



January 30, 2026

Mr. Michael Blazina
Sacramento County
District Attorney's Office
901 G Street
Sacramento, CA 95814

Ms. Anne Kato
State Controller's Office
Local Government Programs and Services
Division
3301 C Street, Suite 740
Sacramento, CA 95816

And Parties, Interested Parties, and Interested Persons (See Mailing List)

Re: Draft Proposed Decision, Schedule for Comments, and Notice of Hearing
Child Abduction and Recovery, 24-4237-I-04
Family Code Sections 3060-3064, 3130-3134.5, 3408, 3411, and 3421;
Penal Code Sections 277, 278, and 278.5; Welfare and Institutions Code Section
11478.5; Statutes 1976, Chapter 1399; Statutes 1992, Chapter 162; Statutes
1996, Chapter 988
Fiscal Years: 2016-2017, 2017-2018, 2018-2019
County of Sacramento, Claimant

Dear Mr. Blazina and Ms. Kato:

The Draft Proposed Decision for the above-captioned matter is enclosed for your review and comment.

Written Comments

Written comments may be filed on the Draft Proposed Decision **by February 20, 2026**. Please note that all representations of fact submitted to the Commission must be signed under penalty of perjury by persons who are authorized and competent to do so and must be based upon the declarant's personal knowledge, information, or belief. (Cal. Code Regs., tit. 2, § 1187.5.) Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over an objection in civil actions. (Cal. Code Regs., tit. 2, § 1187.5.) The Commission's ultimate findings of fact must be supported by substantial evidence in the record.¹

You are advised that comments filed with the Commission are required to be electronically filed (e-filed) in an unlocked legible and searchable PDF file, using the Commission's Dropbox. (Cal. Code Regs., tit. 2, § 1181.3(f).) Refer to <https://www.csm.ca.gov/dropbox.shtml> on the Commission's website for electronic filing instructions. If e-filing would cause the filer undue hardship or significant prejudice,

¹ Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

Mr. Blazina and Ms. Kato

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filing may occur by first class mail, overnight delivery or personal service only upon approval of a request to the executive director. (Cal. Code Regs., tit. 2, § 1181.3(j).)

If you would like to request an extension of time to file comments, please refer to section 1187.9(a) of the Commission's regulations.

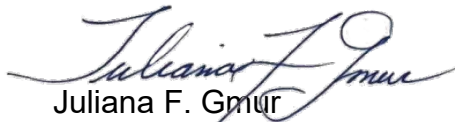
Hearing

This matter is set for hearing on **Friday, April 10, 2026**, at 10:00 a.m. The Proposed Decision will be issued on or about March 27, 2026.

If you plan to address the Commission on this item, please notify the Commission Office not later than noon on the Tuesday prior to the hearing, **February 10, 2026**. Please also include the names of the people who will be speaking for inclusion on the witness list and the names and emails addresses of the people who will be speaking both in person and remotely to receive a hearing panelist link in Zoom. When calling or emailing, please identify the item you want to testify on and the entity you represent. The Commission Chairperson reserves the right to impose time limits on presentations as may be necessary to complete the agenda.

If you would like to request postponement of the hearing, please refer to section 1187.9(b) of the Commission's regulations.

Very truly yours,



Juliana F. Gmur
Executive Director

ITEM ____
INCORRECT REDUCTION CLAIM
DRAFT PROPOSED DECISION

Family Code Sections 3060 to 3064, 3130 to 3134.5, 3408, 3411, and 3421

Penal Code Sections 277, 278, and 278.5

Welfare and Institutions Code Section 11478.5 (Currently Family Code Section 17506)

Chapter 1399, Statutes of 1976; Chapter 162, Statutes of 1992; Chapter 988,
Statutes of 1996

