subsequent return to the home. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(5).)
9. Facilitate the enrollment of the pupil in the residential facility. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(6).)
10. Notify the local educational agency that the placement has been arranged and coordinate the transportation of the pupil to the facility if needed. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(7).)
11. Conduct quarterly face-to-face contacts with the pupil at the residential facility to monitor the level of care and supervision and the implementation of the treatment services and the IEP. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(8).)
12. Evaluate the continuing stay criteria, as defined in Welfare and Institutions Code section 4094, of a pupil placed in a community treatment facility every 90 days. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(8).)
13. Notify the parent or legal guardian and the local education agency administrator or designee when there is a discrepancy in the level of care, supervision, provision of treatment services, and the requirements of the IEP. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(9).)
14. Schedule and attend the next expanded IEP team meeting with the expanded IEP team's administrative designee within six months of the residential placement of a pupil with a disability who is seriously emotionally disturbed and every six months thereafter as the pupil remains in residential placement. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(10).)

15. Facilitate placement authorization from the county's interagency placement committee pursuant to Welfare and Institutions Code section 4094.5, subdivision (e)(1), by presenting the case of a pupil with a disability who is seriously emotionally disturbed prior to placement in a community treatment facility. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(11).)
- G. Authorize payments to in-state or out-of-state residential care providers / Issue payments to providers of in-state or out-of-state residential care for the residential and non-educational costs of seriously emotionally disturbed pupils (Gov. Code, § 7581; Cal. Code Regs., tit. 2, § 60200, subd. (e))
1. Authorize payments to residential facilities based on rates established by the Department of Social Services in accordance with Welfare and Institutions Code sections 18350 and 18356. This activity requires counties to determine that the residential placement meets all the criteria established in Welfare and Institutions Code sections 18350 through 18356 before authorizing payment.
 2. Issue payments to providers of out-of-home residential facilities for the residential and non-educational costs of seriously emotionally disturbed pupils. Payments are for the costs of food, clothing, shelter, daily supervision, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. Counties are eligible to be reimbursed for 60 percent of the total residential and non-educational costs of a seriously emotionally disturbed child placed in an out-of-home residential facility.

Welfare and Institutions Code section 18355.5 applies to this program and prohibits a county from claiming reimbursement for its 60-percent share of the total residential and non-educational costs of a seriously emotionally disturbed child placed in an out-of-home residential facility if the county claims reimbursement for these costs from the Local Revenue Fund identified in Welfare and Institutions Code section 17600 and receives the funds.
 3. Submit reports to the State Department of Social Services for reimbursement of payments issued to seriously emotionally disturbed pupils for 24-hour out-of-home care.
- H. Provide Psychotherapy or Other Mental Health Treatment Services (Cal. Code Regs., tit. 2, §§ 60020, subd. (i), 60050, subd. (b), 60200, subd. (c)¹)
1. The host county shall make its provider network available and provide the county of origin a list of appropriate providers used by the host county's managed care plan who are currently available to take new referrals. (Cal. Code Regs., tit. 2, § 60200, subd. (c)(1).)

¹ Section 60200, subdivision (c), of the regulations defines the financial responsibilities of the counties and states that "the county of origin shall be responsible for the provision of assessments and mental health services included in an IEP in accordance with Sections 60045, 60050, and 60100 [pupils placed in residential facilities]. Mental health services shall be provided directly by the community mental health service [the county] or by contractors."

2. The county of origin shall negotiate with the host county to obtain access to limited resources, such as intensive day treatment and day rehabilitation. (Cal. Code Regs., tit. 2, § 60200, subd. (c)(1).)
3. Provide case management services to a pupil when required by the pupil's IEP. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)
4. Provide case management services and individual or group psychotherapy services, as defined in Business and Professions Code section 2903, when required by the pupil's IEP. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)
5. Provide mental health assessments, collateral services, intensive day treatment, and day rehabilitation services when required by the pupil's IEP. These services shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)
6. Provide medication monitoring services when required by the pupil's IEP. "Medication monitoring" includes all medication support services with the exception of the medications or biologicals themselves and laboratory work. Medication support services include prescribing, administering, and monitoring of psychiatric medications or biologicals as necessary to alleviate the symptoms of mental illness. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subds. (f) and (i).)
7. Notify the parent and the local educational agency when the parent and the county mutually agree upon the completion or termination of a service, or when the pupil is no longer participating in treatment. ((Cal. Code Regs., tit. 2, § 60050, subd. (b).)

When providing psychotherapy or other mental health treatment services, the activities of crisis intervention, vocational services, and socialization services are not reimbursable.

- I. Participate in due process hearings relating to mental health assessments or services (Gov. Code, § 7586; Cal. Code Regs., tit. 2, § 60550.) When there is a proposal or a refusal to initiate or change the identification, assessment, or educational placement of the child or the provision of a free, appropriate public education to the child relating to mental health assessments or services, the following activities are eligible for reimbursement:
 1. Retaining county counsel to represent the county mental health agency in dispute resolution. The cost of retaining county counsel is reimbursable.
 2. Preparation of witnesses and documentary evidence to be presented at hearings.
 3. Preparation of correspondence and/or responses to motions for dismissal, continuance, and other procedural issues.
 4. Attendance and participation in formal mediation conferences.
 5. Attendance and participation in information resolution conferences.
 6. Attendance and participation in pre-hearing status conferences convened by the Office of Administrative Hearings.

7. Attendance and participation in settlement conferences convened by the Office of Administrative Hearings.
8. Attendance and participation in Due Process hearings conducted by the Office of Administrative Hearings.
9. Paying for psychological and other mental health treatment services mandated by the test claim legislation (California Code of Regulations, title 2, sections 60020, subdivisions (f) and (i)), and the out-of-home residential care of a seriously emotionally disturbed pupil (Gov. Code, § 7581; Cal. Code Regs., tit. 2, § 60200, subd. (e)), that are required by an order of a hearing officer or a settlement agreement between the parties to be provided to a pupil following due process hearing procedures initiated by a parent or guardian.

Attorneys' fees when parents prevail in due process hearings and in negotiated settlement agreements are not reimbursable.

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.

There are two satisfactory methods of submitting claims for reimbursement of increased costs incurred to comply with the mandate: the direct cost reporting method and the cost report method.

Direct Cost Reporting Method

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. 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.

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.

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 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 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.

Cost Report Method

A. Cost Report Method

Under this claiming method, the mandate reimbursement claim is still submitted on the State Controller's claiming forms in accordance with claiming instructions. A complete copy of the annual cost report, including all supporting schedules attached to the cost report as filed with the Department of Mental Health, must also be filed with the claim forms submitted to the State Controller.

B. Indirect Cost Rates

To the extent that reimbursable indirect costs have not already been reimbursed, they may be claimed under this method.

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 (1) the 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 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.

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 chapter² 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 REVENUE AND REIMBURSEMENTS

Any offsets 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 of the following sources shall be identified and deducted from this claim:

1. Funds received by a county pursuant to Government Code section 7576.5.
2. Any direct payments or categorical funding received from the state that is specifically allocated to any service provided under this program.
3. Funds received and applied to this program from appropriations made by the Legislature in future Budget Acts for disbursement by the State Controller's Office.
4. Private insurance proceeds obtained with the consent of a parent for purposes of this program.
5. Medi-Cal proceeds obtained from the state or federal government, exclusive of the county match, that pay for a portion of the county services provided to a pupil under the Handicapped and Disabled Students program in accordance with federal law.

² This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

6. Any other reimbursement received from the federal or state government, or other non-local source.

Except as expressly provided in section IV(F)(2) of these parameters and guidelines, Realignment funds received from the Local Revenue Fund that are used by a county for this program are not required to be deducted from the costs claimed. (Stats. 2004, ch. 493, § 6 (Sen. Bill No. 1895).)

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 test claim decision 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 (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statements of Decision are legally binding on all parties and provide 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 these test claims. The administrative records, including the Statements of Decision, are on file with the Commission.

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES			For State Controller Use Only (19) Program Number 00273 (20) Date Filed (21) LRS Input	PROGRAM 273
(01) Claimant Identification Number			Reimbursement Claim Data	
(02) Claimant Name			(22) FORM-1, (04)(A)(g)	
Address			(23) FORM-1, (04)(B)(g)	
			(24) FORM-1, (04)(C)(g)	
			(25) FORM-1, (04)(D)(g)	
Type of Claim	Estimated Claim	Reimbursement Claim	(26) FORM-1, (04)(E)(g)	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27) FORM-1, (04)(F)(g)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) FORM-1, (04)(G)(g)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29) FORM-1, (04)(H)(g)	
Fiscal Year of Cost	(06)	(12)	(30) FORM-1, (04)(I)(g)	
Total Claimed Amount	(07)	(13)	(31) FORM-1, (06)	
Less: 10% Late Penalty		(14)	(32) FORM-1, (07)	
Less: Prior Claim Payment Received		(15)	(33) FORM-1, (09)	
Net Claimed Amount		(16)	(34) FORM-1, (10)	
Due from State	(08)	(17)	(35)	
Due to State		(18)	(36)	
(37) CERTIFICATION OF CLAIM				
In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file 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 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	
_____			_____	
			E-mail Address	
_____			_____	

Program 273	CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES Certification Claim Form Instructions	FORM FAM-27
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing a combined estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (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-1 and enter the amount from line (08).
- (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-1, line (08). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims for fiscal year 06-07 must be filed by **May 2, 2007**, otherwise 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 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., Form-1, (04)(A)(g), means the information is located on Form-1, block (04) (A), 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., 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 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.

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 273	MANDATED COSTS CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES CLAIM SUMMARY						FORM 1		
(01) Claimant			(02) Type of Claim			Fiscal Year			
			Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>			20__/20__			
(03) Department									
Direct Costs			Object Accounts						
(04) Reimbursable Components			(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Salaries	Benefits	Materials and Supplies	Contract Services	Fixed Assets	Travel	Total
A. Revise Interagency Agreement									
B. Renew Interagency Agreement									
C. Referral & Mental Health Assessments									
D. Transfers & Interim Placements									
E. Participation as Member of IEP Team									
F. Designation of Lead Case Manager									
G. Authorize/Issue Payments to Providers									
H. Psychotherapy/Other Mental Health Services									
I. Participation in Due Process Hearings									
(05) Total Direct Costs									
Indirect Costs									
(06) Indirect Cost Rate			[From ICRP]						%
(07) Total Indirect Costs			[Line (06) x line (05)(a)] or [Line (06) x (line (05)(a) + line (05)(b))]						
(08) Total Direct and Indirect Costs			[Line (05)(g) + line (07)]						
Cost Reduction									
(09) Less: Offsetting Savings									
(10) Less: Other Reimbursements									
(11) Total Claimed Amount			[Line (08) - (line (09) + line (10))]						

Program 273	CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES CLAIM SUMMARY Instructions	FORM 1
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- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form Form-1 must be filed for a reimbursement claim. Do not complete form Form-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 Form-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) Department. If more than one department has incurred costs for this mandate, give the name of each department. A separate form Form-1 should be completed for each department.
- (04) Reimbursable Components. For each reimbursable component, enter the totals from form Form-2, line (05), columns (d) through (i), to form Form-1, block (04), columns (a) through (f), in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (g).
- (06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, without preparing an ICRP. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim.
- (07) Total Indirect Costs. If the 10% flat rate is used for indirect costs, multiply Total Salaries, line (05)(a), by the Indirect Cost Rate, line (06). If an ICRP is submitted and both salaries and benefits were used in the distribution base for the computation of the indirect cost rate, then multiply the sum of Total Salaries, line (05)(a), and Total Benefits, line (05)(b), by the Indirect Cost Rate, line (06). If more than one department is reporting costs, each must have its own ICRP for the program.
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(g), 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. Refer to Offsetting Revenues and Other Reimbursements on page 3 of the Cover Letter.
- (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. Refer to Offsetting Revenues and Other Reimbursements on page 3 of the Cover Letter.
- (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 273	MANDATED COSTS CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue Payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
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Program 273	CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL Instructions	FORM 2
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- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Activities. Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 shall be prepared for each applicable activity.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. 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 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)	(i)	
Salaries	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked						
Benefits	Activities Performed	Benefit Rate			Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used			Cost = Unit Cost x Quantity Used				
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Cost = Hourly Rate x Hours Worked			Copy of Contract
Fixed Assets	Description of Equipment Purchased	Unit Cost	Usage					Cost = Unit Cost x Usage		
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	

- (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 activity costs, number each page. Enter totals from line (05), columns (d) through (i) to form 1, block (04), columns (a) through (f) in the appropriate row.

OFFICE OF THE STATE CONTROLLER
STATE MANDATED COST CLAIMING INSTRUCTIONS NO. 2007-03
CONSOLIDATION OF HANDICAPPED AND DISABLED STUDENTS (HDS), HDS II,
AND SERIOUSLY EMOTIONALLY DISTURBED (SED) PUPILS: OUT OF STATE
MENTAL HEALTH SERVICES

JANUARY 2, 2007

Revised January 30, 2009

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 filing claims for the Consolidation of HDS, HDS II, and SED 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 (CSM).

On May 26, 2005, the CSM determined that the test claim legislation established costs mandated by the State according to the provisions listed in the Amended P's & G's. For your reference, the Amended P's & G's are included as an integral part of the claiming instructions.

Limitations and Exceptions

Commencing with fiscal year 2006-07, reimbursement claims shall be filed through these consolidated P's and G's.

When providing psychotherapy or other mental health treatment services, the activities of crisis intervention, vocational services, and socialization services are not reimbursable.

Attorneys' fees when parents prevail in due process hearings and in negotiated settlement agreements are not reimbursable.

The one-time activity of revising the interagency agreement with each local educational agency is reimbursable only if it was not previously claimed under the P's and G's for HDS II. This is listed as activity "A" on Form 1.

Eligible Claimants

Any city, county, or city and county, which incurs increased costs, as a direct result of this mandate is eligible to claim reimbursement of these costs.

Filing Deadlines

A. Reimbursement Claims

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a local agency for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim.

An actual claim may be filed by February 15 following the fiscal year in which costs were incurred. If the filing deadline falls on a weekend or holiday, the filing deadline will be the next business day. Since the 15th falls on a weekend in 2009 claims for fiscal year 2007-08

will be accepted without penalty if postmarked or delivered on or before February 17, 2009. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$10,000. A claim filed more than one year after the deadline cannot be accepted for reimbursement.

In order for a claim to be considered properly filed, it must include the Indirect Cost Rate Proposal (ICRP) if the indirect cost rate exceeds 10%. A more detailed discussion of the ICRP may be found in Section 8 of the instructions.

Documentation to support actual costs must be kept on hand by the claimant and made available to the SCO upon request as explained in Section 17 of the instructions.

B. Estimated Claims

Pursuant to AB 8, Chapter 6, Statutes of 2008, the option to file estimated claims has been eliminated. Therefore, estimated claims filed on or after February 16, 2008, will not be accepted for reimbursement.

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), provided that a county may submit a combined claim on behalf of direct service districts or special districts within their county if the combined claim exceeds \$1,000, even if the individual direct service district's or special district's claim does not each exceed \$1,000. The county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each direct service district or special district. These combined claims may be filed only when 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 direct service district or special district provides a written notice of its intent to file a separate claim to the county and to the SCO, at least 180 days prior to the deadline for filing the claim.

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, notices of order of suspension or revocation, sworn reports, arrest reports, notices to appear, employee time records, or time logs, 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, 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.

Certification of Claim

In accordance with the provisions of GC section 17561, an authorized representative of the claimant shall be required to provide a certification of claim 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, for those costs mandated by the State and contained herein.

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 CSM. 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 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 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 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. Supporting documents 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 Angie Teng 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 <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

CONSOLIDATED PARAMETERS AND GUIDELINES

Government Code Sections 7570-7588

Statutes 1984, Chapter 1747 (Assem. Bill No. 3632)

Statutes 1985, Chapter 1274 (Assem. Bill No. 882)

Statutes 1994, Chapter 1128 (Assem. Bill No. 1892)

Statutes 1996, Chapter 654 (Assem. Bill No. 2726)

California Code of Regulations, Title 2, Sections 60000-60610

(Emergency regulations effective January 1, 1986 [Register 86, No. 1], and re-filed

June 30, 1986, designated effective July 12, 1986 [Register 86, No. 28]; and

Emergency regulations effective July 1, 1998 [Register 98, No. 26],

final regulations effective August 9, 1999 [Register 99, No. 33])

Handicapped and Disabled Students (04-RL-4282-10);

Handicapped and Disabled Students II (02-TC-40/02-TC-49); and

Seriously Emotionally Disturbed (SED) Pupils:

Out-of-State Mental Health Services (97-TC-05)

Commencing with Fiscal Year 2006-2007

I. SUMMARY OF THE MANDATE

The *Handicapped and Disabled Students* program was enacted in 1984 and 1985 as the state's response to federal legislation (Individuals with Disabilities Education Act, or IDEA) that guaranteed to disabled pupils, including those with mental health needs, the right to receive a free and appropriate public education, including psychological and other mental health services, designed to meet the pupil's unique educational needs. The legislation shifted to counties the responsibility and funding of mental health services required by a pupil's individualized education plan (IEP).

The Commission on State Mandates (Commission) adopted amended parameters and guidelines for the *Handicapped and Disabled Students* program (CSM 4282) on January 26, 2006, ending the period of reimbursement for costs incurred through and including June 30, 2004. Costs incurred after this date are claimed under the parameters and guidelines for the Commission's decision on reconsideration, *Handicapped and Disabled Students* (04-RL-4282-10).

The Commission adopted its Statement of Decision on the reconsideration of *Handicapped and Disabled Students* (04-RL-4282-10) on May 26, 2005. The Commission found that the 1990 Statement of Decision in *Handicapped and Disabled Students* correctly concluded that the test claim legislation imposes a reimbursable state-mandated program on counties pursuant to article XIII B, section 6 of the California Constitution. The Commission determined, however, that the 1990 Statement of Decision does not fully identify all of the activities mandated by the statutes and regulations pled in the test claim or the offsetting revenue applicable to the claim. Thus, the Commission, on reconsideration, identified the activities expressly required by the test claim legislation and the offsetting revenue that must be identified and deducted from the costs

claimed. Parameters and guidelines were adopted on January 26, 2006, and corrected on July 21, 2006, with a period of reimbursement beginning July 1, 2004.

The Commission also adopted a Statement of Decision for the *Handicapped and Disabled Students II* program on May 26, 2005, addressing the statutory and regulatory amendments to the program. Parameters and guidelines were adopted on December 9, 2005, and corrected on July 21, 2006, with a period of reimbursement beginning July 1, 2001.

On May 25, 2000, the Commission adopted a Statement of Decision for the *Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services (97-TC-05)* program, addressing the counties' responsibilities for out-of-state placement of seriously emotionally disturbed students. Parameters and guidelines were adopted on October 26, 2000, and corrected on July 21, 2006, with a period of reimbursement beginning January 1, 1997.

These parameters and guidelines consolidate the Commission's decisions on the Reconsideration of *Handicapped and Disabled Students (04-RL-4282-10)*, *Handicapped and Disabled Students II (02-TC-40/02-TC-49)*, and *SED Pupils: Out-of-State Mental Health Services (97-TC-05)* for reimbursement claims filed for costs incurred commencing with the 2006-2007 fiscal year.

II. ELIGIBLE CLAIMANTS

Any county, or city and county, 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

The period of reimbursement for the activities in this consolidated parameters and guidelines begins on July 1, 2006.

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, subdivision (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 given 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, calendars, 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 reported 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 eligible for reimbursement:

- A. The one-time activity of revising the interagency agreement with each local educational agency to include the following eight procedures (Cal. Code Regs., tit. 2, § 60030):
 1. Resolving interagency disputes at the local level, including procedures for the continued provision of appropriate services during the resolution of any interagency dispute, pursuant to Government Code section 7575, subdivision (f). For purposes of this subdivision only, the term “appropriate” means any service identified in the pupil’s IEP, or any service the pupil actually was receiving at the time of the interagency dispute. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(2).)
 2. A host county to notify the community mental health service of the county of origin within two (2) working days when a pupil with a disability is placed within the host county by courts, regional centers or other agencies for other than educational reasons. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(4).)
 3. Development of a mental health assessment plan and its implementation. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(5).)
 4. At least ten (10) working days prior notice to the community mental health service of all IEP team meetings, including annual IEP reviews, when the participation of its staff is required. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(7).)
 5. The provision of mental health services as soon as possible following the development of the IEP pursuant to section 300.342 of Title 34 of the Code of Federal Regulations. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(9).)
 6. The provision of a system for monitoring contracts with nonpublic, nonsectarian schools to ensure that services on the IEP are provided. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(14).)
 7. The development of a resource list composed of qualified mental health professionals who conduct mental health assessments and provide mental health services. The community mental health service shall provide the LEA with a copy of this list and monitor these contracts to assure that services as specified on the IEP are provided. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(15).)
 8. Mutual staff development for education and mental health staff pursuant to Government Code section 7586.6, subdivision (a). (Cal. Code Regs., tit. 2, § 60030, subd. (c)(17).)

This activity is reimbursable only if it was not previously claimed under the parameters and guidelines for *Handicapped and Disabled Students II* (02-TC-40/02-TC-49).

- B. Renew the interagency agreement with the local educational agency every three years and, if necessary, revise the agreement (Gov. Code, § 7571; Cal. Code Regs., tit. 2, §§ 60030, 60100)
1. Renew the interagency agreement every three years, and revise if necessary.
 2. Define the process and procedures for coordinating local services to promote alternatives to out-of-home care of seriously emotionally disturbed pupils.
- C. Referral and Mental Health Assessments (Gov. Code, §§ 7572, 7576; Cal. Code Regs., tit. 2, §§ 60040, 60045, 60200, subd. (c))
1. Work collaboratively with the local educational agency to ensure that assessments performed prior to referral are as useful as possible to the community mental health service in determining the need for mental health services and the level of services needed. (Gov. Code, § 7576, subd. (b)(1).)
 2. A county that receives a referral for a pupil with a different county of origin shall forward the referral within one working day to the county of origin. (Gov. Code, § 7576, subd. (g); Cal. Code Regs., tit. 2, § 60040, subd. (g).)
 3. If the county determines that a mental health assessment is not necessary, the county shall document the reasons and notify the parents and the local educational agency of the county determination within one day. (Cal. Code Regs., tit. 2, § 60045, subd. (a)(1).)
 4. If the county determines that the referral is incomplete, the county shall document the reasons, notify the local educational agency within one working day, and return the referral. (Cal. Code Regs., tit. 2, § 60045, subd. (a)(2).)
 5. Notify the local educational agency when an assessment is determined necessary. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
 6. If mental health assessments are deemed necessary by the county, develop a mental health assessment plan and obtain the parent's written informed consent for the assessment. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
 7. Provide the assessment plan to the parent. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
 8. Report back to the referring local educational agency or IEP team within 30 days from the date of the receipt of the referral if no parental consent for a mental health assessment has been obtained. (Cal. Code Regs., tit. 2, § 60045, subd. (c).)
 9. Notify the local educational agency within one working day after receipt of the parent's written consent for the mental health assessment to establish the date of the IEP meeting. (Cal. Code Regs., tit. 2, § 60045, subd. (d).)
 10. Review the following educational information of a pupil referred to the county by a local educational agency for an assessment: a copy of the assessment reports completed in accordance with Education Code section 56327, current and relevant behavior observations of the pupil in a variety of educational and natural settings, a report prepared by personnel that provided "specialized" counseling and guidance services to the pupil and, when appropriate, an explanation why such counseling and guidance will not meet the needs of the pupil. (Cal. Code Regs., tit. 2, § 60045, subd. (a).)

11. If necessary, observe the pupil in the school environment to determine if mental health assessments are needed.
 12. If necessary, interview the pupil and family, and conduct collateral interviews.
 13. Assess the pupil within the time required by Education Code section 56344. (Cal. Code Regs., tit. 2, § 60045, subd. (e).)
 14. Prepare and provide to the IEP team, and the parent or guardian, a written assessment report in accordance with Education Code section 56327. The report shall include the following information: whether the pupil may need special education and related services; the basis for making the determination; the relevant behavior noted during the observation of the pupil in the appropriate setting; the relationship of that behavior to the pupil's academic and social functioning; the educationally relevant health and development, and medical findings, if any; for pupils with learning disabilities, whether there is such a discrepancy between achievement and ability that it cannot be corrected without special education and related services; a determination concerning the effects of environmental, cultural, or economic disadvantage, where appropriate; and the need for specialized services, materials, equipment for pupils with low incidence disabilities. (Cal. Code Regs., tit. 2, § 60045, subds. (f) and (g).)
 15. Provide the parent with written notification that the parent may require the assessor to attend the IEP meeting to discuss the recommendation when the parent disagrees with the assessor's mental health service recommendation. (Cal. Code Regs., tit. 2, § 60045, subd. (f).)
 16. Review and discuss the county recommendation with the parent and the appropriate members of the IEP team before the IEP team meeting. (Gov. Code, § 7572, subd. (d)(1); Cal. Code Regs., tit. 2, § 60045, subd. (f).)
 17. In cases where the local education agency refers a pupil to the county for an assessment, attend the IEP meeting if requested by the parent. (Gov. Code, § 7572, subd. (d)(1); Cal. Code Regs., tit. 2, § 60045, subd. (f).)
 18. Review independent assessments of a pupil obtained by the parent. (Gov. Code, § 7572, subd. (d)(2).)
 19. Following review of the independent assessment, discuss the recommendation with the parent and with the IEP team before the meeting of the IEP team. (Gov. Code, § 7572, subd. (d)(2).)
 20. In cases where the parent has obtained an independent assessment, attend the IEP team meeting if requested. (Gov. Code, § 7572, subd. (d)(2).)
 21. The county of origin shall prepare yearly IEP reassessments to determine the needs of a pupil. (Cal. Code Regs., tit. 2, § 60045, subd. (h).)
- D. Transfers and Interim Placements (Cal. Code Regs., tit. 2, § 60055)
1. Following a pupil's transfer to a new school district, the county shall provide interim mental health services, as specified in the existing IEP, for thirty days, unless the parent agrees otherwise.

2. Participate as a member of the IEP team of a transfer pupil to review the interim services and make a determination of services.
- E. Participate as a member of the IEP team whenever the assessment of a pupil determines the pupil is seriously emotionally disturbed and in-state or out-of-state residential placement may be necessary (Gov. Code, §§ 7572.5, subs. (a) and (b), 7572.55; Cal. Code Regs., tit. 2, § 60100)
1. Participate as a member of the IEP team whenever the assessment of a pupil determines the pupil is seriously emotionally disturbed and residential placement may be necessary.
 2. Re-assess the pupil in accordance with section 60400 of the regulations, if necessary.
 3. When a recommendation is made that a child be placed in an out-of-state residential facility, the expanded IEP team, with the county as a participant, shall develop a plan for using less restrictive alternatives and in-state alternatives as soon as they become available, unless it is in the best educational interest of the child to remain in the out-of-state school. Residential placements for a pupil who is seriously emotionally disturbed may be made out of California only when no in-state facility can meet the pupil's needs and only when the requirements of Title 2, California Code of Regulations, section 60100, subdivisions (d) and (e), have been met. (Gov. Code, § 7572.55, subd. (c); Cal. Code Regs., tit. 2, § 60100, subd. (h).)
 4. The expanded IEP team, with the county as a participant, shall document the alternatives to residential placement that were considered and the reasons why they were rejected. (Cal. Code Regs., tit. 2, § 60100, subd. (c).)
 5. The expanded IEP team, with the county as a participant, shall ensure that placement is in accordance with the admission criteria of the facility. (Cal. Code Regs., tit. 2, § 60100, subd. (j).)
 6. When the expanded IEP team determines that it is necessary to place a pupil who is seriously emotionally disturbed in either in-state or out-of-state residential care, counties shall ensure that: (1) the mental health services are specified in the IEP in accordance with federal law, and (2) the mental health services are provided by qualified mental health professionals. (Cal. Code Regs., tit. 2, § 60100, subd. (i).)
- F. Designate the lead case manager if the IEP calls for in-state or out-of-state residential placement of a seriously emotionally disturbed pupil to perform the following activities (Gov. Code, § 7572.5, subd. (c)(1); Cal. Code Regs., tit. 2, §§ 60100, 60110)
1. Convene parents and representatives of public and private agencies in order to identify the appropriate residential facility. (Cal. Code Regs., tit. 2, §§ 60110, subd. (c)(1).)
 2. Identify, in consultation with the IEP team's administrative designee, a mutually satisfactory placement that is acceptable to the parent and addresses the pupil's educational and mental health needs in a manner that is cost-effective for both public agencies, subject to the requirements of state and federal special education law, including the requirement that the placement be appropriate and in the least restrictive environment. (Cal. Code Regs, tit. 2, §§ 60100, subd. (e), 60110, subd. (c)(2).)

3. Document the determination that no nearby placement alternative that is able to implement the IEP can be identified and seek an appropriate placement that is as close to the parents' home as possible. (Cal. Code Regs., tit. 2, § 60100, subd. (f).)
4. Coordinate the residential placement plan of a pupil with a disability who is seriously emotionally disturbed as soon as possible after the decision has been made to place the pupil in residential placement. The residential placement plan shall include provisions, as determined in the pupil's IEP, for the care, supervision, mental health treatment, psychotropic medication monitoring, if required, and education of the pupil. (Cal. Code Regs., tit. 2, § 60110, subd. (b)(1).)
5. When the IEP team determines that it is necessary to place a pupil with a disability who is seriously emotionally disturbed in a community treatment facility, the lead case manager shall ensure that placement is in accordance with admission, continuing stay, and discharge criteria of the community treatment facility. (Cal. Code Regs., tit. 2, § 60110, subd. (b)(3).)
6. Complete the local mental health program payment authorization in order to initiate out of home care payments. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(3).)
7. Coordinate the completion of the necessary County Welfare Department, local mental health program, and responsible local education agency financial paperwork or contracts. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(4).)
8. Develop the plan for and assist the family and pupil in the pupil's social and emotional transition from home to the residential facility and the subsequent return to the home. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(5).)
9. Facilitate the enrollment of the pupil in the residential facility. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(6).)
10. Notify the local educational agency that the placement has been arranged and coordinate the transportation of the pupil to the facility if needed. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(7).)
11. Conduct quarterly face-to-face contacts with the pupil at the residential facility to monitor the level of care and supervision and the implementation of the treatment services and the IEP. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(8).)
12. Evaluate the continuing stay criteria, as defined in Welfare and Institutions Code section 4094, of a pupil placed in a community treatment facility every 90 days. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(8).)
13. Notify the parent or legal guardian and the local education agency administrator or designee when there is a discrepancy in the level of care, supervision, provision of treatment services, and the requirements of the IEP. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(9).)
14. Schedule and attend the next expanded IEP team meeting with the expanded IEP team's administrative designee within six months of the residential placement of a pupil with a disability who is seriously emotionally disturbed and every six months thereafter as the pupil remains in residential placement. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(10).)

15. Facilitate placement authorization from the county's interagency placement committee pursuant to Welfare and Institutions Code section 4094.5, subdivision (e)(1), by presenting the case of a pupil with a disability who is seriously emotionally disturbed prior to placement in a community treatment facility. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(11).)
- G. Authorize payments to in-state or out-of-state residential care providers / Issue payments to providers of in-state or out-of-state residential care for the residential and non-educational costs of seriously emotionally disturbed pupils (Gov. Code, § 7581; Cal. Code Regs., tit. 2, § 60200, subd. (e))
1. Authorize payments to residential facilities based on rates established by the Department of Social Services in accordance with Welfare and Institutions Code sections 18350 and 18356. This activity requires counties to determine that the residential placement meets all the criteria established in Welfare and Institutions Code sections 18350 through 18356 before authorizing payment.
 2. Issue payments to providers of out-of-home residential facilities for the residential and non-educational costs of seriously emotionally disturbed pupils. Payments are for the costs of food, clothing, shelter, daily supervision, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. Counties are eligible to be reimbursed for 60 percent of the total residential and non-educational costs of a seriously emotionally disturbed child placed in an out-of-home residential facility.

Welfare and Institutions Code section 18355.5 applies to this program and prohibits a county from claiming reimbursement for its 60-percent share of the total residential and non-educational costs of a seriously emotionally disturbed child placed in an out-of-home residential facility if the county claims reimbursement for these costs from the Local Revenue Fund identified in Welfare and Institutions Code section 17600 and receives the funds.
 3. Submit reports to the State Department of Social Services for reimbursement of payments issued to seriously emotionally disturbed pupils for 24-hour out-of-home care.
- H. Provide Psychotherapy or Other Mental Health Treatment Services (Cal. Code Regs., tit. 2, §§ 60020, subd. (i), 60050, subd. (b), 60200, subd. (c)¹)
1. The host county shall make its provider network available and provide the county of origin a list of appropriate providers used by the host county's managed care plan who are currently available to take new referrals. (Cal. Code Regs., tit. 2, § 60200, subd. (c)(1).)

¹ Section 60200, subdivision (c), of the regulations defines the financial responsibilities of the counties and states that "the county of origin shall be responsible for the provision of assessments and mental health services included in an IEP in accordance with Sections 60045, 60050, and 60100 [pupils placed in residential facilities]. Mental health services shall be provided directly by the community mental health service [the county] or by contractors."

2. The county of origin shall negotiate with the host county to obtain access to limited resources, such as intensive day treatment and day rehabilitation. (Cal. Code Regs., tit. 2, § 60200, subd. (c)(1).)
3. Provide case management services to a pupil when required by the pupil's IEP. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)
4. Provide case management services and individual or group psychotherapy services, as defined in Business and Professions Code section 2903, when required by the pupil's IEP. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)
5. Provide mental health assessments, collateral services, intensive day treatment, and day rehabilitation services when required by the pupil's IEP. These services shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)
6. Provide medication monitoring services when required by the pupil's IEP. "Medication monitoring" includes all medication support services with the exception of the medications or biologicals themselves and laboratory work. Medication support services include prescribing, administering, and monitoring of psychiatric medications or biologicals as necessary to alleviate the symptoms of mental illness. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subds. (f) and (i).)
7. Notify the parent and the local educational agency when the parent and the county mutually agree upon the completion or termination of a service, or when the pupil is no longer participating in treatment. ((Cal. Code Regs., tit. 2, § 60050, subd. (b).)

When providing psychotherapy or other mental health treatment services, the activities of crisis intervention, vocational services, and socialization services are not reimbursable.

- I. Participate in due process hearings relating to mental health assessments or services (Gov. Code, § 7586; Cal. Code Regs., tit. 2, § 60550.) When there is a proposal or a refusal to initiate or change the identification, assessment, or educational placement of the child or the provision of a free, appropriate public education to the child relating to mental health assessments or services, the following activities are eligible for reimbursement:
 1. Retaining county counsel to represent the county mental health agency in dispute resolution. The cost of retaining county counsel is reimbursable.
 2. Preparation of witnesses and documentary evidence to be presented at hearings.
 3. Preparation of correspondence and/or responses to motions for dismissal, continuance, and other procedural issues.
 4. Attendance and participation in formal mediation conferences.
 5. Attendance and participation in information resolution conferences.
 6. Attendance and participation in pre-hearing status conferences convened by the Office of Administrative Hearings.

7. Attendance and participation in settlement conferences convened by the Office of Administrative Hearings.
8. Attendance and participation in Due Process hearings conducted by the Office of Administrative Hearings.
9. Paying for psychological and other mental health treatment services mandated by the test claim legislation (California Code of Regulations, title 2, sections 60020, subdivisions (f) and (i)), and the out-of-home residential care of a seriously emotionally disturbed pupil (Gov. Code, § 7581; Cal. Code Regs., tit. 2, § 60200, subd. (e)), that are required by an order of a hearing officer or a settlement agreement between the parties to be provided to a pupil following due process hearing procedures initiated by a parent or guardian.

Attorneys' fees when parents prevail in due process hearings and in negotiated settlement agreements are not reimbursable.

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.

There are two satisfactory methods of submitting claims for reimbursement of increased costs incurred to comply with the mandate: the direct cost reporting method and the cost report method.

Direct Cost Reporting Method

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. 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.

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.

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 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 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.

Cost Report Method

A. Cost Report Method

Under this claiming method, the mandate reimbursement claim is still submitted on the State Controller's claiming forms in accordance with claiming instructions. A complete copy of the annual cost report, including all supporting schedules attached to the cost report as filed with the Department of Mental Health, must also be filed with the claim forms submitted to the State Controller.

B. Indirect Cost Rates

To the extent that reimbursable indirect costs have not already been reimbursed, they may be claimed under this method.

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 (1) the 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 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.

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 chapter² 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 REVENUE AND REIMBURSEMENTS

Any offsets 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 of the following sources shall be identified and deducted from this claim:

1. Funds received by a county pursuant to Government Code section 7576.5.
2. Any direct payments or categorical funding received from the state that is specifically allocated to any service provided under this program.
3. Funds received and applied to this program from appropriations made by the Legislature in future Budget Acts for disbursement by the State Controller's Office.
4. Private insurance proceeds obtained with the consent of a parent for purposes of this program.
5. Medi-Cal proceeds obtained from the state or federal government, exclusive of the county match, that pay for a portion of the county services provided to a pupil under the Handicapped and Disabled Students program in accordance with federal law.

² This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

6. Any other reimbursement received from the federal or state government, or other non-local source.

Except as expressly provided in section IV(F)(2) of these parameters and guidelines, Realignment funds received from the Local Revenue Fund that are used by a county for this program are not required to be deducted from the costs claimed. (Stats. 2004, ch. 493, § 6 (Sen. Bill No. 1895).)

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 test claim decision 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 (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statements of Decision are legally binding on all parties and provide 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 these test claims. The administrative records, including the Statements of Decision, are on file with the Commission.

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES			For State Controller Use Only (19) Program Number 00273 (20) Date Filed (21) LRS Input	PROGRAM 273
(01) Claimant Identification Number			Reimbursement Claim Data	
(02) Claimant Name			(22) FORM-1, (04)(A)(g)	
Address			(23) FORM-1, (04)(B)(g)	
			(24) FORM-1, (04)(C)(g)	
			(25) FORM-1, (04)(D)(g)	
Type of Claim	Estimated Claim		Reimbursement Claim	
	(03) Estimated	<input type="checkbox"/>	(09) Reimbursement	<input type="checkbox"/>
	(04) Combined	<input type="checkbox"/>	(10) Combined	<input type="checkbox"/>
	(05) Amended	<input type="checkbox"/>	(11) Amended	<input type="checkbox"/>
(26) FORM-1, (04)(E)(g)				
(27) FORM-1, (04)(F)(g)				
(28) FORM-1, (04)(G)(g)				
(29) FORM-1, (04)(H)(g)				
Fiscal Year of Cost	(06)	(12)	(30) FORM-1, (04)(I)(g)	
Total Claimed Amount	(07)	(13)	(31) FORM-1, (06)	
Less: 10% Late Penalty (refer to claiming instructions)		(14)	(32) FORM-1, (07)	
Less: Prior Claim Payment Received		(15)	(33) FORM-1, (09)	
Net Claimed Amount		(16)	(34) FORM-1, (10)	
Due from State	(08)	(17)	(35)	
Due to State		(18)	(36)	
(37) CERTIFICATION OF CLAIM				
In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file 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 the Reimbursement Claim are hereby claimed from the State for payment of 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 _____	
_____			E-mail Address _____	

Program 273	CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES Certification Claim Form Instructions	FORM FAM-27
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) Leave blank.
- (04) Leave blank.
- (05) Leave blank.
- (06) Leave blank.
- (07) Leave blank.
- (08) Leave blank.
- (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-1, line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims will 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 \$10,000.
- (15) If filing a reimbursement claim or 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 (28) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (28) for the reimbursement claim, e.g., Form-1, (04)(A)(g), means the information is located on Form-1, line (04)(A), 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., 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.

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 273	MANDATED COSTS CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES CLAIM SUMMARY						FORM 1	
(01) Claimant				(02)		Fiscal Year 20 /20		
(03) Department								
Direct Costs		Object Accounts						
(04) Reimbursable Activities		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Salaries	Benefits	Materials and Supplies	Contract Services	Fixed Assets	Travel	Total
A. Revise Interagency Agreement								
B. Renew Interagency Agreement								
C. Referral & Mental Health Assessments								
D. Transfers & Interim Placements								
E. Participation as Member of IEP Team								
F. Designation of Lead Case Manager								
G. Authorize/Issue Payments to Providers								
H. Psychotherapy/Other Mental Health Services								
I. Participation in Due Process Hearings								
(05) Total Direct Costs								
Indirect Costs								
(06) Indirect Cost Rate						[From ICRP or 10%]		%
(07) Total Indirect Costs				[Line (06) x line (05)(a)] or [Line (06) x (line (05)(a) + line (05)(b))]				
(08) Total Direct and Indirect Costs						[Line (05)(g) + line (07)]		
Cost Reduction								
(09) Less: Offsetting Savings								
(10) Less: Other Reimbursements								
(11) Total Claimed Amount						[Line (08) - (line (09) + line (10))]		

Program 273	CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES CLAIM SUMMARY Instructions	FORM 1
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year of costs.
- (03) Department. If more than one department has incurred costs for this mandate, give the name of each department. A separate form Form-1 should be completed for each department.
- (04) Reimbursable Activities. For each reimbursable activity, enter the totals from form Form-2, line (05), columns (d) through (i), to form Form-1, block (04), columns (a) through (f), in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (g).
- (06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, without preparing an ICRP. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim.
- (07) Total Indirect Costs. If the 10% flat rate is used for indirect costs, multiply Total Salaries, line (05)(a), by the Indirect Cost Rate, line (06). If an ICRP is submitted and both salaries and benefits were used in the distribution base for the computation of the indirect cost rate, then multiply the sum of Total Salaries, line (05)(a), and Total Benefits, line (05)(b), by the Indirect Cost Rate, line (06). If more than one department is reporting costs, each must have its own ICRP for the program.
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(g), 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. Refer to Offsetting Revenues and Other Reimbursements on page 3 of the Cover Letter.
- (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. Refer to Offsetting Revenues and Other Reimbursements on page 3 of the Cover Letter.
- (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 (13) for the Reimbursement Claim.

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue Payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___								
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Program 273	CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL Instructions	FORM 2
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- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Activities. Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 shall be prepared for each applicable activity.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. 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 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 will be from the date of initial payment of the claim. Such documents must 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)	(i)	
Salaries	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked						
Benefits	Activities Performed	Benefit Rate			Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used			Cost = Unit Cost x Quantity Used				
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Inclusive Dates of Service				Cost = Hourly Rate x Hours Worked			Copy of Contract
Fixed Assets	Description of Equipment Purchased	Unit Cost	Usage					Cost = Unit Cost x Usage		
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	

- (05) Total line (04), columns (d) through (i) 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 (i) to form 1, block (04), columns (a) through (f) in the appropriate row.

ITEM 10
FINAL STATE AUDIT REPORT OR OTHER WRITTEN
NOTICE OF ADJUSTMENT:
Exhibit C

ITEM 10
FINAL STATE AUDIT REPORT OR OTHER WRITTEN
NOTICE OF ADJUSTMENT:
Exhibit C

SAN DIEGO COUNTY

Revised Audit Report

CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS), HDS II, AND SEDP PROGRAM

Chapter 1747, Statutes of 1984; Chapter 1274,
Statutes of 1985; Chapter 1128, Statutes of 1994; and
Chapter 654 Statutes of 1996

July 1, 2006, through June 30, 2009



JOHN CHIANG
California State Controller

December 2012



JOHN CHIANG
California State Controller

December 18, 2012

Honorable Ron Roberts, Chairman
Board of Supervisors
County Administration Center
San Diego County
1600 Pacific Highway, Room 335
San Diego, CA 92101

Dear Mr. Roberts:

The State Controller's Office audited the costs claimed by San Diego County for the legislatively mandated Consolidated Handicapped and Disabled Students (HDS), HDS II, and Seriously Emotionally Disturbed Pupils (SEDP) Program (Chapter 1747, Statutes of 1984; Chapter 1274, Statutes of 1985; Chapter 1128, Statutes of 1994; and Chapter 654, Statutes of 1996) for the period of July 1, 2006, through June 30, 2009.