Custody of Minors – Child Abduction and Recovery Program

Fiscal Years 2016-2017, 2017-2018, and 2018-2019

24-4237-I-04

County of Sacramento, Claimant

EXECUTIVE SUMMARY

Overview

This Incorrect Reduction Claim (IRC) addresses reductions made by the State Controller's Office (Controller) to costs claimed by the County of Sacramento's (claimant's) district attorney's office during fiscal years 2016-2017, 2017-2018, and 2018-2019 (audit period) for costs incurred while implementing the *Custody of Minors – Child Abduction and Recovery* (CAR) program. CAR is a state mandated program originally approved by the Board of Control in 1979, which requires district attorney's offices to "actively assist in the resolution of child custody problems including visitation disputes, the enforcement of custody decrees and of any other order of the court in a child custody proceeding. These activities include all actions necessary to locate a child, the enforcement of child custody decrees, orders to appear, or any other court order defraying expenses related to the return of an illegally detained, abducted or concealed child, proceeding with civil court actions, and guaranteeing the appearance of offenders and minors in court actions."¹

For the period between July 1, 2016 through June 30, 2019, the claimant claimed \$1,885,876 for costs of the mandated program.² The audit found that \$1,420,782 of the claimed costs were allowable and \$465,094 were unallowable.³ Of the unallowable

¹ Exhibit A, IRC, page 1890 (2009 Amendment to Parameters and Guidelines, section II.).

² Exhibit A, IRC, page 1916 (Final Audit Report).

³ Exhibit A, IRC, page 1916 (Final Audit Report).

costs, \$248,074 were reduced from the claimant's costs for salaries and benefits (including \$61,671 for related indirect costs), and \$217,020 for materials and supplies.⁴ For the unallowable salaries and benefits costs, there were two issues the Controller found: the claimant claimed \$154,127 in direct costs for time that was not actual time spent on mandated activities, but was instead spent on non-program specific activities, a portion of which was then allocated to child abduction cases based on standard distribution time ("SD time"); and the claimant claimed \$32,276 in direct costs for time spent on cases classified under Penal Code section 278.7 ("good cause" cases), which the Controller asserted are not reimbursable because the Parameters and Guidelines do not identify activities related to good cause under Penal Code section 278.7 as a reimbursable cost.⁵ For the materials and supplies issue, the Controller found that the claimant claimed costs that were allocated to the entire unit that contains their child abduction program, rather than identifying and claiming actual costs for the mandated child abduction program.⁶

Staff finds that the Controller's reduction of \$32,276 in salaries and benefits for time spent investigating "good cause" cases is incorrect as a matter of law and recommends that the Commission on State Mandates (Commission) partially approve this IRC.

Procedural History

The claimant filed the IRC on November 25, 2024.⁷ The Controller filed comments on the IRC on March 6, 2025.⁸ The claimant filed rebuttal comments on April 4, 2025.⁹ Commission staff issued the Draft Proposed Decision on January 30, 2026.¹⁰

Commission Responsibilities

Government Code section 17561(d) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state-mandated costs if the Controller determines that the claim is excessive or unreasonable.

Government Code section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission's regulations requires the Commission to send the decision to the Controller and request that the costs in the claim be reinstated.

⁴ Exhibit A, IRC, page 1915 (Final Audit Report).

⁵ Exhibit A, IRC, pages 1916-1922 (Final Audit Report).

⁶ Exhibit A, IRC, page 1922 (Final Audit Report).

⁷ Exhibit A, IRC, page 1.

⁸ Exhibit B, Controller's Comments on the IRC, page 1.

⁹ Exhibit C, Claimant's Rebuttal Comments, page 1.

¹⁰ Exhibit D, Draft Proposed Decision.

The Commission must review questions of law, including interpretation of parameters and guidelines, de novo, without consideration of legal conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution.¹¹ The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitution and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”¹²

With regard to the Controller’s audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.¹³

The Commission must also review the Controller’s audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.¹⁴ In addition, section 1185.1(f)(3) and 1185.2(d) and (e) of the Commission’s regulations requires that any assertions of fact by the parties to an IRC must be supported by documentary evidence. The Commission’s ultimate findings of fact must be supported by substantial evidence in the record.¹⁵

Claims

The following chart provides a brief summary of the claims and issues raised and staff’s recommendation.