This revised final report supersedes our previous report dated March 7, 2012. Subsequent to the issuance of our final report, the California Department of Mental Health finalized its Early and Periodic Screening, Diagnosis and Treatment (EPSDT) reimbursements for fiscal year (FY) 2008-09. We recalculated EPSDT revenues for FY 2008-09 and revised Finding 4 to reflect the actual funding percentages based on the final settlement. The revision has no fiscal effect on allowable total program costs for FY 2008-09.

The county claimed \$14,484,766 (\$14,494,766 less a \$10,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$11,651,891 is allowable and \$2,832,875 is unallowable. The costs are unallowable because the county overstated mental health services costs, administrative costs, and residential placement costs, duplicated due process hearing costs, and understated offsetting reimbursements. The State paid the county \$4,106,959. The State will pay allowable costs claimed that exceed the amount paid, totaling \$7,544,932, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at 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,



JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/bf

cc: Jim Lardy, Finance Officer
Health and Human Services Agency
San Diego County
Alfredo Aguirre, Deputy Director
Mental Health Services
Health and Human Services Agency
San Diego County
Lisa Macchione, Senior Deputy Counsel
Finance and General Government
County Administration Center
San Diego County
Randall Ward, Principal Program Budget Analyst
Mandates Unit, Department of Finance
Carol Bingham, Director
Fiscal Policy Division
California Department of Education
Erika Cristo
Special Education Program
Department of Mental Health
Chris Essman, Manager
Special Education Division
California Department of Education
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

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Revised Audit Report

Summary

The State Controller's Office audited the costs claimed by San Diego County for the legislatively mandated Consolidated Handicapped and Disabled Students (HDS), HDS II, and Seriously Emotionally Disturbed Pupils (SEDP) Program (Chapter 1747, Statutes of 1984; Chapter 1274, Statutes of 1985; Chapter 1128, Statutes of 1994; and Chapter 654 Statutes of 1996) for the period of July 1, 2006, through June 30, 2009.

The county claimed \$14,484,766 (\$14,494,766 less a \$10,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$11,651,891 is allowable and \$2,832,875 is unallowable. The costs are unallowable because the county overstated mental health services costs, administrative costs, and residential placement costs, duplicated due process hearing costs, and understated other reimbursements. The State paid the county \$4,106,959. The State will pay allowable costs claimed that exceed the amount paid, totaling \$7,544,932, contingent upon available appropriations.

Background

Handicapped and Disabled Students (HDS) Program

Chapter 26 of the Government Code, commencing with section 7570, and Welfare and Institutions Code section 5651 (added and amended by Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985) require counties to participate in the mental health assessment for "individuals with exceptional needs," participate in the expanded "Individualized Education Program" (IEP) team, and provide case management services for "individuals with exceptional needs" who are designated as "seriously emotionally disturbed." These requirements impose a new program or higher level of service on counties.

On April 26, 1990, the Commission on State Mandates (CSM) adopted the statement of decision for the HDS Program and determined that this legislation imposed a state mandate reimbursable under Government Code section 17561. The CSM adopted the parameters and guidelines for the HDS Program on August 22, 1991, and last amended it on January 25, 2007.

The parameters and guidelines for the HDS Program state that only 10% of mental health treatment costs are reimbursable. However, on September 30, 2002, Assembly Bill 2781 (Chapter 1167, Statutes of 2002) changed the regulatory criteria by stating that the percentage of treatment costs claimed by counties for fiscal year (FY) 2000-01 and prior fiscal years is not subject to dispute by the SCO. Furthermore, this legislation states that, for claims filed in FY 2001-02 and thereafter, counties are not required to provide any share of these costs or to fund the cost of any part of these services with money received from the Local Revenue Fund established by Welfare and Institutions Code section 17600 et seq. (realignment funds).

Furthermore, Senate Bill 1895 (Chapter 493, Statutes of 2004) states that realignment funds used by counties for the HDS Program "are eligible for reimbursement from the state for all allowable costs to fund assessments, psychotherapy, and other mental health services" and that the finding by the Legislature is "declaratory of existing law" (emphasis added).

The CSM amended the parameters and guidelines for the HDS Program on January 26, 2006, and corrected them on July 21, 2006, allowing reimbursement for out-of-home residential placements beginning July 1, 2004.

Handicapped and Disabled Students (HDS) II Program

On May 26, 2005, the CSM adopted a statement of decision for the HDS II Program that incorporates the above legislation and further identified medication support as a reimbursable cost effective July 1, 2001. The CSM adopted the parameters and guidelines for this new program on December 9, 2005, and last amended them on October 26, 2006.

The parameters and guidelines for the HDS II Program state that "Some costs disallowed by the State Controller's Office in prior years are now reimbursable beginning July 1, 2001 (e.g., medication monitoring). Rather than claimants re-filing claims for those costs incurred beginning July 1, 2001, the State Controller's Office will reissue the audit reports." Consequently, we are allowing medication support costs commencing on July 1, 2001.

Seriously Emotionally Disturbed Pupils (SEDP) Program

Government Code section 7576 (added and amended by Chapter 654, Statutes of 1996) allows new fiscal and programmatic responsibilities for counties to provide mental health services to seriously emotionally disturbed pupils placed in out-of-state residential programs. Counties' fiscal and programmatic responsibilities include those set forth in California Code of Regulations section 60100, which provide that residential placements may be made out of state only when no in-state facility can meet the pupil's needs.

On May 25, 2000, the CSM adopted the statement of decision for the SEDP Program and determined that Chapter 654, Statutes of 1996, imposed a state mandate reimbursable under Government Code section 17561. The CSM adopted the parameters and guidelines for the SEDP Program on October 26, 2000. The CSM determined that the following activities are reimbursable:

- Payment of out-of-state residential placements;
- Case management of out-of-state residential placements (case management includes supervision of mental health treatment and monitoring of psychotropic medications);

- Travel to conduct quarterly face-to-face contacts at the residential facility to monitor level of care, supervision, and the provision of mental health services as required in the pupil's IEP; and
- Program management, which includes parent notifications as required; payment facilitation; and all other activities necessary to ensure that a county's out-of-state residential placement program meets the requirements of Government Code section 7576.

The CSM consolidated the parameters and guidelines for the HDS, HDS II, and SEDP Programs for costs incurred commencing with FY 2006-07 on October 26, 2006, and last amended them on September 28, 2012. On September 28, 2012, the CSM stated that Statutes of 2011, Chapter 43, "eliminated the mandated programs for counties and transferred responsibility to school districts, effective July 1, 2011. Thus, beginning July 1, 2011, these programs no longer constitute reimbursable state-mandated programs for counties." The consolidated program replaced the prior HDS, HDS II, and SEDP mandated programs. The parameters and guidelines establish the state mandate and define reimbursable criteria. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Consolidated HDS, HDS II, and SEDP Program for the period of July 1, 2006, through June 30, 2009.

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 county'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 county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

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

For the audit period, San Diego County claimed \$14,484,766 (\$14,494,766 less a \$10,000 penalty for filing a late claim) for costs of the Consolidated HDS, HDS II, and SEDP Program. Our audit disclosed that \$11,651,891 is allowable and \$2,832,875 is unallowable.

For the FY 2006-07 claim, the State paid the county \$4,106,959. Our audit disclosed that \$5,687,326 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,580,367, contingent upon available appropriations.

For the FY 2007-08 claim, the State made no payment to the county. Our audit disclosed that \$5,964,565 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$5,964,565, contingent upon available appropriations.

For the FY 2008-09 claim, the State made no payment to the county. Our audit disclosed that claimed costs are unallowable.

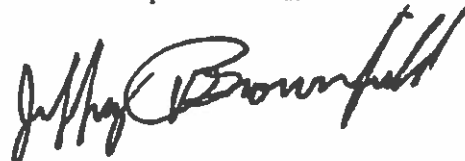
Views of Responsible Officials

We issued a draft audit report on February 6, 2012. Lisa Macchione, Senior Deputy County Counsel, responded by letter dated February 29, 2012 (Attachment), disagreeing with the audit results for Finding 2. The county did not respond to Findings 1, 3, and 4. We issued the final report on March 7, 2012.

Subsequently, we revised our audit report based on finalized Early and Periodic, Screening, Diagnosis and Treatment revenues for FY 2008-09. We recalculated offsetting reimbursements and revised Finding 4. The revision has no effect on allowable total program costs for FY 2008-09. On October 30, 2012, we advised Chona Penalba, Principal Accountant, Fiscal Services Division, of the revisions. This revised final report includes the county's response to our March 7, 2012, final report.

Restricted Use

This report is solely for the information and use of San Diego County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



JEFFREY V. BROWNFIELD
Chief, Division of Audits

December 20, 2012

**Revised Schedule 1—
Summary of Program Costs
July 1, 2006, through June 30, 2009**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
July 1 2006, through June 30, 2007				
Direct and indirect costs: ²				
Referral and mental health assessments	\$ 884,162	\$ 880,170	\$ (3,992)	Finding 1
Transfers and interim placements	1,923,625	1,890,217	(33,408)	Findings 1, 2
Authorize/issue payments to providers	5,802,928	4,741,441	(1,061,487)	Finding 2
Psychotherapy/other mental health services	7,868,926	7,837,430	(31,496)	Finding 1
Participation in due process hearings	5,330	-	(5,330)	Finding 3
Total direct and indirect costs	16,484,971	15,349,258	(1,135,713)	
Less offsetting reimbursements	(9,887,542)	(9,651,932)	235,610	Finding 4
Total claimed amount	6,597,429	5,697,326	(900,103)	
Less late claim penalty	(10,000)	(10,000)	-	
Total program cost	<u>\$ 6,587,429</u>	5,687,326	<u>\$ (900,103)</u>	
Less amount paid by State ³		(4,106,959)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,580,367</u>		
July 1 2007, through June 30, 2008				
Direct and indirect costs: ²				
Referral and mental health assessments	\$ 1,040,292	\$ 1,032,856	\$ (7,436)	Finding 1
Transfers and interim placements	1,827,332	1,822,587	(4,745)	Findings 1, 2
Authorize/issue payments to providers	6,738,212	6,257,153	(481,059)	Finding 2
Psychotherapy/other mental health services	8,565,332	8,514,338	(50,994)	Finding 1
Participation in due process hearings	10,071	-	(10,071)	Finding 3
Total direct and indirect costs	18,181,239	17,626,934	(554,305)	
Less offsetting reimbursements	(11,589,942)	(11,662,369)	(72,427)	Finding 4
Total claimed amount	6,591,297	5,964,565	(626,732)	
Total program cost	<u>\$ 6,591,297</u>	5,964,565	<u>\$ (626,732)</u>	
Less amount paid by State ³		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 5,964,565</u>		
July 1 2008, through June 30, 2009				
Direct and indirect costs: ²				
Referral and mental health assessments	\$ 1,625,079	\$ 1,207,589	\$ (417,490)	Finding 1
Transfers and interim placements	722,633	548,944	(173,689)	Findings 1, 2
Authorize/issue payments to providers	6,224,038	6,125,362	(98,676)	Finding 2
Psychotherapy/other mental health services	9,749,679	9,198,502	(551,177)	Finding 1
Participation in due process hearings	46,636	46,636	-	
Total direct and indirect costs	18,368,065	17,127,033	(1,241,032)	
Less offsetting reimbursements	(17,062,025)	(17,382,168)	(320,143)	Finding 4
Total claimed amount	1,306,040	(255,135)	(1,561,175)	
Adjustment to eliminate negative balance	-	255,135	255,135	
Total program cost	<u>\$ 1,306,040</u>	-	<u>\$ (1,306,040)</u>	
Less amount paid by State ³		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		

Revised Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1 2006 through June 30, 2009</u>				
Direct and indirect costs: ²				
Referral and mental health assessments	\$ 3,549,533	\$ 3,120,615	\$ (428,918)	
Transfers and interim placements	4,473,590	4,261,748	(211,842)	
Authorize/issue payments to providers	18,765,178	17,123,956	(1,641,222)	
Psychotherapy/other mental health services	26,183,937	25,550,270	(633,667)	
Participation in due process hearings	<u>62,037</u>	<u>46,636</u>	<u>(15,401)</u>	
Total direct and indirect costs	53,034,275	50,103,225	(2,931,050)	
Less offsetting reimbursements	<u>(38,539,509)</u>	<u>(38,696,469)</u>	<u>(156,960)</u>	
Total claimed amount	14,494,766	11,406,756	(3,088,010)	
Adjustment to eliminate negative balance	-	255,135	255,135	
Less late claim penalty	<u>(10,000)</u>	<u>(10,000)</u>	-	
Total program cost	<u>\$14,484,766</u>	11,651,891	<u>\$ (2,832,875)</u>	
Less amount paid by State ³		<u>(4,106,959)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 7,544,932</u>		

¹ See the Findings and Recommendations section.

² The county incorrectly claimed indirect costs associated with each cost component under the direct cost component.

³ County received Categorical payment from the California Department of Mental Health from FY 2009-10 budget.

Revised Findings and Recommendations

**FINDING I—
Overstated mental
health services unit
costs and indirect
(administrative) costs**

The county overstated mental health services unit costs and indirect (administrative) costs by \$1,261,745 for the audit period.

The county claimed mental health services costs to implement the mandated program that were not fully based on actual costs. The county determined its service costs based on preliminary units and rates. The county ran unit-of-service reports to support its claims. These reports did not fully support the units of service claimed and contained duplicated units and unallowable costs including crisis intervention, individual rehabilitation, group rehabilitation, family rehabilitation, and rehabilitation evaluation services.

The county claimed rehabilitation costs for individual rehabilitation, group rehabilitation, family rehabilitation, and rehabilitation evaluation services. The services are provided in accordance with a definition that includes a broad range of services, including certain fringe services such as social skills, daily living skills, meal preparation skills, personal hygiene, and grooming. Based on the Commission on State Mandate's (CSM) statement of decision dated May 26, 2011, the portions of rehabilitation services related to socialization are not reimbursable under the parameters and guidelines. The statement of decision relates to an incorrect reduction claim filed by Santa Clara County for the Handicapped and Disabled Students (HDS) Program. In light of the CSM decision, the county must separate the ineligible portions of the service. To date, the county has not provided our office with sufficient documentation to identify the eligible portion of claimed rehabilitation services.

We recalculated mental health services unit costs based on actual, supportable units of service provided to eligible clients using the appropriate unit rates that represented actual cost to the county. We excluded duplicated units and ineligible crisis intervention, individual rehabilitation, group rehabilitation, family rehabilitation, and rehabilitation evaluation services.

The county incorrectly capped its administrative rates at 15% and applied the rates to costs based on preliminary units and rates. For fiscal year (FY) 2007-08 and FY 2008-09 the county understated its administrative rate by incorrectly capping it at 15%. Additionally, the county incorrectly used FY 2007-08 data when computing its FY 2008-09 administrative rate.

We recalculated administrative cost rates using a method that is consistent with the cost reports submitted to the California Department of Mental Health (DMH) and by not capping the rates at 15%. We applied the rates to eligible direct costs.

The following table summarizes the overstated mental health services unit costs and indirect (administrative) costs claimed:

	Fiscal Year			Total
	2006-07	2007-08	2008-09	
Referral and mental health assessments:				
Units of service/unit rates	\$ (3,406)	\$ (10,025)	\$ (423,591)	\$ (437,022)
Administrative costs	(586)	2,589	6,101	8,104
Total referral and mental health assessments	(3,992)	(7,436)	(417,490)	(428,918)
Transfers and interim placements:				
Units of service/unit rates	(18,165)	(9,455)	(178,999)	(206,619)
Administrative costs	(2,561)	4,710	5,310	7,459
Total transfers and interim placements	(20,726)	(4,745)	(173,689)	(199,160)
Psychotherapy/other mental health services:				
Rehabilitation costs	-	-	(129,585)	(129,585)
Units of service/unit rates	(27,089)	(52,308)	(425,730)	(505,127)
Administrative costs	(4,407)	1,314	4,138	1,045
Total psychotherapy/other mental health services	(31,496)	(50,994)	(551,177)	(633,667)
Audit adjustment	\$ (56,214)	\$ (63,175)	\$ (1,142,356)	\$ (1,261,745)

The program's parameters and guidelines specify that the State will reimburse only actual increased costs incurred to implement the mandated activities that are supported by source documents that show the validity of such costs. The parameters and guidelines do not identify crisis intervention as an eligible service.

The parameters and guidelines (section IV.H.) reference Title 2, *California Code of Regulations* (CCR), section 60020, subdivision (i), for reimbursable psychotherapy or other mental health treatment services. This regulation does not include socialization services. The CSM's May 26, 2011 statement of decision also states that the portion of the services provided that relate to socialization are not reimbursable.

The parameters and guidelines further specify that to the extent the DMH has not already compensated reimbursable administrative costs from categorical funding sources, the costs may be claimed.

Recommendation

In our previous final report dated March 7, 2012, we recommended the following:

- Ensure that only actual and supported costs for program-eligible clients are claimed in accordance with the mandate program.
- Compute indirect cost rates using a method that is consistent with the cost allocations in the cost report submitted to the DMH and apply administrative cost rates to eligible and supported direct costs.
- Apply all relevant administrative revenues to valid administrative costs.

No recommendation is applicable for this revised report as the consolidated program no longer is mandated.

County's Response

The county did not respond to the audit finding.

FINDING 2— Overstated residential placement costs

The county overstated residential placement costs by \$1,653,904 for the audit period.

The county claimed board-and-care costs and mental health treatment "patch" costs for residential placements in out-of-state facilities that are operated on a for-profit basis. Only placements in facilities that are operated on a not-for-profit basis are eligible for reimbursement.

The county claimed board-and-care costs for clients incurred outside of the clients' authorization period. Only payments made for clients with a valid authorization for placement in a residential facility are eligible for reimbursement.

The county claimed board-and-care costs net of the California Department of Social Services reimbursement (40% state share). However, the county did not consider Local Revenue Funds applied to SED costs when computing its net costs.

We adjusted costs claimed for residential placements in out-of-state facilities that are operated on a for-profit basis, as well as costs associated with board-and-care costs for clients incurred outside of the clients' authorization period. Additionally, we applied Local Revenue Funds to eligible board-and-care costs in order to arrive at the county's net cost.

The following table summarizes the overstated residential placement costs claimed:

	Fiscal Year			Total
	2006-07	2007-08	2008-09	
Transfers and interim placements				
Local revenue funds	\$ (12,682)	\$ -	\$ -	\$ (12,682)
Total transfers and interim placements	(12,682)	-	-	\$ (12,682)
Authorize/issue payments to providers				
Ineligible placements:				
Board and care	(451,719)	(251,128)	(50,777)	(753,624)
Treatment	(373,380)	(215,136)	(44,955)	(633,471)
Local revenue funds	(217,649)	-	-	(217,649)
Unauthorized payments	(18,739)	(14,795)	(2,944)	(36,478)
Total authorize/issue payments to providers	(1,061,487)	(481,059)	(98,676)	(1,641,222)
Audit adjustment	<u>\$ (1,074,169)</u>	<u>\$ (481,059)</u>	<u>\$ (98,676)</u>	<u>\$ (1,653,904)</u>

The parameters and guidelines (section IV.C.1) specify that the mandate is to reimburse counties for payments to vendors providing mental health services to pupils in out-of-state residential placements as specified in Government Code section 7576, and Title 2, CCR, sections 60100 and 60110.

Title 2, CCR, section 60100, subdivision (h), specifies that out-of-state residential placements shall be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460, subdivision (c)(2) through (3). Welfare and Institutions Code section 11460, subdivision (c)(3), states that reimbursement shall be paid only to a group home, organized, and operated on a nonprofit basis.

The parameters and guidelines (section IV.G.) reference Welfare and Institutions Code (WIC), section 18355.5, which prohibits a county from claiming reimbursement for its 60% share of the total residential and non-educational costs of a seriously emotionally disturbed child placed in an out-of-home residential facility if the county claims reimbursement for these costs from the Local Revenue Fund identified in WIC section 17600 and receives these funds.

Recommendation

In our previous final report dated March 7, 2012, we recommended the following:

We recommend that the county take steps to ensure that:

- Only actual and supported costs for program eligible clients are claimed in accordance with the mandate program.
- It only claims out-of-state residential placements that are in agencies owned and operated on a non-profit basis.
- Each residential placement has a valid authorization for placement.
- Costs claimed are reduced by the portion funded with Local Revenue Funds.

No recommendation is applicable for this revised report as the consolidated program no longer is mandated.

County's Response

The State's position is that the County overstated residential placement costs by \$1,653,904 for the audit period; and the County disputes this finding. The County specifically disputes the finding that it claimed ineligible vendor payments of \$1,387,095 (board and care costs of \$753,624 and treatment costs of \$633,471) for out-of-state residential placement of SED pupils owned and operated for profit [*sic*]. In support of its position, the State cites the California Code of Regulations, Title 2, section 60100, subdivision (h), which provides that out-of-state residential placements will be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460(c)(2) through (3). Welfare and Institutions Code section 11460(c)(3) provides that reimbursement will only be paid to a group home organized and operated on a nonprofit basis. The State also cites the parameters and guidelines in support of their position.

The County asserts that it is entitled to the entire amount claimed less the sum already paid by the State. Please see Summary of Program Costs for Out-of-State Residential Placements for Profit facilities for July 1, 2006 – June 30, 2009 attached hereto as Exhibit A-4. In support of its position, the County provides the following arguments and Exhibits A through C attached hereto.

1. California Law Prohibiting For-Profit Placements is Inconsistent with Both Federal Law, Which No Longer Has Such a Limitation, and With IDEA's "Most Appropriate Placement" Requirement.

In 1990, Congress enacted IDEA (20 U.S.C.S. § 1400-1487) pursuant to the Spending Clause (U.S. Const., art. 1, § 8, cl. 1). According to Congress, the statutory purpose of IDEA is ". . . to assure that all children with disabilities have available to them . . . a free appropriate public education which emphasizes special education and related services designed to meet their unique needs. . . ." 20 U.S.C. § 1400(d)(1)(A); *County of San Diego v. Cal. Special Educ. Hearing*, 93 F.3d 1458, 1461 (9th Cir. 1996).

To accomplish the purposes and goals of IDEA, the statute "provides federal funds to assist state and local agencies in educating children with disabilities but conditions such funding on compliance with certain goals and procedures." *Ojai Unified School Dist. v. Jackson*, 4 F.3d 1467, 1469 (9th Cir. 1993); see *Ciresoli v. M.S.A.D. No. 22*, 901 F. Supp. 378, 281 (D.Me. 1995). All 50 states currently receive IDEA funding and therefore must comply with IDEA. *County of L.A. v. Smith*, 74 Cal. App. 4th 500, 508 (1999).

IDEA defines "special education" to include instruction conducted in hospitals and institutions. If placement in a public or private residential program is necessary to provide special education, regulations require that the program must be provided at no cost to the parents of the child. 34 C.F.R. § 300.302 (2000). Thus, IDEA requires that a state pay for a disabled student's residential placement when necessary. *Indep. Schl. Dist. No. 284 v. A.C.*, 258 F. 3d 769 (8th Cir. 2001). Local educational agencies (LEA) initially were responsible for providing all the necessary services to special education children (including mental health services), but Assembly Bill 3632/882 shifted responsibility for providing special education mental health services to the counties.

Federal law initially required residential placements to be in nonprofit facilities. In 1997, however, the federal requirements changed to remove any reference to the tax identification (profit/nonprofit) status of an appropriate residential placement as follows: Section 501 of the Personal Responsibility and Work Opportunity Responsibility Act of 1996 states, Section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2) is amended by striking "nonprofit." That section currently states:

"The term 'child-care institution' means a private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the

standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent."

The California Code of Regulations, title 2, section 60100, subdivision (h) and Welfare and Institutions Code section 11460(c)(2) through (3) are therefore inconsistent with the Social Security Act as referenced above, as well as inconsistent with a primary principle of IDEA as described below.

IDEA "was intended to ensure that children with disabilities receive an education that is both appropriate and free." *Florence County School District Four v. Carter*, 510 U.S. 7, 13, 126 L. Ed. 2d 284, 114 S. Ct. 361 (1993). A "free appropriate public education" (FAPE) includes both instruction and "related services" as may be required to assist a child with a disability. 20 U.S.C. § 1401 (22). Both instruction and related services, including residential placement, must be specially designed to suit the needs of the individual child. 20 U.S.C. §1401(25). The most appropriate residential placement specially designed to meet the needs of an individual child may not necessarily be one that is operated on a nonprofit basis. Consequently, to limit the field of appropriate placements for a special education student would be contrary to the FAPE requirement referenced above. Counties and students cannot be limited by such restrictions because the most appropriate placement for a student may not have a nonprofit status. This need for flexibility becomes most pronounced when a county is seeking to place a student in an out-of-state facility which is the most restrictive level of care. Such students have typically failed California programs and require a more specialized program that may not necessarily be nonprofit.

In contrast to the restrictions placed on counties with respect to placement in nonprofits, LEAs are not limited to accessing only nonprofit educational programs for special education students. When special education students are placed in residential programs, out-of-state LEAs may utilize the services provided by certified nonpublic, nonsectarian schools and agencies that are for profit. See Educ. Code § 56366.1. These nonpublic schools become certified by the state of California because they meet the requirements set forth in Education Code sections 56365 *et seq.* These [sic] requirements do not include nonprofit status, but rather, among other things, the ability to provide special education and designated instruction to individuals with exceptional needs which includes having qualified licensed and credentialed staff. LEAs monitor the out-of-state nonpublic schools through the Individualized Education Program process and are also required to monitor these schools annually which may include a site visit. Consequently, counties and LEAs should not be subject to different criteria when seeking a placement in out-of-state facilities for a special education student. Consistent with federal law, counties must have the ability to place students in the most appropriate educational environment out-of-state and not be constrained by nonprofit status.

2. Parents Can be Reimbursed When Placing Students in Appropriate For-Profit Out-of-State Facilities. County Mental Health Agencies Are Subject to Increased Litigation Without the Same Ability to Place Seriously Emotionally Disturbed Students in Appropriate For-Profit Out-of-State Facilities.

In *Florence County School District Four, et al. v. Shannon Carter*, 510 U.S. 7, 114 S.Ct. 361 (1993), the U.S. Supreme Court found that although the parents placed their child in a private school that did not meet state education standards and was not state approved, they were entitled to reimbursement because the placement was found to be appropriate under IDEA. The parents in *Carter* placed their child in a private school because the public school she was attending provided an inappropriate education under IDEA.

In California, if counties are unable to access for profit out-of-state programs, they may not be able to offer an appropriate placement for a child that has a high level of unique mental health needs that may only be treated by a specialized program. If that program is for profit, that county will therefore be subject to potential litigation from parents who through litigation may access the appropriate program for their child regardless of for profit or nonprofit status.

County Mental Health Agencies recommend out-of-state residential programs for special education students only after in state alternatives have been considered and are not found to meet the child's needs. See Covet Code §§ 7572.5 and 7572.55. As described in Sections 7572.5 and 7275.55, such decisions are not made hastily and require levels of documented review, including consensus from the special education student's individualized education program team. Further, when students require the most restrictive educational environment, their needs are great and unique. Consistent with IDEA, counties should be able to place special education students in the most appropriate program that meets their unique needs without consideration for the programs for profit or nonprofit status so that students are placed appropriately and counties are not subject to needless litigation.

3. The State of California Office of Administrative Hearings Special Education Division (OAH) has Ordered a County Mental Health Agency to Fund an Out-of-State For-Profit Residential Facility When no Other Appropriate Residential Placement is Available to Provide Student a FAPE.

In *Student v. Riverside Unified School District and Riverside County Department of Mental Health*, OAH Case No. N 2007090403, OAH ordered the Riverside County Department of Mental Health (RCDMH) and the Riverside Unified School District to fund the placement of a student with a primary disability of emotional disturbance with a secondary disability of deafness in an out-of-state for-profit residential facility because there was no other appropriate facility available to provide the Student a FAPE. A copy of *Student v. Riverside Unified School District and Riverside County Department of Mental Health*, OAH Case No. N 2007090403 is attached hereto as Exhibit B for your convenience. In the *Riverside* case, the Administrative Law Judge (ALJ) concluded that Section 60100 subdivision (h) of title 2 of the California Code of Regulations is "inconsistent with the federal statutory and regulatory law by which California has chosen to abide." The ALJ further concluded in her opinion that:

"California education law itself mandates a contrary response to Welfare and Institutions code section 11460, subdivision (c) (3), where no other placement exists for a child. Specifically, "It is the further intent of the legislature that this part does not abrogate any rights provided to individuals with exceptional needs and their parents or guardians under the federal Individuals with Disabilities Education

Act.” (Ed.Code § 56000, subd. (e) (Feb. 2007).) A contrary result would frustrate the core purpose of the IDEA and the companion state law, and would prevent student from accessing educational opportunities.”

Consequently, it is clear the ALJ agrees that there is a conflict that exists between state and federal law when there are no appropriate residential placements for a student that are nonprofit and that the right of the student to access a FAPE must prevail.

4. County Contracted with Nonprofit Out-of-State Residential Program for SED Pupils.

During the audit period, the County contracted with Mental Health Systems, Inc. (Provo Canyon School) the provider of the out-of-state residential services that are the subject of the proposed disallowance that the county disputes in this Response. As referenced in the April 28, 2007 letter from the Internal Revenue Service (attached hereto as Exhibit C) Mental Health Systems, Inc. (Provo Canyon School) is a nonprofit entity. The County contracted with this provider in a manner consistent with the requirements of the California Code of Regulations and Welfare and Institutions Code referenced above. The State never provided any guidance to counties as to how to access or contract with appropriate out-of-state facilities that meet State criteria or qualifications. The State never provided counties a list of appropriate out-of-state facilities that meet State requirements. County should not be penalized now for fulfilling the requirements of the law with little or no guidance from the State.

5. There are no Requirements in Federal or State Law Regarding the Tax Identification Status of Mental Health Treatment Services Providers. Thus, There are No Grounds to Disallow the County’s Treatment Costs.

Government Code section 7572 (c) provides that “Psychotherapy and other mental health assessments shall be conducted by qualified mental health professionals as specified in regulations developed by the State Department of Mental Health in consultation with the State Department of Education. . . .” The California Code of Regulations, title 2, division 9, chapter 1, article 1, section 60020 (i) and (j) further describe the type of mental health services to be provided in the program as well as who shall provide those services to special education pupils. There is no mention that the providers have a nonprofit or for profit status. The requirements are that the services “shall be provided directly or by contract at the discretion of the community mental health service of the county of origin” and that the services are provided by “qualified mental health professionals.” Qualified mental health professionals include licensed practitioners of the healing arts such as: psychiatrists, psychologists, clinical social workers, marriage, family and child counselors, registered nurses, mental health rehabilitation specialists and others who have been waived under Section 5751.2 of the Welfare and Institutions Code. The County has complied with all these requirements. Consequently, because there is no legal requirement that treatment services be provided by nonprofit entities the State cannot and shall not disallow the treatment costs.

SCO's Comment

The finding remains unchanged. The residential placement issue is not unique to this county; other counties are concerned about it as well. In 2008 the proponents of Assembly Bill (AB) 1805 sought to change the California regulations and allow payments to for-profit facilities for placement of SED pupils. This legislation would have permitted retroactive application, so that any prior unallowable claimed costs identified by the SCO would be reinstated. However, the Governor vetoed this legislation on September 30, 2008. In the next legislative session, AB 421, a bill similar to AB 1805, was introduced to change the regulations and allow payments to for-profit facilities for placement of SED pupils. On January 31, 2010, AB 421 failed passage in the Assembly. Absent any legislative resolution, counties must continue to comply with the governing regulations cited in the SED Pupils: Out-of-State Mental Health Services Program's parameters and guidelines. Our response addresses each of the five arguments set forth by the county in the order identified above.

- 1. California law prohibiting for-profit placements is inconsistent with both federal law, which no longer has such a limitation, and with IDEA's "most appropriate placement" requirement.**

The parameters and guidelines (section IV.C.1.) specify that the mandate is to reimburse counties for payments to service vendors providing mental health services to SED pupils in out-of-state residential placements as specified in Government Code section 7576 and Title 2, *California Code of Regulations* (CCR), sections 60100 and 60110. Title 2, CCR, section 60100, subdivision (h), specifies that out-of-state residential placements shall be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460, subdivision (c)(2) through (3). Welfare and Institutions Code section 11460, subdivision (c)(3), states that reimbursement shall only be paid to a group home organized and operated on a nonprofit basis. The program's parameters and guidelines do not provide reimbursement for out-of-state residential placements made outside of the regulation.

We agree that there is inconsistency between the California law and federal law related to IDEA funds. Furthermore, we do not dispute the assertion that California law is more restrictive than federal law in terms of out-of-state residential placement of SED pupils; however, the fact remains that this is a State-mandated cost program and the county filed a claim seeking reimbursement from the State under the provisions of Title 2, CCR, section 60100.

We also agree that Education Code sections 56366.1 and 56365 do not restrict local educational agencies (LEAs) from contracting with for-profit schools for educational services. These sections specify that educational services must be provided by a school certified by the California Department of Education.

2. Parents can be reimbursed when placing students in appropriate for-profit out-of-state facilities. County mental health agencies will be subject to increased litigation without the same ability to place seriously emotionally disturbed students in appropriate for-profit out-of-state facilities.

Refer to previous comment.

3. The State of California Office of Administrative Hearings Special Education Division (OAH) has ordered a county mental health agency to fund an out-of-state for-profit residential facility when no other appropriate residential placement is available to provide student a FAPE.

Office of Administrative Hearings (OAH) Case No. N 2007090403 is not precedent-setting and has no legal bearing. In this case, the administrative law judge found that not placing the student in an appropriate facility (for-profit) was to deny the student a free appropriate public education (FAPE) under federal regulations. The issue of funding residential placements made outside of the regulation was not specifically addressed in the case. Nevertheless, the fact remains that this is a State-mandated cost program and the county filed a claim seeking reimbursement from the State under the provisions of Title 2, CCR, section 60100, and Welfare and Institutions Code section 11460, subdivision (c)(3). Residential placements made outside of the regulation are not reimbursable under the State-mandated cost program.

4. County contracted with nonprofit out-of-state residential program for SED pupils.

As noted in the finding, the mandate reimburses counties for payments to service vendors (group homes) providing mental health services to SED pupils in out-of-state residential placements that are organized and operated on a nonprofit basis. Based on documents the county provided us in the course of the audit, we determined that Mental Health Systems, Inc., a California nonprofit corporation, contracted with Charter Provo Canyon School, a Delaware for-profit limited liability company, to provide out-of-state residential placement services. The referenced Provo Canyon, Utah residential facility was not organized and operated on a nonprofit basis until its Articles of Incorporation as a nonprofit entity in the state of Utah were approved on January 6, 2009. We only allowed costs incurred by the county for residential placements made at the Provo Canyon facility when it became a nonprofit.

5. There are no requirements in federal or state law regarding the tax identification status of mental health treatment services providers. Thus, there are no grounds to disallow the county's treatment costs.

We do not dispute that Government Code section 7572 requires mental health services to be provided by qualified mental health professionals. As noted in the finding and our previous response, the

mandate reimburses counties for payments to service vendors (group homes) providing mental health services to SED pupils in out-of-state residential placements that are organized and operated on a nonprofit basis. The unallowable treatment and board-and-care vendor payments claimed result from the county placement of clients in non-reimbursable out-of-state residential facilities. The program's parameters and guidelines do not include a provision for the county to be reimbursed for vendor payments made to out-of-state residential placements outside of the regulation.

**FINDING 3—
Duplicate due process
hearing costs**

The county claimed \$15,401 in duplicate due process hearing costs for the audit period.

The county claimed allowable due process hearing costs. For FY 2006-07 and FY 2007-08 the county included these costs in the pool of direct costs used to compute the unit rates in the county's cost reports submitted to the DMH. Consequently, due process hearing costs claimed for FY 2006-07 and FY 2007-08 were also allocated through the unit rates to various mental health programs, including the Consolidated HDS, HDS II, and SEDP Program claims. Allowing the FY 2006-07 and FY 2007-08 due process hearing costs would result in duplicate reimbursement.

We did not allow the claimed FY 2006-07 and FY 2007-08 due process hearing costs because they resulted in a duplication of claimed costs.

The following table summarizes the duplicated due process hearing costs claimed:

	Fiscal Year			Total
	2006-07	2007-08	2008-09	
Participation in due process hearings	\$ (5,330)	\$ (10,071)	\$ -	\$ (15,401)
Audit adjustment	\$ (5,330)	\$ (10,071)	\$ -	\$ (15,401)

The parameters and guidelines specify that the State will reimburse only actual increased costs incurred to implement the mandated activities and supported by source documents that show the validity of such costs.

Recommendation

In our previous final report dated March 7, 2012, we recommended the following:

We recommend that the county ensure that only actual and supported costs for program-eligible clients are claimed in accordance with the mandate program. Furthermore, we recommend that the county only claim reimbursement for allowable direct costs that are not included as a part of its total cost used to compute the unit rates.

No recommendation is applicable for this revised report as the consolidated program no longer is mandated.

County's Response

The county did not respond to the audit finding.

**FINDING 4—
Understated offsetting
reimbursements**

The county understated other reimbursements by \$156,960 for the audit period.

The county understated Individuals with Disabilities Education Act (IDEA) grant reimbursements for the audit period, and DMH Categorical grant reimbursements for FY 2008-09, by claiming preliminary grant amounts.

The county overstated Short-Doyle/Medi-Cal Federal Financing Participation Funds (SD/MC FFP), and Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) reimbursements by applying the funding shares to service costs not fully based on actual costs. The county determined its service costs based on preliminary units and rates. The county ran unit-of-service reports to support its claims. These reports did not fully support the units of service claimed and contained duplicate units and unallowable costs including crisis intervention, individual rehabilitation, group rehabilitation, family rehabilitation, and rehabilitation-evaluation services.

The county claimed costs for individual rehabilitation, group rehabilitation, family rehabilitation, and rehabilitation-evaluation services that may include ineligible socialization services that are not reimbursable under the parameters and guidelines. Based on the CSM's statement of decision dated May 26, 2011, the portions of rehabilitation services related to socialization are not reimbursable under the parameters and guidelines. The county must separate the ineligible portions of the rehabilitation service. To date, the county has not provided our office with any documentation to identify the eligible portion of claimed rehabilitation services. Therefore, we are excluding the portion of reimbursements that relate to claimed rehabilitation services.

The following table summarizes the overstated offsetting reimbursements claimed:

	Fiscal Year			Total
	2006-07	2007-08	2008-09	
IDEA	\$ 202,469	\$ (90,847)	\$ (487,781)	\$ (376,159)
DMH Categorical payment	-	-	(406,984)	(406,984)
SD/MC FFP:				
Rehabilitation costs			48,090	48,090
Units of service/unit rates	(11,373)	(17,438)	11,132	(17,679)
EPSDT:				
Rehabilitation costs			24,326	24,326
Units of service/unit rates	44,514	35,858	491,074	571,446
Total other reimbursements	<u>\$ 235,610</u>	<u>\$ (72,427)</u>	<u>\$ (320,143)</u>	<u>\$ (156,960)</u>

The parameters and guidelines specify that any direct payments (Categorical funds, SD/MC FFP, EPSDT, IDEA, and other offsets such as private insurance) received from the State that are specifically allocated to the program, and/or any other reimbursement received as a result of the mandate, must be deducted from the claim.

Recommendation

In our previous final report dated March 7, 2012, we recommended the following:

We recommend that the county ensure that appropriate revenues are identified and applied to valid costs.

No recommendation is applicable for this revised report as the consolidated program no longer is mandated.

County's Response

The county did not respond to the audit finding.

SCO's Comment

Subsequent to the issuance of our final report on March 7, 2012, the DMH issued its EPSDT settlement for FY 2008-09. We recalculated offsetting reimbursements and revised Finding 4 to reflect the actual funding percentage. As a result, the finding was reduced by \$184,731.

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



County of San Diego
OFFICE OF COUNTY COUNSEL

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February 29, 2012

Jim L. Spano, Chief, Mandated Cost Audits Bureau
California State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874

Re: Response to Consolidated Handicapped and Disabled Students (HDS), HDS II,
and SEDP Program Audit for the Period of July 1, 2006 through June 30, 2009

Dear Mr. Spano:

The County of San Diego (County) is in receipt of the State Controller's Office draft audit report of the costs claimed by County for the legislatively mandated Consolidated Handicapped and Disabled Students (HDS), HDS II, and SEDP Program Audit for the Period of July 1, 2006 through June 30, 2009. The County received the report on February 7, 2012 and received an extension from Mr. Jim L. Spano, Chief, Mandated Audits Bureau to submit its response to the report on or before February 29, 2012. The County is submitting this response and its management representation letter in compliance with that extension on February 29, 2012.

As directed in the draft report, the County's response will address the accuracy of the audit findings. There were four Findings in the above-referenced Draft Report and the County disputes Finding 2 – Overstated Residential Placement Costs. The County claimed \$14,484,766 for the mandated programs for the audit period and \$4,106,959 has already been paid by the State. The State Controller's Office's audit found that \$11,651,891 is allowable and \$2,832,875 is unallowable. The unallowable costs as determined by State Controller's Office occurred primarily because the State alleges the County overstated residential placement costs by \$1,653,904 (the County disputes

Mr. Spano

-2-

February 29, 2012

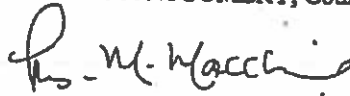
\$1,387,095) for the audit period. As stated above, the County disputes Finding 2 and asserts that \$1,387,095 are allowable costs that are due the County for the audit period.

If you have any questions please contact Lisa Macchione, Senior Deputy County Counsel at (619) 531-6296.

Very truly yours,

THOMAS E. MONTGOMERY, County Counsel

By.



LISA M. MACCHIONE, Senior Deputy

LMM:vf
11-01866
Encs.

**COUNTY OF SAN DIEGO'S RESPONSE TO LEGISLATIVELY MANDATED
CONSOLIDATED HANDICAPPED AND DISABLED STUDENTS (HDS), HDS II, AND
SERIOUSLY EMOTIONALLY DISTURBED PUPILS (SEDP) PROGRAM AUDIT
FOR THE PERIOD OF JULY 1, 2006 THROUGH JUNE 30, 2009**

Summary

The State Controller's Office audited the costs claimed by County for the legislatively mandated Consolidated Handicapped and Disabled Students (HDS), HDS II, and Seriously Emotionally Disturbed Pupils (SEDP) Program for the period of July 1, 2006 through June 30, 2009. The County claimed \$14,484,766 for the mandated program, and the State found \$11,651,891 is allowable and \$2,832,875 is unallowable. The State alleges that the unallowable costs occurred because the County overstated mental health services costs, administrative costs, and residential placement costs, duplicated due process hearing costs, and understated other reimbursements. The State has broken down the unallowable costs claimed into four findings. The County disputes the second finding regarding the alleged overstated residential placement costs and does not dispute the first finding relating to overstated mental health services unit costs and indirect (administrative) costs, the third finding relating to duplicate due process hearing costs or the fourth finding relating to understated other reimbursements.