Issue	Description	Staff Recommendation
Did the claimant timely file this IRC within three years from the date claimant first received from the	Government Code section 17558.7(a) states that “If the Controller reduces a claim approved by the	<i>Yes, timely filed.</i> The final audit report was issued on

¹¹ *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

¹² *County of Sonoma v. Commission on State Mandates* (2000), 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

¹³ *Johnston v. Sonoma County Agricultural Preservation and Open Space District* (2002) 100 Cal.App.4th 973, 983-984; *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

¹⁴ *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

¹⁵ Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission’s decision is not supported by substantial evidence in the record.

Issue	Description	Staff Recommendation
Controller a final state audit report, letter, or other written notice of adjustment to a reimbursement claim, which complies with Government Code section 17558.5(c)?	commission, the claimant may file with the commission an incorrect reduction claim pursuant to regulations adopted by the commission.” Section 1185.1(c) of the Commission’s regulations requires an IRC to be filed no later than three years after the date the claimant receives a final state audit report, letter, or other written notice of adjustment to a reimbursement claim, which complies with Government Code section 17558.5(c).	February 23, 2022. ¹⁶ The audit report specifies the claim components and amounts adjusted, as well as the reasons for the adjustments, and therefore complies with the section 17558.5(c) notice requirements. ¹⁷ The IRC was filed on November 25, 2024. ¹⁸ This is within three years of issuing the final audit report, meaning the IRC was timely filed.
Are the Controller’s reductions of \$154,127 in salaries and benefits based on SD Time and reduction of \$217,020 in materials and supplies, plus related indirect costs, correct as a matter of law?	To be eligible for mandated cost reimbursement, only actual costs may be claimed, which are “those costs actually incurred to implement the mandated activities,” and which must be traceable and supported by source documents. ¹⁹ Source documents are created at or near the time at which the cost was incurred, and show the validity of such costs, when they were incurred, and their relationship to	<i>Yes, correct as a matter of law.</i> The claimant took the time spent on “non-program specific” activities that supported the unit which provided the CAR program (among others) as a whole, and the materials and supplies costs incurred by the unit as a whole, and used a cost allocation methodology to determine the share of these costs which it attributed to CAR cases, and claimed these

¹⁶ Exhibit A, IRC, page 1907 (Final Audit Report).

¹⁷ Exhibit A, IRC, pages 1906-1951 (Final Audit Report).

¹⁸ Exhibit A, IRC, page 1.

¹⁹ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.).

Issue	Description	Staff Recommendation
	reimbursable activities. ²⁰ The Parameters and Guidelines allow claimants to claim both direct and indirect costs, with different requirements for each. Direct costs are “costs that can be traced to specific goods, services, units, programs, activities, or functions.” ²¹ To claim direct costs for salary and employees’ benefits, claimants’ documentation must “Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits,” while for materials and supplies direct costs, claimants’ documentation must “list the cost of the materials and supplies consumed specifically for the purposes of this mandate.” ²² Indirect costs	allocated costs as direct costs. Allocated costs are not direct costs, as the goods, services, etc., which benefitted the unit as a whole, cannot be traced to CAR specifically. Furthermore, the claimant did not provide proper source documentation to support these costs. The salaries and benefits cost based on standard distribution (SD) time were supported with billing detail reports, which show the SD time costs after they were already allocated amongst CAR cases. ²⁴ This makes the billing detail reports a cost allocation report, which is a type of corroborating document, and the claimant did not provide time logs or any other records that could serve as source documentation to support these costs. For the allocated materials and supplies costs, the claimant provided

²⁰ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.).

²¹ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VII.A.).

²² Exhibit A, IRC, pages 1894-1895 (2009 Amendment to Parameters and Guidelines, sections VII.A.1. and VII.A.3.).

²⁴ Exhibit A, IRC, pages 21-496 (STOP Billing Detail Report, Fiscal Year 2016-2017); 527-1152 (STOP Billing Detail Report, Fiscal Year 2017-2018); and 1181-1855 (STOP Billing Detail Report, Fiscal Year 2018-2019).