The County disputes Finding 2 – overstated residential placement costs – because the California Code of Regulations section 60100(h) and Welfare and Institutions Code section 11460(c)(3) cited by the State are in conflict with provisions of federal law, including the Individuals with Disabilities Education Act (IDEA) and Section 472(c)(2) of the Social Security Act (42 U.S.C.672 (c)(2)).

Response To Finding 2 – Overstated Residential Placement Costs

The State's position is that the County overstated residential placement costs by \$1,653,904 for the audit period; and the County disputes this finding. The County specifically disputes the finding that it claimed ineligible vendor payments of \$1,387,095.00 (board and care costs of \$753,624 and treatment costs of \$633,471) for out-of-state residential placement of SED pupils owned and operated for profit. In support of its position, the State cites the California Code of Regulations, Title 2, section 60100, subdivision (h), which provides that out-of-state residential placements will be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460(c)(2) through (3). Welfare and Institutions Code section 11460(c) (3) provides that reimbursement will only be paid to a group home organized and operated on a nonprofit basis. The State also cites the parameters and guidelines in support of their position.

The County asserts that it is entitled to the entire amount claimed less the sum already paid by the State. Please see Summary of Program Costs for Out-of-State Residential Placements for Profit facilities for July 1, 2006 - June 30, 2009 attached hereto as Exhibit A-4.

In support of its position, the County provides the following arguments and Exhibits A through C attached hereto.¹

1. **California Law Prohibiting For-Profit Placements is Inconsistent with Both Federal Law, Which Does Not Have Such a Limitation, and With IDEA's "Most Appropriate Placement" Requirement.**

In 1990, Congress enacted IDEA (20 U.S.C.S. § 1400-1487) pursuant to the Spending Clause (U.S. Const., art. I, § 8, cl. 1). According to Congress, the statutory purpose of IDEA is "... to assure that all children with disabilities have available to them... a free appropriate public education which emphasizes special education and related services designed to meet their unique needs..." 20 U.S.C. § 1400(d)(1)(A); *County of San Diego v. Cal. Special Educ. Hearing*, 93 F.3d 1458, 1461 (9th Cir. 1996).

To accomplish the purposes and goals of IDEA, the statute "provides federal funds to assist state and local agencies in educating children with disabilities but conditions such funding on compliance with certain goals and procedures." *Ojai Unified School Dist. v. Jackson*, 4 F.3d 1467, 1469 (9th Cir. 1993); see *Ciresoli v. M.S.A.D. No. 22*, 901 F. Supp. 378, 381 (D.Me. 1995). All 50 states currently receive IDEA funding and therefore must comply with IDEA. *County of L.A. v. Smith*, 74 Cal. App. 4th 500, 508 (1999).

IDEA defines "special education" to include instruction conducted in hospitals and institutions. If placement in a public or private residential program is necessary to provide special education, regulations require that the program must be provided at no cost to the parents of the child. 34 C.F.R. § 300.302 (2000). Thus, IDEA requires that a state pay for a disabled student's residential placement when necessary. *Indep. Schl. Dist. No. 284 v. A.C.*, 258 F. 3d 769 (8th Cir. 2001). Local educational agencies (LEA) initially were responsible for providing all the necessary services to special education children (including mental health services), but Assembly Bill 3632/882 shifted responsibility for providing special education mental health services to the counties.

Federal law initially required residential placements to be in nonprofit facilities. In 1997, however, the federal requirements changed to remove any reference to the tax identification (profit/nonprofit) status of an appropriate residential placement as follows: Section 501 of the Personal Responsibility and Work Opportunity Responsibility Act of 1996 states, Section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2) is amended by striking "nonprofit." That section currently states:

¹ County acknowledges that as of July 1, 2011 the various sections of the Government Code, Welfare and Institutions Code, Education Code and Family Code mandating that counties provide educationally related mental health services to students on individualized education plans ("IEP") became inoperative and as of January 1, 2012 these sections were repealed. It should be made clear, however, that counties were still mandated to provide educationally related mental health services to eligible students on IEPs during the audit period and therefore, all arguments made within this audit response are relevant and valid for the audit period.

"The term 'child-care institution' means a private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent."

The California Code of Regulations, title 2, section 60100, subdivision (h) and Welfare and Institutions Code section 11460(c)(2) through (3) are therefore inconsistent with the Social Security Act as referenced above, as well as inconsistent with a primary principle of IDEA as described below.

IDEA "was intended to ensure that children with disabilities receive an education that is both appropriate and free." *Florence County School District Four v. Carter*, 510 U.S. 7, 13, 126 L. Ed. 2d 284, 114 S. Ct. 361 (1993). A "free appropriate public education" (FAPE) includes both instruction and "related services" as may be required to assist a child with a disability. 20 U.S.C. § 1401 (22). Both instruction and related services, including residential placement, must be specially designed to suit the needs of the individual child. 20 U.S.C. § 1401(25). The most appropriate residential placement specially designed to meet the needs of an individual child may not necessarily be one that is operated on a nonprofit basis. Consequently, to limit the field of appropriate placements for a special education student would be contrary to the FAPE requirement referenced above. Counties and students cannot be limited by such restrictions because the most appropriate placement for a student may not have a nonprofit status. This need for flexibility becomes most pronounced when a county is seeking to place a student in an out-of-state facility which is the most restrictive level of care. Such students have typically failed California programs and require a more specialized program that may not necessarily be nonprofit.

In contrast to the restrictions placed on counties with respect to placement in nonprofits, LEAs are not limited to accessing only nonprofit educational programs for special education students. When special education students are placed in residential programs, out-of-state LEAs may utilize the services provided by certified nonpublic, nonsectarian schools and agencies that are for profit. See Educ. Code § 56366.1. These nonpublic schools become certified by the state of California because they meet the requirements set forth in Education Code sections 56365 *et seq.* These requirements do not include nonprofit status, but rather, among other things, the ability to provide special education and designated instruction to individuals with exceptional needs which includes having qualified licensed and credentialed staff. LEAs monitor the out-of-state nonpublic schools through the Individualized Education Program process and are also required to monitor these schools annually which may include a site visit. Consequently, counties and LEAs should not be subject to different criteria when seeking a placement in out-of-state facilities for a special education student. Consistent with federal law, counties must have the ability to place students in the most appropriate educational environment out-of state and not be constrained by nonprofit status.

2. **Parents Can be Reimbursed When Placing Students in Appropriate For-Profit Out-of-State Facilities. County Mental Health Agencies Are Subject to Increased Litigation Without the Same Ability to Place Seriously Emotionally Disturbed Students in Appropriate For-Profit Out-of-State Facilities.**

In *Florence County School District Four, et al. v. Shannon Carter*, 510 U.S. 7, 114 S.Ct. 361 (1993), the U.S. Supreme Court found that although the parents placed their child in a private school that did not meet state education standards and was not state approved, they were entitled to reimbursement because the placement was found to be appropriate under IDEA. The parents in *Carter* placed their child in a private school because the public school she was attending provided an inappropriate education under IDEA.

In California, if counties are unable to access for profit out-of-state programs, they may not be able to offer an appropriate placement for a child that has a high level of unique mental health needs that may only be treated by a specialized program. If that program is for profit, that county is therefore subject to potential litigation from parents who through litigation may access the appropriate program for their child regardless of for profit or nonprofit status.

County Mental Health Agencies recommend out-of state residential programs for special education students only after in state alternatives have been considered and are not found to meet the child's needs. See Gov't Code §§ 7572.5 and 7572.55. As described in Sections 7572.5 and 7275.55, such decisions are not made hastily and require levels of documented review, including consensus from the special education student's individualized education program team. Further, when students require the most restrictive educational environment, their needs are great and unique. Consistent with IDEA, counties should be able to place special education students in the most appropriate program that meets their unique needs without consideration for the programs for profit or nonprofit status so that students are placed appropriately and counties are not subject to needless litigation.

3. **The State of California Office of Administrative Hearings Special Education Division (OAH) has Ordered a County Mental Health Agency to Fund an Out-of-State For-Profit Residential Facility When no Other Appropriate Residential Placement is Available to Provide Student a FAPE.**

In *Student v. Riverside Unified School District and Riverside County Department of Mental Health*, OAH Case No. N 2007090403, OAH ordered the Riverside County Department of Mental Health (RCDMH) and the Riverside Unified School District to fund the placement of a student with a primary disability of emotional disturbance with a secondary disability of deafness in an out-of-state for-profit residential facility because there was no other appropriate facility available to provide the Student a FAPE. A copy of *Student v. Riverside Unified School District and Riverside County Department of Mental Health*, OAH Case No. N 2007090403 is attached hereto as Exhibit B for your convenience. In the *Riverside* case, the Administrative Law Judge (ALJ) concluded that Section 60100 subdivision (h) of title 2 of the California Code

of Regulations is "inconsistent with the federal statutory and regulatory law by which California has chosen to abide." The ALJ further concluded in her opinion that:

"California education law itself mandates a contrary response to Welfare and Institutions code section 11460, subdivision (c) (3), where no other placement exists for a child. Specifically, "It is the further intent of the legislature that this part does not abrogate any rights provided to individuals with exceptional needs and their parents or guardians under the federal Individuals with Disabilities Education Act." (Ed. Code § 56000, subd. (e) (Feb. 2007).) A contrary result would frustrate the core purpose of the IDEA and the companion state law, and would prevent student from accessing educational opportunities."

Consequently, it is clear the ALJ agrees that there is a conflict that exists between state and federal law when there are no appropriate residential placements for a student that are nonprofit and that the right of the student to access a FAPE must prevail.

4. County Contracted with Nonprofit Out-of-State Residential Program for SED Pupils.

During the audit period, the County contracted with Mental Health Systems, Inc. (Provo Canyon School) the provider of the out-of-state residential services that are the subject of the proposed disallowance that the County disputes in this Response. As referenced in the April 28, 2007 letter from the Internal Revenue Service (attached hereto as Exhibit C) Mental Health Systems, Inc. (Provo Canyon School) is a nonprofit entity. The County contracted with this provider in a manner consistent with the requirements of the California Code of Regulations and Welfare and Institutions Code referenced above. The State never provided any guidance to counties as to how to access or contract with appropriate out-of-state facilities that meet State criteria or qualifications. The State never provided counties a list of appropriate out-of-state facilities that meet State requirements. County should not be penalized now for fulfilling the requirements of the law with little or no guidance from the State.

5. There are no Requirements in Federal or State Law Regarding the Tax Identification Status of Mental Health Treatment Services Providers. Thus, There are No Grounds to Disallow the County's Treatment Costs.

Government Code section 7572 (c) provides that "Psychotherapy and other mental health assessments shall be conducted by qualified mental health professionals as specified in regulations developed by the State Department of Mental Health in consultation with the State Department of Education. . . ." The California Code of Regulations, title 2, division 9, chapter 1, article 1, section 60020 (i) and (j) further describe the type of mental health services to be provided in the program as well as who shall provide those services to special education pupils. There is no mention that the providers have a nonprofit or for profit status. The requirements are that the services "shall be provided directly or by contract at the discretion of the community mental health service of the county of origin" and that the services are provided by "qualified

mental health professionals." Qualified mental health professionals include licensed practitioners of the healing arts such as: psychiatrists, psychologists, clinical social workers, marriage, family and child counselors, registered nurses, mental health rehabilitation specialists and others who have been waived under Section 5751.2 of the Welfare and Institutions Code. The County has complied with all these requirements. Consequently, because there is no legal requirement that treatment services be provided by nonprofit entities the State cannot and shall not disallow the treatment costs.

Conclusion

In conclusion, the County asserts that the costs of \$1,387,095.00 as set forth in Exhibits A-1 through A-4 should be allowed.

Dated: February 29, 2012

Respectfully submitted,

THOMAS E. MONTGOMERY, County Counsel

By



LISA M. MACCHIONE, Senior Deputy
Attorneys for the County of San Diego

Summary of July 01 2008 - June 30 2007
 Direct and Indirect Costs:
 Referral and mental health assessments
 Transfers and interim placements
 Psychotherapy/other mental health services
 Authorization payments to providers:
 Vendor Reimbursement
 Travel
 Participation in due process hearings
 Sub-Total program costs
 Less: Other reimbursements
 Total claimed amount
 Less: Late filing penalty
 Total Program Costs
 Less: Amount paid by the State
 Allowable costs claimed in excess of amount paid

	Actual Costs Claimed	Allowable	Adjustments
\$	854,162	\$ 640,170	\$ (3,892)
\$	1,923,825	1,880,217	(33,408)
\$	7,888,928	7,937,430	(31,499)
\$	5,788,131	5,837,633	(1,061,487)
\$	14,787	14,787	-
\$	6,330	-	(6,330)
\$	18,484,971	18,349,258.00	(1,135,713)
\$	(9,857,542)	(9,861,832)	235,610
\$	8,397,428	8,487,426	(900,103)
\$	(10,000)	(10,000)	-
\$	8,387,428	8,487,426	(900,103)
\$	\$	(4,188,969)	\$
\$	\$	1,580,367	\$
\$	6,806,459	6,898,457	(91,998)
\$	6,806,459	6,898,457	(91,998)
\$	\$	373,360.00	\$
\$	\$	461,719.00	\$
\$	6,806,459	6,898,457	(91,998)

Allowable per State Audit (Residential Placement Costs)
 Amount being appealed (Payments to Proff Facility)
 Breakdown:
 Out of State Residential Placement (Treatment Cost) Provo Canyon PO#608125
 Out of State Residential Placement (Room and Board) Provo Canyon PO#608125

Total

Summary of July 01 2007- June 30 2008
Direct and Indirect Costs:

- Referral and mental health assessments
- Treatment and interim placements
- Psychotherapy/other mental health services
- Authorization payments to providers
- Vendor Reimbursement
- Travel

Participation in due process hearings
Sub-Total program costs
Less: Other reimbursements
Total claimed amount
Total Program Costs
Less: Amount paid by the State
Allowable costs claimed in excess of amount paid

Allowable per State Audit (Residential Placement Costs)

Amount being expensed (Payments to Profit Facility)

Breakdown:

Out of State Residential Placement (Treasburt Cost) Provo Canyon POC090325
Out of State Residential Placement (Room and Board) Provo Canyon POC806326

Total

Actual Costs Claimed	Allowable	Adjustments
\$ 1,040,292	\$ 1,032,850	\$ (7,442)
\$ 1,827,332	\$ 1,822,687	\$ (4,645)
\$ 8,585,332	\$ 8,574,338	\$ (10,994)
\$ 8,724,027	\$ 8,713,033	\$ (10,994)
\$ 14,185	\$ 14,185	\$ -
\$ 10,071	\$ -	\$ (10,071)
\$ 18,181,239	\$ 17,628,634	\$ (552,605)
\$ (11,559,942)	\$ (11,662,367)	\$ (102,425)
\$ 6,621,297	\$ 5,966,267	\$ (655,030)
\$ 6,681,297	\$ 5,997,268	\$ (684,029)
\$ -	\$ -	\$ -
\$ -	\$ 5,967,566	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -

Summary of July 01 2008- June 30 2009

Direct and Indirect Costs:	Actual Costs Claimed	Allowable	Adjustments
Referral and mental health assessments	\$ 1,825,079	\$ 1,207,589	\$ (417,490)
Transfers and interim placements	\$ 722,533	\$ 648,944	\$ (73,589)
Psychiatry/other mental health services	\$ 9,749,879	\$ 9,190,602	\$ (559,277)
Authority/issue payments to providers:			
Vendor Reimbursement	\$ 9,211,568	\$ 8,662,500	\$ (549,068)
Travel	\$ 12,472	\$ 12,472	\$ -
Participation in due process hearings	\$ 46,838	\$ 46,838	\$ -
Sub-Total program costs	\$ 18,368,866	\$ 17,127,033	\$ (1,241,833)
Less: Other reimbursements	\$ (17,882,025)	\$ (17,869,899)	\$ (222,126)
Total claimed amount	\$ 1,306,040	\$ (439,866)	\$ (1,745,906)
Adjustment to estimate negative balance		\$ 439,866	\$ 439,866
Total Program Costs	\$ 1,306,040	\$ -	\$ (1,306,040)
Less: Amount paid by the State	\$ -	\$ -	\$ -
Allowable costs claimed in excess of amount paid	\$ -	\$ -	\$ -

Allowable per State Audit (Residential Placement Costs)

Amount being appealed (Payments to Proff Facility)

Breakdown:

Out of State Residential Placement (Treatment Cost) Provo Canyon PO#508325
 Out of State Residential Placement (Room and Board) Provo Canyon PO#508325
 Total

Summary of July 01 2006- June 30 2009

Direct and Indirect Costs:

Referral and mental health assessments
 Transfers and interim placements
 Psychotherapy /other mental health services
 Authorizations payments to providers:
 Vendor Reimbursement
 Travel
 Participation in due process hearings
 Sub-Total program costs
 Less: Other reimbursements
 Total claimed amount
 Adjustment to eliminate negative balance
 Less: Late filing penalty
 Total Program Costs
 Less: Amount paid by the State
 Allowable costs claimed in excess of amount paid

	Actual Costs Claimed	Allowable	Adjustments
\$	3,548,533	\$ 3,120,815	\$ (428,018)
\$	4,473,590	\$ 4,281,748	\$ (211,842)
\$	26,183,937	\$ 26,550,270	\$ (833,867)
\$	18,723,724	\$ 17,082,502	\$ (1,841,222)
\$	41,454	\$ 41,454	\$ -
\$	82,037	\$ 48,636	\$ (15,401)
\$	53,034,275	\$ 50,103,225	\$ (2,931,050)
\$	(38,539,609)	\$ (38,881,200)	\$ (341,891)
\$	14,494,768	\$ 11,222,025	\$ (3,272,741)
		\$ 439,868	\$ 439,868
\$	(10,000)	\$ (10,000)	
\$	14,484,768	\$ 11,661,891	\$ (2,832,876)
		\$ (4,108,959)	
		\$ 7,544,932	

Allowable per State Audit (Residential Placement Costs)
 Total amount being appealed (Payments to Profit Facility)
 Breakdown:
 Out of State Residential Placement (Treatment Cost) Provo Canyon PO#506326
 Out of State Residential Placement (Room and Board) Provo Canyon PO#506326
 Grand Total

\$	17,082,502.00
\$	1,982,095.00
\$	833,471.00
\$	783,624.00
\$	1,617,095.00

Internal Revenue Service

Date: April 28, 2007

MENTAL HEALTH SYSTEMS INC
9465 FARHAM ST
SAN DIEGO CA 92123

Administration

MAY 07 2007

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
T. Buckingham 29-70700
Customer Service Representative
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:

Dear Sir or Madam:

This is in response to your request of April 26, 2007, regarding your organization's tax-exempt status.


In November 1982 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under section 509(a)(2) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations 1

EXHIBIT B

BEFORE THE
OFFICE OF ADMINISTRATIVE HEARINGS
SPECIAL EDUCATION DIVISION
STATE OF CALIFORNIA

In the Matter of:

STUDENT,

Petitioner,

v.

RIVERSIDE UNIFIED SCHOOL
DISTRICT and RIVERSIDE COUNTY
DEPARTMENT of MENTAL HEALTH,

Respondents.

OAH CASE NO. N 2007090403

DECISION

Administrative Law Judge Judith L. Fasewark, Office of Administrative Hearings, Special Education Division, State of California (OAH), heard this matter by written stipulation and joint statement of facts presented by the parties, along with written argument and closing briefs submitted by each party.

Heather D. McGunigle, Esq., of Disability Rights Legal Center, and Kristelia Garcia, Esq., of Quinn Emanuel Urquhart Oliver & Hedges, represented Student (Student).

Ricardo Soto, Esq., of Best Best & Krieger, represented Riverside Unified School District (District).

Sharon Watt, Esq., of Filarsky & Watt, represented Riverside County Department of Mental Health (CMH).

Student filed his first amended Request for Due Process Hearing on September 25, 2007. At the pre-hearing conference on December 7, 2007, the parties agreed to submit the matter on a written Joint Stipulation of Facts, and individual written closing arguments. The documents were received, the record closed, and matter was submitted for decision on December 31, 2007.

EXHIBIT C

ISSUE

May the educational and mental health agencies place Student in an out-of-state for-profit residential center under California Code of Regulations section 60100, subdivision (h), and California Welfare and Institutions Code section 11460, subdivision (c)(2) and (3), when no other appropriate residential placement is available to provide Student a FAPE?

CONTENTIONS

All parties agree that Student requires a therapeutic residential placement which will meet his mental health and communication needs pursuant to his October 9, 2007 Individual Educational Plan (IEP). The District and CMH have conducted a nation-wide search and have been unable to locate an appropriate non-profit residential placement for Student.

Student contends that, as the District and CMH's searches for an appropriate non-profit residential placement have been exhausted, the District and CMH are obligated to place Student in an appropriate out-of-state for-profit residential program in order to provide Student with a free and appropriate public education (FAPE).

Both the District and CMH contend that they do not have the authority to place Student at an out-of-state for-profit residential program.

JOINT STIPULATION OF FACTS¹

1. Student is 17 years old and resides with his Mother (Mother) within the District in Riverside County, California. Student's family is low-income and meets Medi-Cal eligibility requirements.
2. Student is deaf, has impaired vision and an orthopedic condition known as Legg-Perthes. Student has been assessed as having borderline cognitive ability. His only effective mode of communication is American Sign Language (ASL). Student also has a long history of social and behavioral difficulties. As a result, Student is eligible for special education and related services and mental health services through AB2726/3632 under the category of emotional disturbance (ED), with a secondary disability of deafness.
3. Student requires an educational environment in which he has the opportunity to interact with peers and adults who are fluent in ASL. Student attended the California

¹ The parties submitted a Stipulated Statement of Undisputed Facts and Evidence which is admitted into evidence as Exhibit 67, and incorporated herein. The stipulated facts have been consolidated and renumbered for clarity in this decision. As part of the same document, the parties stipulated to the entry of the joint Exhibits 1 through 66, which are admitted into evidence.

School for the Deaf, Riverside (CSDR) between January 2005 and September 2006, while a resident of the Monrovia Unified School District.

4. CSDR does not specialize in therapeutic behavior interventions. In January 2005, CSDR terminated Student's initial review period due to his behaviors. CSDR removed Student from school as suicide prevention because Student physically harmed himself. At that time, both CSDR and Monrovia USD believed Student to be a danger to himself and others. They, therefore, placed him in home-hospital instruction.

5. Between June 2005 and October 2005, Student's behaviors continued to escalate. Student was placed on several 72-hour psychiatric holds for which he missed numerous days of school. On one occasion, Student was hospitalized for approximately two weeks. On another occasion, he was hospitalized at least a week.

6. Pursuant to a mental health referral, on September 14, 2006, Monrovia USD and Los Angeles County Department of Mental Health (LACDMH) met, and determined that Student had a mental disturbance for which they recommended residential placement.² At that time, Amy Kay, Student's ASL-fluent therapist through LACDMH's AB2726 program, recommended a residential placement at the National Deaf Academy (NDA). Ms. Kay specifically recommended that Student be placed in a residential placement at NDA due to his need for a higher level of care to address his continuing aggressive and self-injurious behaviors. Additionally, the rehabilitation of these behaviors would be unsuccessful without the ability for Student to interact with deaf peers and adults. Ms. Kay further indicated that the use of an interpreter did not provide an effective method for Student to learn due to his special needs.

7. On August 5, 2006, NDA sent Student a letter of acceptance into its program. Monrovia USD and LACDMH, however, placed Student at Willow Creek/North Valley Non-public School. This placement failed as of March 2007, at which time both Monrovia USD and LACDMH indicated they were unable to find a residential placement for Student that could meet his mental health and communication needs. They did not pursue the residential treatment center at NDA because of its for-profit status.

8. Student and his mother moved to the District and Riverside County in April 2007.

9. On April 20, 2007, the District convened an IEP meeting to develop Student's educational program. The District staff, CMH staff, staff from CSDR, Student, his mother and attorney attended and participated in the IEP meeting. The IEP team changed Student's primary disability classification from emotional disturbance to deafness with social-emotional overlay. The parties agreed to this change in eligibility as CSDR required that

² As noted in Student's prior IEP, Student also required an educational environment which provided instruction in his natural language and which facilitated language development in ASL.

deafness be listed as a student's primary disability in order to be admitted and no other appropriate placements were offered. The IEP team offered placement at CSDR for a 60-day assessment period, individual counseling, speech and language services through CSDR, and individual counseling through CMH. The IEP team also proposed to conduct an assessment to determine Student's current functioning and to make recommendations concerning his academic programming based upon his educational needs.

10. CSDR suspended Student within its 60-day assessment period. CSDR subsequently terminated Student when, during his suspension, Student was found in the girl's dormitory following an altercation with the staff.

11. On May 23, 2007, the District convened another IEP meeting to discuss Student's removal from CSDR. The IEP team recommended Student's placement at Oak Grove Institute/Jack Weaver School (Oak Grove) in Murrieta, California, with support from a deaf interpreter pending the assessment agreed to at the April 2007 IEP meeting. CMH also proposed conducting an assessment for treatment and residential placement for Student.

12. On August 3, 2007, the District convened an IEP meeting to develop Student's annual IEP, and to review the assessments from CSDR and CMH. District staff, Oak Grove staff, CMH staff, Student's mother and attorney attended the IEP meeting. Based upon the information reviewed at the meeting, the IEP team proposed placement at Oak Grove with a signing interpreter, deaf and hard of hearing consultation and support services from the District, and individual counseling with a signing therapist through CMH. Mother and her attorney agreed to implementation of the proposed IEP, but disagreed that the offer constituted an offer of FAPE due to its lack of staff, teachers and peers who used ASL.

13. On October 9, 2007, the District convened another IEP meeting to review Student's primary disability. District staff, Oak Grove staff, CMH staff, Student's mother and attorney attended the IEP meeting. At this meeting, the IEP team once again determined Student's primary special education eligibility category as emotional disturbance with deafness as a secondary condition. The IEP team recommended placement in a residential treatment program, as recommended by CMH. Placement would remain at Oak Grove with a signing interpreter pending a residential placement search by CMH. Mother consented to the change in eligibility and the search for a residential placement. Mother also requested that Student be placed at NDA.

14. CMH made inquiries and pursued several leads to obtain a therapeutic residential placement for Student. CMH sought placements in California, Florida, Wyoming, Ohio and Illinois. All inquiries have been unsuccessful, and Student has not been accepted in any non-profit residential treatment center. At present CMH has exhausted all leads for placement of Student in a non-profit, in-state or out-of-state residential treatment center.

15. Student, his mother and attorney have identified NDA as an appropriate placement for Student. NDA, located in Mount Dora, Florida, is a residential treatment center for the treatment of deaf and hard-of-hearing children with the staff and facilities to

accommodate Student's emotional and physical disability needs. NDA also accepts students with borderline cognitive abilities. In addition, nearly all of the service providers, including teachers, therapists and psychiatrists are fluent in ASL. The residential treatment center at NDA is a privately owned limited liability corporation, and is operated on a for-profit basis. The Charter School at NDA is a California certified non-public school. All parties agree that NDA is an appropriate placement which would provide Student a FAPE.

16. Student currently exhibits behaviors that continue to demonstrate a need for a residential treatment center. Student has missed numerous school days due to behaviors at home. As recently as December 11, 2007, Student was placed in an emergency psychiatric hold because of uncontrollable emotions and violence to himself and others.

LEGAL CONCLUSIONS

1. Under *Schaffer v. Weast* (2005) 546 U.S. 49 [126 S.Ct. 528], the party who files the request for due process has the burden of persuasion at the due process hearing. Student filed this due process request and bears the burden of persuasion.
2. A child with a disability has the right to a free appropriate public education (FAPE) under the Individuals with Disabilities Education Act (IDEA or the Act) and California law. (20 U.S.C. § 1412(a)(1)(A); Ed. Code, § 56000.) The Individuals with Disabilities Education Improvement Act of 2004 (IDEIA), effective July 1, 2005, amended and reauthorized the IDEA. The California Education Code was amended, effective October 7, 2005, in response to the IDEIA. Special education is defined as specially designed instruction provided at no cost to parents and calculated to meet the unique needs of a child with a disability. (20 U.S.C. § 1401(29); Ed. Code, § 56031.)
3. In *Board of Education of the Hendrick Hudson Central School District, et. al. v. Rowley* (1982) 458 U.S. 176, 201 [102 S.Ct. 3034, 73 L. Ed.2d 690] (*Rowley*), the Supreme Court held that "the 'basic floor of opportunity' provided by the IDEA consists of access to specialized instruction and related services which are individually designed to provide educational benefit to a child with special needs." *Rowley* expressly rejected an interpretation of the IDEA that would require a school district to "maximize the potential" of each special needs child "commensurate with the opportunity provided" to typically developing peers. (*Id.* at p. 200.) Instead, *Rowley* interpreted the FAPE requirement of the IDEA as being met when a child receives access to an education that is "sufficient to confer some educational benefit" upon the child. (*Id.* at pp. 200, 203-204.) The Court concluded that the standard for determining whether a local educational agency's provision of services substantively provided a FAPE involves a determination of three factors: (1) were the services designed to address the student's unique needs, (2) were the services calculated to provide educational benefit to the student, and (3) did the services conform to the IEP. (*Id.* at p.176; *Gregory K. v. Longview Sch. Dist.* (9th Cir. 1987) 811 F. 2d 1307, 1314.) Although the IDEA does not require that a student be provided with the best available education or services or that the services maximize each child's potential, the "basic floor of opportunity"

of specialized instruction and related services must be individually designed to provide some educational benefit to the child. De minimus benefit or trivial advancement is insufficient to satisfy the *Rowley* standard of "some" benefit. (*Walczak v. Florida Union Free School District* (2d Cir. 1998) 142 F.3d at 130.)

4. Under California law, "special education" is defined as specially designed instruction, provided at no cost to parents, that meets the unique needs of the child. (Ed. Code, § 56031.) "Related services" include transportation and other developmental, corrective, and supportive services as may be required to assist a child to benefit from special education. State law refers to related services as "designated instruction and services" (DIS) and, like federal law, provides that DIS services shall be provided "when the instruction and services are necessary for the pupil to benefit educationally from his or her instructional program." (Ed. Code, § 56363, subd. (a).) Included in the list of possible related services are psychological services other than for assessment and development of the IEP, parent counseling and training, health and nursing services, and counseling and guidance. (Ed. Code, § 56363, subd. (b).) Further, if placement in a public or private residential program is necessary to provide special education and related services to a child with a disability, the program, including non-medical care and room and board, must be at no cost to the parent of the child. (34 C.F.R. § 300.104.) Thus, the therapeutic residential placement and services that Student requests are related services/DIS that must be provided if they are necessary for Student to benefit from special education. (20 U.S.C. § 1401(22); Ed. Code, § 56363, subd. (a).) Failure to provide such services may result in a denial of a FAPE.

5. A "local educational agency" is generally responsible for providing a FAPE to those students with disabilities residing within its jurisdictional boundaries. (Ed. Code, § 48200.)

6. Federal law provides that a local educational agency is not required to pay for the cost of education, including special education and related services, of a child with a disability at a private school or facility if that agency made a free appropriate public education available to the child and the parents elected to place the child in such private school or facility. (20 U.S.C. § 1412(a)(10)(C)(i).)

7. Under California law, a residential placement for a student with a disability who is seriously emotionally disturbed may be made outside of California only when no in-state facility can meet the student's needs and only when the requirements of subsections (d) and (e) have been met. (Cal. Code Regs., tit. 2, § 60100, subd. (h).) An out-of-state placement shall be made only in residential programs that meet the requirements of Welfare and Institutions Code sections 11460, subdivisions (c)(2) through (c)(3).

8. When a school district denies a child with a disability a FAPE, the child is entitled to relief that is "appropriate" in light of the purposes of the IDEA. (*School Comm. of the Town of Burlington v. Dept. of Educ.* (1985) 471 U.S. 359, 374 [105 S.Ct. 1996].) Based on the principle set forth in *Burlington*, federal courts have held that compensatory education is a form of equitable relief which may be granted for the denial of appropriate

special education services to help overcome lost educational opportunity. (See e.g. *Parents of Student W. v. Puyallup Sch. Dist.* (9th Cir. 1994) 31 F.3d 1489, 1496.) The purpose of compensatory education is to "ensure that the student is appropriately educated within the meaning of the IDEA." (*Id.* at p. 1497.) The ruling in *Burlington* is not so narrow as to permit reimbursement only when the placement or services chosen by the parent are found to be the exact proper placement or services required under the IDEA. (*Alamo Heights Independent Sch. Dist. v. State Bd. of Educ.* (6th Cir. 1986) 790 F.2d 1153, 1161.) However, the parents' placement still must meet certain basic requirements of the IDEA, such as the requirement that the placement address the child's needs and provide him educational benefit. (*Florence County Sch. Dist. Four v. Carter* (1993) 510 U.S. 7, 13-14 [114 S.Ct. 361].)

Determination of Issues

9. In summary, based upon Factual Findings 2, 3, and 6 through 16, all parties agree that the placement in the day program at Oak Groves NPS with an interpreter cannot meet Student's unique educational needs because it does not sufficiently address his mental health and communication needs and does not comport with his current IEP. All parties agree that Student requires a therapeutic residential placement in order to benefit from his education program. Further, all parties agree that the nationwide search by the District and CMH for an appropriate non-profit residential placement with a capacity to serve deaf students has been exhausted, and Student remains without a residential placement. Lastly, all parties agree that the National Deaf Academy can meet both Student's mental health and communication needs. Further, the charter school at NDA is a California certified NPS.

10. The District and CMH rely upon Legal Conclusion 7 to support their contentions that they are prohibited from placing Student in an out-of-state for-profit residential placement, even if it represents the only means of providing Student with a FAPE.

11. As administrative law precedent, CMH cites *Yucaipa-Calimesa Joint Unified School District and San Bernardino County Department of Behavioral Health (Yucaipa)*, OAH Case No. N2005070683 (2005), which determined that the District and County Mental Health were statutorily prohibited from funding an out-of-state for-profit placement. The *Yucaipa* case can be distinguished from the one at hand. Clearly, the ruling in *Yucaipa*, emphasized that the regulation language used the mandatory term "shall," and consequently there was an absolute prohibition from funding a for-profit placement. The ALJ, however, did not face a resulting denial of FAPE for Student. In *Yucaipa*, several non-profit placement options were suggested, including residential placement in California, however, the parent would not consider any placement other than the out-of-state for-profit placement. In denying Student's requested for-profit placement, the ALJ ordered that the parties continue to engage in the IEP process and diligently pursue alternate placements. In the current matter, however, pursuant to Factual Findings 12 through 14, CMH has conducted an extensive multi-state search, and all other placement possibilities for Student have been exhausted. Pursuant to Factual Finding 15, NDA is the only therapeutic residential placement remaining, capable of providing a FAPE for Student.

12. "When Congress passed in 1975 the statute now known as the Individuals with Disabilities Act (IDEA or Act), it sought primarily to make public education available to handicapped children. Indeed, Congress specifically declared that the Act was intended to assure that all children with disabilities have available to them. . . appropriate public education and related services designed to meet their unique needs, to assure the rights of children with disabilities and their parents or guardians are protected. . . and to assess and assure the effectiveness of efforts to educate children with disabilities." (*Hacienda La Puente Unified School District v. Honig* (1992) 976 P.2d 487, 490.) The Court further noted that the United States Supreme Court has observed that "in responding to these programs, Congress did not content itself with passage of a simple funding statute...Instead, the IDEA confers upon disabled students an enforceable substantive right to public education in participating States, and conditions federal financial assistance upon a State's compliance with the substantive and procedural goals of the Act." (*Id.* at p. 491.)

13. California maintains a policy of complying with IDEA requirements in the Education Codes, sections 56000, et seq. With regard to the special education portion of the Education Code, the Legislature intended, in relevant part, that every disabled child receive a FAPE. Specifically, "It is the further intent of the Legislature to ensure that all individuals with exceptional needs are provided their rights to appropriate programs and services which are designed to meet their unique needs under the Individuals with Disabilities Education Act." (Ed. Code, § 56000.)

14. California case law explains further, "although the Education Code does not explicitly set forth its overall purpose, the code's primary aim is to benefit students, and in interpreting legislation dealing with our educational systems, it must be remembered that the fundamental purpose of such legislation is the welfare of the children." (*Katz v. Los Gatos-Saratoga Joint Union High School Dist.* (2004) 117 Cal.App. 4th 47, 63.)

15. Pursuant to Legal Conclusion 6, a district is not required to pay for the cost of education, including special education and related services, of a child with a disability at a private school or facility if the district made a free appropriate public education available to the child. All parties concur, in Factual Findings 12 through 15, that the District has been unable to provide a FAPE to Student because no appropriate placement exists except in an out-of-state for-profit residential program.

16. Assuming the District's interpretation of section 60100, subdivision (h) of Title 2 of the California Code of Regulations is correct, it is inconsistent with the federal statutory and regulatory law by which California has chosen to abide. California education law itself mandates a contrary response to Welfare and Institutions Code section 11460, subdivision (e)(3), where no other placement exists for a child. Specifically, "It is the further intent of the Legislature that this part does not abrogate any rights provided to individuals with exceptional needs and their parents or guardians under the federal Individuals with Disabilities Education Act." (Ed. Code, § 56000, subd. (e) (Feb. 2007).) A contrary result

would frustrate the core purpose of the IDEA and the companion state law, and would prevent Student from accessing educational opportunities.³

17. Regardless of whether the District and CMH properly interpreted Legal Conclusion 7, Student has ultimately been denied a FAPE since May 23, 2007, when he was terminated from attending CSDR, as indicated in Factual Findings 10 through 16. Pursuant to Factual Findings 6 and 16, Student's need for therapeutic residential placement with ASL services continues. As a result of this denial of FAPE, Student is entitled to compensatory education consisting of immediate placement at the National Deaf Academy through the 2008-2009 school years. The obligation for this compensatory education shall terminate forthwith in the event Student voluntarily terminates his attendance at NDA after his 18th birthday, or Student's placement is terminated by NDA.

ORDER

The District has denied Student a free appropriate public education as of May 23, 2007. The District and CMH are to provide Student with compensatory education consisting of immediate placement at the National Deaf Academy and through the 2008-2009 school year. The obligation for this compensatory education shall terminate forthwith in the event Student voluntarily terminates his attendance at NDA after his 18th birthday, or Student's placement is terminated by NDA.

PREVAILING PARTY


Pursuant to California Education Code section 56507, subdivision (d), the hearing decision must indicate the extent to which each party has prevailed on each issue heard and decided. Student has prevailed on the single issue presented in this case.

³ Further, there appears to be no argument that had Mother completely rejected the District's IEP offer, and privately placed Student at NDA, she would be entitled to reimbursement of her costs from the District, if determined that the District's offer of placement did not constitute a FAPE. By all accounts, Student's low income status prevented placement at NDA, and therefore precluded Student from receiving a FAPE via reimbursement by the District.

RIGHT TO APPEAL THIS DECISION

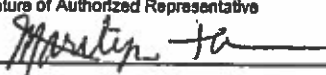
The parties to this case have the right to appeal this Decision to a court of competent jurisdiction. If an appeal is made, it must be made within 90 days of receipt of this Decision. (Ed. Code, § 56505, subd. (k).)

Dated: January 15, 2008


JUDITH L. PASEWARK
Administrative Law Judge
Special Education Division
Office of Administrative Hearings.

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D

CLAIM FOR PAYMENT Pursuant to Government Code Section 17581 CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES		For State Controller Use Only (18) Program Number 00191 (20) Date Filed _____/_____/_____ (21) LRS Input _____/_____/_____	Program 273
(01) Claimant Identification Number <p style="text-align: center; font-weight: bold;">9937</p>		Reimbursement Claim Data	
(02) Claimant Name Address <p style="text-align: center; font-weight: bold;">AUDITOR AND CONTROLLER COUNTY OF SAN DIEGO 1600 PACIFIC HIGHWAY RM 166 SAN DIEGO CA 92101</p>		(22) FORM-1, (04)(A)(g)	
		(23) FORM-1, (04)(B)(g)	
		(24) FORM-1, (04)(C)(g)	884,162
		(25) FORM-1, (04)(D)(g)	1,923,625
Type of Claim	Estimated Claim	Reimbursement Claim	(26) FORM-1, (04)(E)(g)
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27) FORM-1, (04)(F)(g)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) FORM-1, (04)(G)(g) 5,882,928
	(05) Amended <input type="checkbox"/>	(11) Amended_3.2008 <input checked="" type="checkbox"/>	(29) FORM-1, (04)(H)(g) 7,868,926
Fiscal Year of Cost	(06) <p style="text-align: center;">2007 - 2008</p>	(12) <p style="text-align: center;">2006 - 2007</p>	(30) FORM-1, (04)(I)(g) 5,330
Total Claimed Amount	(07)	(13) <p style="text-align: center;">6,597,429</p>	(31) FORM-1, (06)
Less: 10% Late Penalty		(14)	(32) FORM-1, (07)
Less: Prior Claim Payment Received		(15)	(33) FORM-1, (09)
Net Claimed Amount		(16) <p style="text-align: center;">6,597,429</p>	(34) FORM-1, (10) (9,887,542)
Due from State	(08)	(17) <p style="text-align: center;">6,597,429</p>	(35)
Due to State		(18)	(36)
(38) CERTIFICATION OF CLAIM			
In accordance with provisions of Government Code S 17581, I certify that I am the officer authorized by the local agency 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 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 Representative  _____ MARILYN F. FLORES		Date <p style="font-size: 1.5em;">4/9/08</p> _____ Cost Analyst	
Type or Print Name (39) Name of Contact Person for Claim <p style="font-size: 1.2em; font-weight: bold;">LINDA TATE</p>		Title Telephone Number (619) 531-4825 Ext. _____ E-mail Address Linda.Tate@sdcounty.ca.gov	

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDS II AND SED: OUT OF STATE MENTAL HEALTH SERVICES CLAIM SUMMARY						FORM 1
(01) Claimant COUNTY OF SAN DIEGO			(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>			Fiscal Year 2006/2007	
(03) Department		HEALTH AND HUMAN SERVICES AGENCY					
Direct Costs		Object Accounts					
(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c) Services and Supplies	(d) Contract Services	(e) Fixed Assets	(f) Travel	(g) Total
A. Revise Interagency Agreement							
B. Renew Interagency Agreement							
C. Referral & Mental Health Assessments			884,162				884,162
D. Transfers & Interim Placements			1,923,625				1,923,625
E. Participation as Member of IEP Team							
F. Designation of Lead Case Manager							
G. Authorize/Issue Payments to Providers				5,788,132		14,797	5,802,928
H. Psychotherapy/Other Mental Health Services			7,868,926				7,868,926
I. Participation in Due Process Hearings			5,330				5,330
(05) Total Direct Costs			10,682,043	5,788,132		14,797	16,484,971
Indirect Costs							
(06) Indirect Cost Rate	(From ICRP)						
(07) Total Indirect Costs	(Line (06) x line (05)(a)) or (Line (06) x (line (05)(a) + line (05)(b)))						
(08) Total Direct and Indirect Costs	(Line (05)(g) + (07))						16,484,971
Cost Reduction							
(09) Less: Offsetting Savings							
(10) Less: Other Reimbursements							(9,887,542)
(11) Total Claimed Amount	(Line (08) - (line (09) + line (10)))						6,597,429