Issue	Description	Staff Recommendation
	are costs incurred for a common or joint purpose that benefit more than one program and cannot be directly assigned to a particular department or program without disproportionate effort, and require claimants to follow the procedure in OMB Circular A-87, and allow claimants the option of either using 10% of direct labor costs or submitting an Indirect Cost Rate Proposal. ²³	documentation of the method used to calculate the allocated costs, and records of the materials and supplies costs incurred by the unit each fiscal year, some of which were themselves allocated to the unit, without source documentation for the allocated costs that showed these costs were consumed specifically for the CAR program. ²⁵
Is the Controller's reduction of \$32,276 in salaries and benefits and related indirect costs for "good cause" cases correct as a matter of law?	The Parameters and Guidelines authorize reimbursement for "obtaining compliance with court orders relating to child custody or visitation proceedings and the enforcement of custody or visitation orders, and "utilizing <i>any appropriate</i> civil or criminal court action to secure compliance," which includes the	<i>Incorrect as a matter of law</i> Under the Parameters and Guidelines, all activities performed by district attorney offices in these cases relating to child custody or visitation proceedings and the enforcement of those proceedings pursuant to Family Code sections 3130 to 3134.5, including

²³ Exhibit A, IRC, page 1896 (2009 Amendment to Parameters and Guidelines, section VII.B.).

²⁵ For example, the entries in claimant's accounting journals for liability insurance, countywide IT services, facility use, and employee benefits include a comment noting it to be an allocated cost. See Exhibit A, IRC, pages 513, 519, 522, and 523 (COMPASS Accounting Journal, fiscal year 2016-2017); 1166, 1172, and 1176 (COMPASS Accounting Journal, fiscal year 2017-2018); and 1870, 1871, 1878, and 1883 (COMPASS Accounting Journal, fiscal year 2018-2019). Additionally, the OMB A-87 Cost Allocation Plan shows STOP's allocated share of some county-wide costs. Exhibit A, IRC, pages 525 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2016-2017), 1179 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2017-2018), and 1885 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2018-2019).

Issue	Description	Staff Recommendation
	<p>preparation and investigation of reports and requests for assistance, and the only non-reimbursable costs are those “associated with criminal prosecution, <i>commencing with the defendant’s first appearance in a California court,</i>” for offenses defines in Penal Code sections 278 or 278.5.²⁶</p>	<p>the use of any appropriate criminal court action to secure compliance, are eligible for reimbursement until the defendant’s first appearance in court for allegations that the defendant committed the crimes in sections 278 and 278.5. Penal Code sections 278, 278.5, and 278.7 do not impose any state mandated requirements but rather put into context and define the scope of the mandate created by Family Code section 3130 and 3131. The criminal intent or malice requirement in Penal Code section 278.5 and the good cause defense in section 278.7 are intertwined,²⁷ thus facts or circumstances relating to “good cause” need to be addressed by the district attorney’s office to comply with the mandate.</p> <p>Furthermore, the Controller is incorrect in its assertion that the “good cause” defense in Penal code section 278.7 has never been part of the Parameters and Guidelines. Although that specific code section was</p>

²⁶ Exhibit A, IRC, pages 1892, 1894 (2009 Amendment to Parameters and Guidelines, sections V.B.1.b. and VI.), emphasis added.

²⁷ See *People v. Neidinger* (2006) 40 Cal.4th 67, 79.

Issue	Description	Staff Recommendation
		never formally incorporated, its predecessor (Penal Code section 277) was, and is still included in the Parameters and Guidelines to this day. ²⁸

Staff Analysis

This IRC addresses reductions made by the State Controller's Office (Controller) to costs claimed by the County of Sacramento's (claimant) district attorney's office during fiscal years 2016-2017, 2017-2018, and 2018-2019 (audit period) for costs incurred while implementing the *Custody of Minors – Child Abduction and Recovery* (CAR) program. CAR is a state mandated program originally approved by the Board of Control in 1979, which requires district attorney's offices to "actively assist in the resolution of child custody problems including visitation disputes, the enforcement of custody decrees and of any other order of the court in a child custody proceeding. These activities include all actions necessary to locate a child, the enforcement of child custody decrees, orders to appear, or any other court order defraying expenses related to the return of an illegally detained, abducted or concealed child, proceeding with civil court actions, and guaranteeing the appearance of offenders and minors in court actions."²⁹

²⁸ Prior to the Legislature renumbering the child abduction chapter in 1996, Penal Code section 277, as added by Statutes 1984, Chapter 1207, established a crime when, absent an existing court order determining custody or visitation rights, a person with a right to custody maliciously takes, detains, conceals, or entices away the child *without good cause* and with the intent to deprive another person of their right to custody or visitation. "Good cause" was defined as "a good faith belief that the taking, detaining, concealing, or enticing away of the child is necessary to protect the child from immediate bodily injury or physical harm." (See Statutes 1986, Chapter 1210). Penal Code section 277 was added to the Parameters and Guidelines prior to the 1999 amendment in the caption and alongside Penal Code sections 278 and 278.5 in the section defining non-reimbursable costs, and the 1999 amendment removed it from the non-reimbursable costs section but retained it in the caption. See Exhibit X (1), 1990 Amendment to Parameters and Guidelines, pages 7-8 (section VI.); Exhibit X (3), 1999 Amendment to Parameters and Guidelines Staff Analysis and Proposed Amendments, pages 11, 16. This item was adopted on consent. (Exhibit X (4), Commission on State Mandates Minutes, August 26, 1999, page 7.)

²⁹ Exhibit A, IRC, page 1890 (2009 Amendment to Parameters and Guidelines, section II.).

For the period between July 1, 2016 through June 30, 2019, the claimant claimed \$1,885,876 for costs of the mandated program.³⁰ The audit found that \$1,420,782 of the claimed costs were allowable and \$465,094 were unallowable.³¹ Of the unallowable costs, \$248,074 were reduced from the claimant's costs for salaries and benefits (including \$61,671 for related indirect costs), and \$217,020 for materials and supplies.³² For the unallowable salaries and benefits costs, there were two issues the Controller found: the claimant claimed \$154,127 in direct costs for time that was not actual time spent on mandated activities, but was instead spent on non-program specific activities, a portion of which was then allocated to child abduction cases based on standard distribution time ("SD time"); and the claimant claimed \$32,276 in direct costs for time spent on cases classified under Penal Code section 278.7 ("good cause" cases), which the Controller asserted are not reimbursable because the Parameters and Guidelines do not identify activities related to good cause under Penal Code section 278.7 as a reimbursable cost.³³ For the materials and supplies issue, the Controller found that the claimant claimed costs that were allocated to the entire unit that contains their child abduction program, rather than identifying and claiming actual costs for the mandated child abduction program.³⁴

The Commission finds that the Controller's reductions related to salaries and benefits costs of \$154,127 for non-program specific activities based on SD time, and for the claimant's materials and supplies costs of \$217,020, plus any related indirect costs, are correct as a matter of law.

Claims for reimbursement shall be filed in the manner prescribed in the Parameters and Guidelines, which are regulatory in nature and binding on the claimant.³⁵ To be eligible for mandated cost reimbursement, only actual costs may be claimed, which are "those costs actually incurred to implement the mandated activities."³⁶ The Parameters and Guidelines allow reimbursement for both direct and indirect costs, with separate reimbursement claim preparation instructions for each, and define direct costs as "costs that can be traced to specific goods, services, units, programs, activities, or functions."³⁷ To claim actual direct costs for salary and employees' benefits, claimants' must "Identify the employee(s), show the classification of the employee(s) involved, describe the

³⁰ Exhibit A, IRC, page 1916 (Final Audit Report).

³¹ Exhibit A, IRC, page 1916 (Final Audit Report).

³² Exhibit A, IRC, page 1915 (Final Audit Report).