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL					FORM 2
(01) Claimant COUNTY OF SAN DIEGO			(02) Fiscal Year Costs Were Incurred FY 2006 - 2007_amended_3.2008			
(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.						
<input type="checkbox"/>	Revise Interagency Agreement	<input type="checkbox"/>	Transfers & Interim Placements	<input type="checkbox"/>	Authorize/Issue payments to Providers	
<input type="checkbox"/>	Renew Interagency Agreement	<input type="checkbox"/>	Participation as Member of IEP Team	<input type="checkbox"/>	Psychotherapy/Other Mental Health Services	
<input checked="" type="checkbox"/>	Referral & Mental Health Assessments	<input type="checkbox"/>	Designation of Lead Case Manager	<input type="checkbox"/>	Participation in Due Process Hearings	
(04) Description of Expenses						
(a) Providers Name			Object Accounts			
		(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
	San Diego County Mental Health	00037	30	215,158	2.97	639,019
	Children's Hospital	00130	30	35,065	2.02	70,831
	Union of Pan Asian Communities	00131	30	1,225	1.81	2,217
	San Diego Center for Children	00132	30	4,020	2.11	8,482
	San Ysidro Health Center	00141	30	430	1.68	722
	Community Research Foundation	00142	30	24,508	2.13	52,202
	Adventist Health System/West	00432	30	390	2.11	823
	Providence Community Services	00709	30	1,243	2.61	3,244
	Vista Hill Foundation	00736	30	190	1.30	247
	Family Health Center of SD	00796	30	240	1.95	468
	Palomar Family Counseling Services	00844	30	360	1.31	472
	San Diego Youth & Community Services	00966	30	556	2.61	1,451
	SD School Unified School District	01059	30	4,855	1.71	8,302
	Total					788,481
	Add: MH Assessment-Administrative Cost					95,680
(05)	Total <input checked="" type="checkbox"/>	Subtotal <input type="checkbox"/>	Page <u>1</u> of <u>1</u>			884,162

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01) Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2006 - 2007_amended_3.2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input checked="" type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
San Diego County Mental Health	00037	01-08	528,283	2.15	1,135,808
Children's Hospital	00130	01-08	3,471	2.02	7,011
Union of Pan Asian Communities	00131	01-08	11,800	1.60	18,880
San Diego Center for Children	00132	01-08	13,315	1.35	17,975
San Ysidro Health Center	00141	01-08	75	0.64	48
Community Research Foundation	00142	01-08	9,150	2.02	18,483
Providence Community Services	00709	01-08	254	2.02	513
Vista Hill Foundation	00736	01-08	4,680	1.20	5,616
Family Health Center of San Diego	00796	01-08	70	2.00	140
Palomar Family Counseling Services	00844	01-08	166	0.26	43
San Diego Youth & Community Services	00966	01-08	1,140	2.00	2,280
San Diego Unified School District	01059	01-08	954	1.41	1,345
Prime Healthcare	01502	01-08	110	1.80	198
Out-of-County In-State Residential Placements					
Mental Health Patch Treatment Costs (Various Vendors)					310,362
Room and Board Costs (Various Vendors)					234,857
Total					1,753,561
Add: MH Residential Placement -Administrative Cost					170,064

(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>1</u> of <u>1</u>	1,923,625
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Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2006 - 2007_amended_3.2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input checked="" type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Services	(g) Fixed Assets	(h) Travel and Training
Out of State Contracted Services:							
Contracted Services	Per Day	No. of Days					
Contract No.45418 Daystar Residential, Inc.	\$ 80.00	2,175			174,000		
Contract No. 45420 Devereux Foundation	\$ 119.34	2,984			356,120		
Contract No. 507477 Devereux Foundation	\$ 118.45	91			10,779		
Contract No. 45422 Excelsior Youth Center, Inc	\$ 84.72	191			16,182		
Contract No. 510631 Griffith Centers for Children	\$ 121.11	174			21,073		
Contract No. 506325 Mental Health Systems-Provo Canyon	\$ 70.00	5,334			373,380		
Contract No. 507962 Yellowstone Boys & Girls Ranch	\$ 73.50	4,566			335,601		
					1,287,135		
Contracted Services:							
Various Vendors-Room and Board costs-Out-of-State					1,593,856		
Various Vendors-Room and Board costs-In-of-State					2,907,141		
(05)	Total <input checked="" type="checkbox"/>	Subtotal <input type="checkbox"/>	Page <u>1</u> of <u>1</u>		5,788,132		

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2006 - 2007
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
ASKARI, GITI Lic. MH Clinician, Air fare, car rental and travel expenses							963
BEAUCHAMP, LAUREN Lic. MH Clinician, Air fare, car rental and travel expenses							366
BLEIWEISS, SHELDON Lic. MH Clinician, Air fare, car rental and travel expenses							1,655
BRONDELL, SUSAN MH Case Mgmt Clinician, Air fare, car rental and travel expenses							709
CHEE, VIVIAN Lic. MH Clinician, Air fare, car rental and travel expenses							1,591
COLLIGAN, LAURA MH Program Manager, Air fare, car rental and travel expenses							1,840
CONCELLOSI, JOE MH Program Manager, Air fare, car rental and travel expenses							361
(05) Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u>1</u> of <u>2</u>							7,485

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant <p style="text-align: center;">COUNTY OF SAN DIEGO</p>	(02) Fiscal Year Costs Were incurred <p style="text-align: center;">FY 2006 - 2007</p>
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Balance from page 1							7,485
EDWARDS, FRANCES MH Program Manager, Air fare, car rental and travel expenses							686
GORMAN, JANE ELLEN MH Program Manager, Air fare, car rental and travel expenses							594
HEFFERNAN, ELAINE ANN Lic. MH Clinician, Air fare, car rental and travel expenses							589
MARTIN, WALTER PATRICK Lic. MH Clinician, Air fare, car rental and travel expenses							1,638
MASSOTH, SHARON Lic. MH Clinician, Air fare, car rental and travel expenses							629
MURPHY, TAMMY T. Lic. MH Clinician, Air fare, car rental and travel expenses							641
QUATTRO, ELAINE Lic. MH Clinician, Air fare, car rental and travel expenses							2,535
(05) Total <input checked="" type="checkbox"/> Subtotal							14,797

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01) Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2006 - 2007_amended_3.2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services(Treatment)
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
San Diego County Mental Health	00037	10,40-50	387,254	2.97	1,150,144
San Diego County Mental Health	00037	60	17,295	5.29	91,491
Victor Treatment Center	00118	60	615	4.46	2,743
Victor Treatment Center	00118	10/85	528	181.74	95,959
Children's Hospital	00130	60	36,612	3.78	138,393
Children's Hospital	00130	10,40-50	818,183	2.02	1,652,730
Union of Pan Asian Communities	00131	10,40-50	29,422	1.81	53,254
Union of Pan Asian Communities	00131	60	1,610	2.82	4,540
San Diego Center for Children	00132	10/85	11,635	138.95	1,616,719
San Diego Center for Children	00132	10,40-50	46,259	2.11	97,606
San Diego Center for Children	00132	60	71,902	2.87	206,359
New Alternatives	00136	10,40-50	1,260	1.97	2,482
New Alternatives	00136	60	3,790	2.94	11,143
Mental Health Systems	00138	10/85	3,678	151.02	555,452
Mental Health Systems	00138	60	24,585	4.65	114,320
San Ysidro Health Center	00141	10/85	1,962	113.27	222,236
San Ysidro Health Center	00141	10,40-50	11,020	1.68	18,514
San Ysidro Health Center	00141	60	7,765	1.93	14,986
Community Research Foundation	00142	10,40-50	435,938	2.13	928,548
Community Research Foundation	00142	60	39,301	4.24	166,636

(05) Total <input type="checkbox"/>	Subtotal <input checked="" type="checkbox"/>	Page <u>1</u> of <u>2</u>			7,144,255
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Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2006 - 2007_amended_3.2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services (Treatment)
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
Total from Page 01					7,144,255
Providence Community Services	00709	10,40-50	4,466	2.61	11,856
Vista Hill Foundation	00736	10,40-50	78,826	1.30	102,474
Vista Hill Foundation	00736	60	6,906	2.69	18,577
Family Health Center	00796	60	405	4.04	1,636
Family Health Center	00796	10,40-50	4,705	1.95	9,175
Palomar Family Counseling Services	00844	10,40-50	7,337	1.31	9,611
Palomar Family Counseling Services	00844	60	90	2.78	248
San Diego Youth & Community Services	00966	10,40-50	11,000	2.61	28,710
San Diego Youth & Community Services	00966	60	1,045	3.85	4,023
San Diego Unified School District	01059	10,40-50	175,138	1.71	299,486
San Diego Unified School District	01059	60	5,350	4.50	24,075
Prime Healthcare	01502	10,40-50	920	2.11	1,941
Prime Healthcare	01502	60	95	1.98	188
Oak Grove Institute		10/96	337	80.00	26,960
Total					7,683,016
Add: MH Treatment - Administrative Cost					185,910
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>2</u> of <u>2</u>					7,868,926


Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02)	Fiscal Year Costs Were Incurred FY 2006 - 2007
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input checked="" type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input checked="" type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses	Object Accounts				
(a) Payee's Name	(b) Case Number	(c) Services/ Attorney's Fees	(d)	(e)	(f) Total
JOY LAMARRE	M005-00260	830.00			830.00
ERIC FREEDUS	N2006080383	1,500.00			1,500.00
ELLEN DOWD	N2005-07-0377	3,000.00			3,000.00
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>1</u> of <u>1</u>					5,330.00

CLAIM FOR PAYMENT			For State Controller Use Only		Program
Pursuant to Government Code Section 17561 CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES			(19) Program Number 00273		273
			(20) Date Filed ___/___/___		
			(21) LRS Input ___/___/___		
(01) Claimant Identification Number 9937			Reimbursement Claim Data		
(02) Claimant Name AUDITOR & CONTROLLER			(22) FORM-1, (04)(A)(g)		
County of Location COUNTY OF SAN DIEGO			(23) FORM-1, (04)(B)(g)		
Street Address or P.O. Box 1600 PACIFIC HIGHWAY RM 166			(24) FORM-1, (04)(C)(g)		1,040,292
City SAN DIEGO CA 92101			(25) FORM-1, (04)(D)(g)		1,827,332
Type of Claim	Estimated Claim		Reimbursement Claim		(26) FORM-1, (04)(E)(g)
	(03) Estimated	<input type="checkbox"/>	(04) Reimbursement	<input checked="" type="checkbox"/>	(27) FORM-1, (04)(F)(g)
	(04) Combined	<input type="checkbox"/>	(10) Combined	<input type="checkbox"/>	(28) FORM-1, (04)(G)(g) 6,738,212
	(05) Amended	<input type="checkbox"/>	(11) Amended	<input type="checkbox"/>	(29) FORM-1, (04)(H)(g) 8,565,332
Fiscal Year of Cost	(06)	(12) 2007/2008	(30) FORM-1, (04)(I)(g)		10,071
Total Claimed Amount	(07)	(13) 6,591,297	(31) FORM-1, (06)		
Less: 10% Late Penalty, not to exceed \$1,000			(14)		(32) FORM-1, (07)
Less: Prior Claim Payment Received			(15)		(33) FORM-1, (09)
Net Claimed Amount			(16) 6,591,297		(34) FORM-1, (10) (11,589,942)
Due from State	(08)	(17) 6,591,297	(35)		
Due to State		(18)	(36)		
(37) CERTIFICATION OF CLAIM					
<p>In accordance with the provisions of Government Code §17561, I certify that I am the officer authorized by the local agency to file 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		
 MARILYN FLORES Type or Print Name			February 10, 2009 Date		
			COST ANALYST Title		
(38) Name of Contact Person for Claim			Telephone Number		(619) 531 - 5585 Ext.
Raul Carrillo			E-Mail Address		raul.carrillo@sdcounty.ca.gov

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES		(19) Program Number 00191 (20) Date File _____/_____/_____ (21) LRS Input _____/_____/_____	273
(01) Claimant Identification Number 9937		Reimbursement Claim Data	
(02) Claimant Name COUNTY OF SAN DIEGO		(22) FORM-1, (04)(A)(g)	
Address AUDITOR AND CONTROLLER COUNTY OF SAN DIEGO 1600 PACIFIC HIGHWAY RM 166 SAN DIEGO CA 92101		(23) FORM-1, (04)(B)(g)	
		(24) FORM-1, (04)(C)(g)	1,040,292
		(25) FORM-1, (04)(D)(g)	1,827,332
Type of Claim	Estimated Claim	Reimbursement Claim	(26) FORM-1, (04)(E)(g)
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27) FORM-1, (04)(F)(g)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) FORM-1, (04)(G)(g) 6,738,212
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29) FORM-1, (04)(H)(g) 8,565,332
Fiscal Year of Cost	(08) 2008 - 2009	(12) 2007 - 2008	(30) FORM-1, (04)(I)(g) 10,071
Total Claimed Amount	(07) 6,591,297	(13) 6,591,297	(31) FORM-1, (06)
Less: 10% Late Penalty		(14)	(32) FORM-1, (07)
Less: Prior Claim Payment Received		(15)	(33) FORM-1, (09)
Net Claimed Amount		(18) 6,591,297	(34) FORM-1, (10) (11,589,942)
Due from State	(08) 6,591,297	(17) 6,591,297	(35)
Due to State		(18)	(36)
(38) CERTIFICATION OF CLAIM In accordance with provisions of Government Code S 17561, I certify that I am the officer authorized by the local agency 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 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 _____ <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p style="text-align: center;">MARILYN F. FLORES</p> <hr/> <p>Type or Print Name</p> </div> <div style="width: 45%;"> <p style="text-align: center;">_____</p> <hr/> <p>Title</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;"> <p>(39) Name of Contact Person for Claim</p> <p style="text-align: center;">LINDA TATE</p> <hr/> </div> <div style="width: 45%;"> <p>Telephone Number (619) 531-5336 Ext. _____</p> <p>E-mail Address Linda.Tate@sdcounty.ca.gov</p> </div> </div>			

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDS II AND SED: OUT OF STATE MENTAL HEALTH SERVICES CLAIM SUMMARY						FORM 1
(01) Claimant COUNTY OF SAN DIEGO			(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>			Fiscal Year 2007/2008	
(03) Department		HEALTH AND HUMAN SERVICES AGENCY					
Direct Costs		Object Accounts					
(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c) Various Services	(d) Contract Services	(e) Fixed Assets	(f) Travel	(g) Total
A. Revise Interagency Agreement							
B. Renew Interagency Agreement							
Referral & Mental Health C. Assessments			1,040,292				1,040,292
D. Transfers & Interim Placements			1,827,332				1,827,332
Participation as Member of IEP E. Team							
Designation of Lead Case F. Manager							
Authorize/Issue Payments to G. Providers				6,724,027		14,185	6,738,212
Psychotherapy/Other Mental H. Health Services (Treatment costs)			8,565,332				8,565,332
Participation in Due Process I. Hearings			10,071				10,071
(05) Total Direct Costs							18,181,239
Indirect Costs							
(06) Indirect Cost Rate	(From ICRP)						%
(07) Total Indirect Costs	(Line (06) x line (05)(a)) or (Line (06) x (line (05)(a) + line (05)(b)))						
(08) Total Direct and Indirect Costs	(Line (05)(g) + (07))						18,181,239
Cost Reduction							
(09) Less: Offsetting Savings							
(10) Less: Other Reimbursements							(11,589,942)
(11) Total Claimed Amount	(Line (08) - (line (09) + line (10)))						6,591,297

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2007 - 2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input checked="" type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
San Diego County Mental Health	00037	30	242,077	3.131206	757,993
Children's Hospital	00130	30	39,453	2.269992	89,558
Union of Pan Asian Communities	00131	30	2,210	1.919910	4,243
San Diego Center for Children	00132	30	2,110	1.019905	2,152
Mental Health Systems Inc	00138	30	370	2.129730	788
Community Research Foundation	00142	30	26,908	1.870001	50,318
Providence Community Services	00709	30	3,780	2.129894	8,051
Vista Hill Foundation	00736	30	753	1.410359	1,062
Family Health Center of SD	00796	30	975	2.070769	2,019
San Diego Youth & Community Services	00966	30	815	2.646626	2,157
SD School Unified School District	01059	30	3,381	1.979888	6,694
Prime Healthcare Paradise Valley	01502	30	1,060	1.469811	1,558
Total			323,892		926,593
Add: MH Assessment-Administrative Cost					113,699
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>1</u> of <u>1</u>					1,040,292

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2007 - 2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input checked="" type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
San Diego County Mental Health	00037	01-08	488,082	2.285221	1,115,375
Children's Hospital	00130	01-08	1,550	2.054839	3,185
Union of Pan Asian Communities	00131	01-08	4,640	1.353448	6,280
San Diego Center for Children	00132	01-08	18,533	0.309988	5,745
Mental Health Systems Inc	00138	01-08	1,435	1.589547	2,281
Community Research Foundation	00142	01-08	4,030	1.760050	7,093
Providence Community Services	00709	01-08	2,754	1.330065	3,663
Vista Hill Foundation	00736	01-08	2,468	1.519854	3,751
Family Health Center of San Diego	00796	01-08	130	1.376923	179
Palomar Family Counseling Services	00844	01-08	55	1.200000	66
San Diego Youth & Community Services	00966	01-08	546	1.760073	961
San Diego Unified School District	01059	01-08	1,181	1.659610	1,960
Prime Healthcare	01502	01-08	31	2.064516	64
			525,435		1,150,603
Out-of-County In-State Residential Placements					
Mental Health Patch Treatment Costs (Various Vendors)					307,831
Room and Board Costs (Various Vendors)					201,592
Add: MH Residential Placement -Administrative Cost					167,306
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>1</u> of <u>1</u>					1,827,332

Program
273

MANDATED COSTS
CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES
ACTIVITY COST DETAIL

FORM
2

(01) Claimant **COUNTY OF SAN DIEGO** (02) Fiscal Year Costs Were Incurred **FY 2007 - 2008**

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input checked="" type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Services	(g) Fixed Assets	(h) Travel and Training
Out of State Contracted Services:							
Contracted Services:	Per Day	Days					
Contract No.45418 Daystar Residential, Inc.	\$ 80.00	3,144			251,520		
Contract No. 45420 Devereux Foundation	\$ 155.42	3,415			530,760		
Contract No. 507477 Devereux Foundation	\$ 149.00	9			1,341		
Contract No. 45422 Excelsior Youth Center, Inc	\$ 86.41	1,057			91,335		
Contract No. 510631 Griffith Centers for Children	\$ 123.53	386			47,683		
Contract No. 506325 Mental Health Systems-Provo Canyon	\$ 72.00	2,988			215,136		
Contract No. 507962 Yellowstone Boys & Girls Ranch	\$ 73.50	5,031			369,779		
			Total		1,507,554		
Various Vendors-Room and Board costs (Out-of-State)					1,660,036		
Various Vendors-Room and Board costs (In-State)					3,556,437		

(05) Total Subtotal Page 1 of 1 6,724,027

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Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02)	Fiscal Year Costs Were Incurred FY 2007 - 2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Balance from page 1							9,302
MASSOTH, SHARON MH Program Manager, Air fare, car rental and travel expenses							1,113
MURPHY, TAMMY T. Lic. MH Clinician, Air fare, car rental and travel expenses							991
NOLTA, ROBERTA Lic. MH Clinician, Air fare, car rental and travel expenses							746
QUATTRO, ELAINE Lic. MH Clinician, Air fare, car rental and travel expenses							1,018
SOTELO RAMOS, ARACELI Lic. MH Clinician, Air fare, car rental and travel expenses							1,015
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>2</u> of <u>2</u>							14,185

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02)	Fiscal Year Costs Were Incurred FY 2007 - 2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
BEAUCHAMP, LAUREN Lic. MH Clinician, Air fare, car rental and travel expenses							1,298
BLEIWEISS, SHELDON Lic. MH Clinician, Air fare, car rental and travel expenses							1,263
BRONDELL, SUSAN MH Program Manager, Air fare, and travel expenses							1,783
CHEE, VIVIAN Lic. MH Clinician, Air fare, car rental car rental and travel expenses							1,558
CONCELLOSI, JOSEPH MH Program Manager, Air fare, and travel expenses							559
GORMAN, JANE-ELLEN MH Program Manager, Air fare, car rental and travel expenses							1,213
MARTIN II, WALTER PATRICK MH Case Mgmt Clinician, Air fare, car rental and travel expenses							1,628

(05)	Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u>1</u> of <u>2</u>						9,302
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Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2007 - 2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services (Treatment)
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
Total from Page 02			2,004,790		7,963,689
Palomar Family Counseling Services	00844	10,40-50	4,290	1.230070	5,277
Palomar Family Counseling Services	00844	60	85	2.835294	241
San Diego Youth and Community Services	00966	10,40-50	15,082	2.644477	39,884
San Diego Youth and Community Services	00966	60	1,040	4.550962	4,733
YMCA of San Diego Youth and Family	01013	60	110	4.118182	453
San Diego Unified School District	01059	10,40-50	160,207	1.980001	317,210
San Diego Unified School District	01059	60	11,235	3.289987	36,963
Prime Healthcare Paradise Valley	01502	10,40-50	9,000	1.470000	13,230
			2,205,839		8,381,680
Add: MH Treatment -Administrative Cost					183,652
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page 3 of 3			2,205,839		8,565,332

Program
273

**MANDATED COSTS
CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH
SERVICES
ACTIVITY COST DETAIL**

**FORM
2**

(01) Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2007 - 2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services (Treatment)
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
Total from Page 01			1,435,496		5,965,579
Mental Health Systems Inc	00138	10/85	4,469	156.289998	698,460
Mental Health Systems Inc	00138	10,40-50	1,668	2.129496	3,552
Mental Health Systems Inc	00138	60	20,390	3.940020	80,337
San Ysidro Health Center	00141	10/85	819	163.439560	133,857
San Ysidro Health Center	00141	10,40-50	16,645	1.700030	28,297
San Ysidro Health Center	00141	60	3,815	3.030144	11,560
Community Research Center	00142	10,40-50	404,223	1.870000	755,897
Community Research Center	00142	60	35,063	4.110002	144,109
Providence Community Services	00709	10,40-50	9,239	2.129992	19,679
Providence Community Services	00709	60	697	3.299857	2,300
Vista Hill Foundation	00736	10,40-50	58,175	1.410004	82,027
Vista Hill Foundation	00736	60	3,505	4.089872	14,335
Family Health Center of San Diego (Logan Heights)	00796	10,40-50	9,731	2.069983	20,143
Family Health Center of San Diego (Logan Heights)	00796	60	855	4.160234	3,557
(05) Total			2,004,790		7,963,689