³³ Exhibit A, IRC, pages 1916-1922 (Final Audit Report).

³⁴ Exhibit A, IRC, page 1922 (Final Audit Report).

³⁵ Government Code section 17564(b). See *Clovis Unified School District v. State Controller*, 2010, 188 Cal.App.4th 794, 797.

³⁶ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.).

³⁷ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VII.A.).

mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits,” while for materials and supplies direct costs, claimants’ must “list the cost of the materials and supplies consumed specifically for the purposes of this mandate.”³⁸ In addition, the Parameters and Guidelines require that direct costs must be traceable and supported by contemporaneous source documents, which are created at or near the time at which the cost was incurred, and show the validity of such costs, when they were incurred, and their relationship to reimbursable activities.³⁹

In this case, however, the claimant did not claim the actual direct costs for salaries and benefits and materials and supplies for the mandated program. Instead, the claimant claimed salary and benefit and material and supply costs allocated to the CAR program, similar to claiming an indirect cost. Specifically, the claimant has a unit within its district attorney’s office that serves several different programs which are all reimbursed by the state, including CAR, called the State Targeted Offenders Program (STOP). The claimant calculated the time employees spent on “non-program specific activities” that supported STOP as a whole, and the materials and supplies costs incurred by STOP as a whole, and used a cost allocation methodology to determine a share of these costs which it attributed to CAR cases, and then claimed these allocated costs as direct costs. Allocated costs are not direct costs which “can be traced to specific goods, services, units, programs, activities, or functions,” because the goods, services, etc., benefited the STOP unit as a whole, not the CAR program specifically.⁴⁰ Allocated salary and benefits costs do not identify the actual number of hours devoted to each function for this program specifically, nor do allocated materials and supplies costs identify the materials and supplies consumed specifically for the purpose of this mandate.

Furthermore, the claimant did not provide proper source documents in support of these claimed costs. Although the Parameters and Guideline allow the use of cost allocation reports to support actual costs, they are specifically allowed as corroborating documents, which are not a substitute for contemporaneous source documentation.⁴¹ The claimant’s salaries and benefits costs, including SD time, were supported with billing detail reports, which showed SD time after it was allocated to CAR cases using the claimant’s cost allocation methodology, making this a cost allocation report.⁴² The

³⁸ Exhibit A, IRC, pages 1894-1895 (2009 Amendment to Parameters and Guidelines, sections VII.A.1. and VII.A.3.).

³⁹ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.).

⁴⁰ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VII.A.).

⁴¹ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.).

⁴² Exhibit A, IRC, pages 21-496 (STOP Billing Detail Report, Fiscal Year 2016-2017); 527-1152 (STOP Billing Detail Report, Fiscal Year 2017-2018); and 1181-1855 (STOP Billing Detail Report, Fiscal Year 2018-2019).

claimant asserts that it used “time records, time logs, and worksheets generated by employees detailing the time they worked on Child Abduction and Recovery activities, and then used cost allocation to determine the full-time equivalent percentage of those expenses attributable to that particular program,” but the claimant did not provide any of these documents that could act as source documentation to support the allocated costs.⁴³ For the materials and supplies costs, the claimant provided documentation of the method used to calculate CAR’s allocated share of STOP’s materials and supplies costs, accounting journals which listed all costs incurred by STOP in a given year, and excerpts from the county’s OMB A-87 cost allocation plan.⁴⁴ Some of the costs included in the claimant’s cost allocation methodology were themselves allocated costs apportioned to the STOP unit, without any source documentation to support them.⁴⁵ These documents show how costs were allocated to the program and are not proper source documentation showing the actual costs incurred for the state-mandated program. Unlike the materials and supplies which were directly consumed by the CAR program, which were supported with case files and records that showed how they were consumed, and with invoices and receipts to support their costs, no documentation provided supports that the allocated materials and supplies costs were consumed specifically for the purpose of the CAR program. Accordingly, the claimant did not

⁴³ Exhibit A, IRC, page 1918 (Final Audit Report).