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02)	Fiscal Year Costs Were Incurred FY 2007 - 2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services(Treatment)
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
San Diego County Mental Health	00037	10,40-50	373,442	3.138774	1,172,150
San Diego County Mental Health	00037	60	9,370	5.570331	52,194
Victor Treatment Center	00118	10/85	621	190.088567	118,045
Victor Treatment Center	00118	60	840	4.470238	3,755
Children's Hospital	00130	10,40-50	832,995	2.269999	1,890,898
Children's Hospital	00130	60	41,360	4.119995	170,403
Union of Pan Asian Communities	00131	10,40-50	13,330	1.919955	25,593
Union of Pan Asian Communities	00131	60	405	3.140741	1,272
San Diego Center for Children	00132	10/85	15,078	137.731919	2,076,722
San Diego Center for Children	00132	10,40-50	47,982	1.019987	48,941
San Diego Center for Children	00132	60	87,836	2.890000	253,846
New Alternatives	00136	10/84	1,191	98.490344	117,302
New Alternatives	00136	10/85	26	146.346154	3,805
New Alternatives	00136	10,40-50	2,600	1.880000	4,888
New Alternatives	00136	60	8,420	3.059976	25,765
(05) Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u>1</u> of <u>3</u>			1,435,496		5,965,579

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02)	Fiscal Year Costs Were Incurred FY 2007 - 2008
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input checked="" type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Payee's Name	(b) Case Number	(c) Cost	(d)	(e)	(f) Total
San Degulto Union High School District	N2007050090	2,241.00			2,241
Susan Huntington-Bishop	N2007030270	1,350.00			1,350
Grossmont Union High School District		6,480.00			6,480

(05)	Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>1</u> of <u>1</u>				10,071
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CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 CONSOLIDATION OF HDS I, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES	For State Controller Use Only (19) Program Number 00273 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <h1 style="font-size: 2em;">273</h1>
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LABEL HERE	(01) Claimant Identification Number 9937		Reimbursement Claim Data	
	(02) Claimant Name AUDITOR & CONTROLLER		(22) FORM-1, (04)(A)(g)	
	County of Location COUNTY OF SAN DIEGO		(23) FORM-1, (04)(B)(g)	
	Street Address or P.O. Box 1600 PACIFIC HIGHWAY RM 166		(24) FORM-1, (04)(C)(g)	1,625,079
	City SAN DIEGO CA 92101		(25) FORM-1, (04)(D)(g)	722,633
	Type of Claim		Reimbursement Claim	(26) FORM-1, (04)(E)(g)
		(03)	(09) Reimbursement <input checked="" type="checkbox"/>	(27) FORM-1, (04)(F)(g)
		(04)	(10) Combined <input type="checkbox"/>	(28) FORM-1, (04)(G)(g) 6,224,038
		(05)	(11) Amended <input type="checkbox"/>	(29) FORM-1, (04)(H)(g) 9,749,679
	Fiscal Year of Cost	(06)	(12) 2008/2009	(30) FORM-1, (04)(I)(g) 46,636
Total Claimed Amount	(07)	(13) 1,306,040	(31) FORM-1, (06)	
Less: 10% Late Penalty, not to exceed \$1,000	(14)		(32) FORM-1, (07)	
Less: Prior Claim Payment Received	(15)		(33) FORM-1, (09)	
Net Claimed Amount	(16)	(16) 1,306,040	(34) FORM-1, (10) (17,062,025)	
Due from State	(08)	(17) 1,306,040	(35)	
Due to State	(18)		(36)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file 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 Article 4, Chapter 1 of Division 4 of the Title Government Code.

I further certify that there was no application other than from the claimant, nor any grants or payments received, for reimbursement of costs claimed herein, and claimed 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 reimbursement is hereby claimed from the State for payment of 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

Marilyn Flores

February 8, 2010

MARILYN FLORES

PRINCIPAL ACCOUNTANT

Type or Print Name and Title of Authorized Signatory

Title

(38) Name of Agency Contact Person for Claim

Telephone Number **(619) 531 - 5336 Ext.**

Linda Tate

E-Mail Address **linda.tate@sdcounty.ca.gov**

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 CONSOLIDATION OF HDS, HDS II, AND SED: OUT OF STATE MENTAL HEALTH SERVICES			(19) Program Number 00191 (20) Date File _____/_____/_____ (21) LRS Input _____/_____/_____	273
(01) Claimant Identification Number 9937			Reimbursement Claim Data	
(02) Claimant Name COUNTY OF SAN DIEGO			(22) FORM-1, (04)(A)(g)	
Address AUDITOR AND CONTROLLER COUNTY OF SAN DIEGO 1600 PACIFIC HIGHWAY RM 166 SAN DIEGO CA 92101			(23) FORM-1, (04)(B)(g)	
			(24) FORM-1, (04)(C)(g) 1,625,079	
			(25) FORM-1, (04)(D)(g) 722,633	
Type of Claim	Estimated Claim (03) Estimated <input checked="" type="checkbox"/> (04) Combined <input type="checkbox"/> (05) Amended <input type="checkbox"/>	Reimbursement Claim (09) Reimbursement <input checked="" type="checkbox"/> (10) Combined <input type="checkbox"/> (11) Amended <input type="checkbox"/>	(26) FORM-1, (04)(E)(g)	
			(27) FORM-1, (04)(F)(g)	
			(28) FORM-1, (04)(G)(g) 6,224,038	
			(29) FORM-1, (04)(H)(g) 9,749,679	
Fiscal Year of Cost	(06) 2008 - 2009	(12) 2008-2009	(30) FORM-1, (04)(I)(g) 46,636	
Total Claimed Amount	(07) 1,306,040	(13) 1,306,040	(31) FORM-1, (06)	
Less: 10% Late Penalty		(14)	(32) FORM-1, (07)	
Less: Prior Claim Payment Received		(15)	(33) FORM-1, (09)	
Net Claimed Amount		(16) 1,306,040	(34) FORM-1, (10) (17,062,025)	
Due from State	(08) 1,306,040	(17) 1,306,040	(35)	
Due to State		(18)	(36)	
(38) CERTIFICATION OF CLAIM In accordance with provisions of Government Code S 17561, I certify that I am the officer authorized by the local agency 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 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 _____ <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> _____ MARILYN F. FLORES </div> <div style="width: 45%;"> _____ Cost Analyst </div> </div> Type or Print Name _____ Title _____ (39) Name of Contact Person for Claim _____ Telephone Number (619) 531-5336 Ext. _____ _____ E-mail Address Linda.Tate@sdcounty.ca.gov				

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDS II AND SED: OUT OF STATE MENTAL HEALTH SERVICES CLAIM SUMMARY						FORM 1	
(01) Claimant COUNTY OF SAN DIEGO			(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>			Fiscal Year 2007/2008		
(03) Department		HEALTH AND HUMAN SERVICES AGENCY						
Direct Costs		Object Accounts						
(04) Reimbursable Components		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Salaries	Benefits	Various Services	Contract Services	Fixed Assets	Travel	Total
A. Revise Interagency Agreement								
B. Renew Interagency Agreement								
C. Referral & Mental Health Assessments				1,625,079				1,625,079
D. Transfers & Interim Placements				722,633				722,633
E. Participation as Member of IEP Team								
F. Designation of Lead Case Manager								
G. Authorize/Issue Payments to Providers					6,211,567		12,472	6,224,038
H. Psychotherapy/Other Mental Health Services (Treatment costs)				9,749,679				9,749,679
I. Participation in Due Process Hearings				46,636				46,636
(05) Total Direct Costs								18,368,065
Indirect Costs								
(06) Indirect Cost Rate		(From ICRP)						
(07) Total Indirect Costs		(Line (06) x line (05)(a)) or (Line (06) x (line (05)(a) + line (05)(b)))						
(08) Total Direct and Indirect Costs		(Line (05)(g) + (07))						18,368,065
Cost Reduction								
(09) Less: Offsetting Savings								
(10) Less: Other Reimbursements								(17,062,025)
(11) Total Claimed Amount		(Line (08) - (line (09) + line (10)))						1,306,040

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02)	Fiscal Year Costs Were Incurred FY 2008 - 2009
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input checked="" type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
San Diego County Mental Health	00037	30	369,334	3.128906	1,155,611
Children's Hospital	00130	30	64,105	2.210000	141,672
Union of Pan Asian Communities	00131	30	3,355	1.920000	6,442
San Diego Center for Children	00132	30	1,575	1.020000	1,607
Mental Health Systems Inc	00138	30	380	2.130000	809
San Ysidro Health Center	00141	30	1,370	1.620000	2,219
Community Research Foundation	00142	30	35,553	1.870000	66,484
Providence Community Services	00709	30	352	2.130000	750
Vista Hill Foundation	00736	30	5,178	1.410000	7,301
Family Health Center of SD	00796	30	625	2.070000	1,294
San Diego Youth & Community Services	00966	30	11,806	2.639029	31,156
South Bay community Services	00967	30	5,309	2.420000	12,848
San Diego Unified School District	01059	30	9,571	1.980000	18,951
Prime Healthcare Paradise Valley Hospital	01502	30	3,125	1.470000	4,594
Total			511,638		1,451,737
Add: MH Assessment-Administrative Cost					173,342
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>1</u> of <u>1</u>					1,625,079

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2008 - 2009
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input checked="" type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
San Diego County Mental Health	00037	01-08	223,202	2.292899	511,780
Children's Hospital	00130	01-08	2,230	2.068430	4,613
Union of Pan Asian Communities	00131	01-08	775	1.346839	1,044
San Diego Center for Children	00132	01-08	2,395	0.310000	742
San Ysidro Health Center	00141	01-08	20	1.360000	27
Community Research Foundation	00142	01-08	7,831	1.760000	13,783
Providence Community Services	00709	01-08	1,932	1.330000	2,570
Vista Hill Foundation	00736	01-08	14,290	1.520000	21,721
San Diego Youth & Community Services	00966	01-08	119	1.760000	209
San Diego Unified School District	01059	01-08	600	1.630000	978
Prime Healthcare Paradise Valley Hospital	01502	01-08	400	2.038750	816
Sub Totals			253,794		558,282
Out-of-County In-State Residential Placements					
Mental Health Patch Treatment Costs (Various Vendors)					48,960
Room and Board Costs (Various Vendors)					38,624
Add: MH Residential Placement -Administrative Cost					76,767
(05) Total <input checked="" type="checkbox"/>	Subtotal <input type="checkbox"/>	Page <u>1</u> of <u>1</u>			722,633

Program <div style="font-size: 24pt; font-weight: bold; text-align: center;">273</div>	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM <div style="font-size: 24pt; font-weight: bold; text-align: center;">2</div>
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(01)	Claimant <div style="text-align: center; font-weight: bold;">COUNTY OF SAN DIEGO</div>	(02) Fiscal Year Costs Were Incurred <div style="text-align: center;"> FY 2007-2008 2007-2009 </div>
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input checked="" type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Services	(g) Fixed Assets	(h) Travel and Training
Out of State Contracted Services:							
Contracted Services:							
Contract No. 512372 Daystar Residential, Inc.	Per Day \$ 80.00	Days 4,763			381,040		
Contract No. 518465 Devereux Foundation	\$ 158.90	2,700			429,026		
Contract No. 503326 Heritage Schools	\$ 59.00	49			2,891		
Contract No. 527569 Colorado Boys Ranch	\$ 127.92	149			19,060		
Contract No. 518467 Excelsior Youth Center	\$ 86.59	1,134			98,197		
Contract No. 510631 Griffith Centers for Children	\$ 85.95	701			60,251		
Contract No. 528696 MHS-Provo Canyon	\$ 81.00	135			10,935		
Contract No. 506325 MHS-Provo Canyon	\$ 81.00	581			47,061		
Contract No. 507962 Yellowstone Boys & Girls Ranch	\$ 73.50	4,431			325,679		
			Total		1,374,140		
Various Vendors-Room and Board costs (Out-of-State)					1,556,848		
Various Vendors-Room and Board costs (In-State)					3,280,579		

(05)	Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>1</u> of <u>1</u>	6,211,567
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Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant <p style="text-align: center;">COUNTY OF SAN DIEGO</p>	(02) Fiscal Year Costs Were Incurred <p style="text-align: center;">FY 2008-2009</p>
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Balance from page 1							7,644
MURPHY, TAMMY Lic. MH Clinician, Air fare, car rental car rental and travel expenses							871
PEDDIE MUSSER, TAMI Lic. MH Clinician, Air fare, car rental car rental and travel expenses							578
QUATTRO, ELAINE Lic. MH Clinician, Air fare, car rental and travel expenses							2,691
RAPPAPORT, ANDREW Lic. MH Clinician, Air fare, car rental and travel expenses							688
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>2</u> of <u>2</u>							12,472

Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02)	Fiscal Year Costs Were Incurred FY 2008 - 2009
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(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	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
CHADSEY, KRISTINE Lic. MH Clinician, Air fare, car rental and travel expenses							2,873
DEININGER, SUSAN Lic. MH Clinician, Air fare, car rental and travel expenses							850
GORMAN, JANE MH Program Manager, Air fare, and travel expenses							1,343
HOBBS, ANN Lic. MH Clinician, Air fare, car rental and travel expenses							339
JONES, MELANIE Lic. MH Clinician, Air fare, car rental and travel expenses							668
MARTIN, WALTER P Lic. MH Clinician, Air fare, car rental and travel expenses							708
MASSOTH, SHARON MH Program Manager, Air fare, and travel expenses							864

(05)	Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u>1</u> of <u>2</u>							7,644
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Program 273	MANDATED COSTS CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES ACTIVITY COST DETAIL	FORM 2
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(01)	Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2008 - 2009
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services (Treatment)
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
Total from Page 02			2,067,864		8,265,743
San Diego Youth and Community Services	00966	10,40-50	32,455	2.659322	86,308
San Diego Youth and Community Services	00966	60	1,020	4.550000	4,641
South Bay Community Services	00967	60	2,360	4.710000	11,116
South Bay Community Services	00967	10,40-50	51,724	2.420000	125,172
YMCA of San Diego Youth and Family	01013	10,40-50	880	1.500000	1,320
San Diego Unified School District	01059	10/85	3,540	153.190000	542,293
San Diego Unified School District	01059	10,40-50	198,617	1.980000	393,262
San Diego Unified School District	01059	60	30,020	3.290000	98,766
Prime Healthcare Paradise Valley	01502	60	305	1.980000	604
Prime Healthcare Paradise Valley	01502	10,40-50	14,444	1.470000	21,233
Oak Grove		96	408	80.000000	32,640
			2,403,637		9,583,098
Add: MH Treatment -Administrative Cost					166,581
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>3</u> of <u>3</u>			2,403,637		9,749,679

Program
273

MANDATED COSTS
CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES
ACTIVITY COST DETAIL

FORM
2

(01)	Claimant COUNTY OF SAN DIEGO	(02) Fiscal Year Costs Were Incurred FY 2008 - 2009
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input checked="" type="checkbox"/> Psychotherapy/Other Mental Health Services (Treatment)
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
Total from Page 01			1,388,043		6,484,126
Mental Health Systems Inc	00138	10/85	3,402	156.290000	531,699
Mental Health Systems Inc	00138	10,40-50	725	2.130000	1,544
Mental Health Systems Inc	00138	60	12,274	3.190000	39,154
San Ysidro Health Center	00141	10,40-50	17,872	1.620000	28,953
San Ysidro Health Center	00141	60	1,465	2.930000	4,292
Community Research Center	00142	10,40-50	397,485	1.870000	743,297
Community Research Center	00142	60	30,258	3.330000	100,759
Providence Community Services	00709	10,40-50	8,976	2.130000	19,119
Providence Community Services	00709	60	386	3.300000	1,274
Vista Hill Foundation	00736	10,40-50	192,096	1.410000	270,856
Vista Hill Foundation	00736	60	4,765	4.090000	19,489
Family Health Center of San Diego (Logan Heights)	00796	10,40-50	9,896	2.070000	20,485
Family Health Center of San Diego (Logan Heights)	00796	60	220	3.170000	697

(05)	Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u>2</u> of <u>3</u>		2,067,864		8,265,743
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Program
273

MANDATED COSTS
CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES
ACTIVITY COST DETAIL

FORM
2

(01) Claimant (02) Fiscal Year Costs Were Incurred
COUNTY OF SAN DIEGO **FY 2008 - 2009**

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/>	Revise Interagency Agreement	<input type="checkbox"/>	Transfers & Interim Placements	<input type="checkbox"/>	Authorize/Issue payments to Providers
<input type="checkbox"/>	Renew Interagency Agreement	<input type="checkbox"/>	Participation as Member of IEP Team	<input checked="" type="checkbox"/>	Psychotherapy/Other Mental Health Services(Treatment)
<input type="checkbox"/>	Referral & Mental Health Assessments	<input type="checkbox"/>	Designation of Lead Case Manager	<input type="checkbox"/>	Participation in Due Process Hearings

(04) Description of Expenses **Object Accounts**

(a) Providers Name	(b) Provider I.D. Numbers	(c) Service Function Code	(d) Units of Service	(e) Rate Per Unit	(f) Total
San Diego County Mental Health	00037	10,40-50	331,112	3.134149	1,037,754
San Diego County Mental Health	00037	60	13,183	5.521217	72,786
Fred Finch Youth Center	00113	10/85	84	177.520000	14,912
Victor Treatment Center	00118	10/85	482	51.452656	24,800
Victor Treatment Center	00118	60	547	47.566417	26,019
Children's Hospital	00130	10,40-50	804,588	2.210000	1,778,140
Children's Hospital	00130	60	52,204	4.050000	211,426
Union of Pan Asian Communities	00131	10,40-50	24,130	1.920000	46,330
Union of Pan Asian Communities	00131	60	1,480	2.930000	4,336
San Diego Center for Children	00132	10/85	19,313	137.890000	2,663,070
San Diego Center for Children	00132	10/85	869	171.000000	148,599
San Diego Center for Children	00132	10,40-50	28,530	1.020000	29,101
San Diego Center for Children	00132	60	97,267	2.890000	281,102
New Alternatives	00136	10/84	1,123	98.490000	110,604
New Alternatives	00136	10,40-50	4,190	1.880000	7,877
New Alternatives	00136	60	8,941	3.050000	27,270
(05) Total <input type="checkbox"/>	Subtotal <input checked="" type="checkbox"/>	Page <u>1</u> of <u>3</u>		1,388,043	6,484,126

Program
273

MANDATED COSTS
CONSOLIDATION OF HDS, HDSII, AND SED: OUT OF STATE MENTAL HEALTH SERVICES
ACTIVITY COST DETAIL

FORM
2

(01) Claimant
COUNTY OF SAN DIEGO

(02) Fiscal Year Costs Were Incurred
FY 2007 - 2008

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> Revise Interagency Agreement	<input type="checkbox"/> Transfers & Interim Placements	<input type="checkbox"/> Authorize/Issue payments to Providers
<input type="checkbox"/> Renew Interagency Agreement	<input type="checkbox"/> Participation as Member of IEP Team	<input type="checkbox"/> Psychotherapy/Other Mental Health Services
<input type="checkbox"/> Referral & Mental Health Assessments	<input type="checkbox"/> Designation of Lead Case Manager	<input checked="" type="checkbox"/> Participation in Due Process Hearings

(04) Description of Expenses Object Accounts

(a) Payee's Name	(b) Case Number	(c) Cost	(d)	(e)	(f) Total
San Deguito Union High School District	N2009050530	46,636			46,636

(05) Total Subtotal Page 1 of 1

46,636

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 November 4, 2016, I served the:

Notice of Granting of Appeal, Notice of Complete Filing, Schedule for Comments, and Notice of Tentative Hearing Date

Incorrect Reduction Claim

Handicapped and Disabled Students (04-RL-4282-10); Handicapped and Disabled Students II, (02-TC-40/02-TC-49); and Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services (97-TC-05), 15-9705-I-06

Government Code Sections 7571, 7572, 7572.5, 7572.55, 7576, 7581, and 7586

as added by Statutes 1984, Chapter 1747 (AB 3632); and as amended by

Statutes 1985, Chapter 1274 (AB 882); Statutes 1994, Chapter 1128 (AB 1892);

Statutes 1996, Chapter 654 (AB 2726);

California Code of Regulations, Title 2, Division 9, Chapter 1, Sections 60020, 60030,

60040, 60045, 60050, 60055, 60100, 60110, 60200, and 60550

(Emergency regulations effective January 1, 1986 [Register 86, No. 1], and refiled

June 30, 1986, designated effective July 12, 1986 [Register 86, No. 28]; and Emergency

regulations effective July 1, 1998 [Register 98, No. 26]; final regulations effective

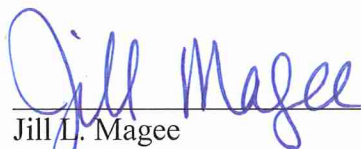
August 9, 1999 [Register 99, No. 33])

Fiscal Years: 2006-2007, 2007-2008, and 2008-2009

County of San Diego, 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 November 4, 2016 at Sacramento, California.



Jill L. Magee

Commission on State Mandates

980 Ninth Street, Suite 300

Sacramento, CA 95814

(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 11/2/16

Claim Number: 15-9705-I-06

Matter: Handicapped and Disabled Students (04-RL-4282-10); Handicapped and Disabled Students II (02-TC-40/02-TC-49); Seriously Emotionally Disturbed Pupils (SED); Out-of-State Mental Health Services (97-TC-05)

Claimant: County of San Diego

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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