⁴⁴ See Exhibit A, IRC, pages 498-523 (COMPASS Account Journal, Fiscal Year 2016-2017); 525 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2016-2017); 1154-1177 (COMPASS Account Journal, Fiscal Year 2017-2018); 1179 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2017-2018); 1857-1883 (COMPASS Account Journal, Fiscal Year, 2018-2019); 1885 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2018-2019); 1938 (Final Audit Report, Claimant’s Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2016-2017, Attachment A, Calculation of Service and Supplies Costs for CAR), 1944 (Final Audit Report, Claimant’s Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2017-2018, Attachment A, Calculation of Service and Supplies Costs for CAR), and 1950 (Final Audit Report, Claimant’s Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2018-2019, Attachment A, Calculation of Service and Supplies Costs for CAR).

⁴⁵ For example, the entries in claimant’s accounting journals for liability insurance, countywide IT services, facility use, and employee benefits include a comment noting it to be an allocated cost. See Exhibit A, IRC, pages 513, 519, 522, and 523 (COMPASS Accounting Journal, fiscal year 2016-2017); 1166, 1172, and 1176 (COMPASS Accounting Journal, fiscal year 2017-2018); and 1870, 1871, 1878, and 1883 (COMPASS Accounting Journal, fiscal year 2018-2019). Additionally, the OMB A-87 Cost Allocation Plan shows STOP’s allocated share of some county-wide costs. Exhibit A, IRC, pages 525 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2016-2017), 1179 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2017-2018), and 1885 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2018-2019).

comply with the Parameters and Guidelines, and as such, the Controller's reduction of \$154,127 for salaries and benefits and \$217,020 for materials and supplies, and any related indirect costs, is correct as a matter of law.

However, the Controller's reduction of \$32,276 in costs for "good cause" cases and any related indirect costs is incorrect as a matter of law. The Controller denied the claimant's salaries and benefits costs that were attributed to time spent on activities related to "good cause" cases (now identified in Penal Code section 278.7), because the Parameters and Guidelines do not identify activities related to Penal Code section 278.7 as a reimbursable cost.⁴⁶ Penal Code section 278.7 states that a crime for taking or concealing a child may not be established if a person with a right to custody of the child has a good faith and reasonable belief the child will suffer immediate bodily injury or emotional harm if left with the other person and thereafter reports to the district attorney's office their name, address and telephone number, and the reason for his or her actions; commences a custody proceeding; and informs the district attorney's office of any change of address or telephone number of the defendant and the child.

The Parameters and Guidelines authorize reimbursement for "obtaining compliance with court orders relating to child custody or visitation proceedings and the enforcement of custody or visitation orders, and "utilizing *any appropriate* civil or criminal court action to secure compliance," which includes the preparation and investigation of reports and requests for assistance.⁴⁷ The Parameters and Guidelines define the scope of the mandate as follows:

Counties shall be reimbursed for the increased costs which they are required to incur to have the district attorney actively assist in the resolution of child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to child custody or visitation, as provided in Family Code Sections 3130 to 3134.5, with the exception of those activities listed in Section VI.⁴⁸

The only non-reimbursable costs are those "associated with criminal prosecution, *commencing with the defendant's first appearance in a California court*, for offenses defined in Sections 278 or 278.5 of the Penal Code, wherein the missing, abducted, or concealed child(ren) has been returned to the lawful person or agency."⁴⁹

⁴⁶ Exhibit A, IRC, pages 1916-1917 (Final Audit Report).

⁴⁷ Exhibit A, IRC, page 1892 (2009 Amendment to Parameters and Guidelines, section V.B.1.b., emphasis added).

⁴⁸ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.A.).

⁴⁹ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VI.), emphasis added.

Although the Controller argues that since Penal Code section 278.7 is not expressly identified in the Parameters and Guidelines the costs associated with section 287.7 are not eligible for reimbursement, Penal Code sections 278, 278.5 (which establish crimes), and 278.7 (the good cause exception to those crimes) simply put the reimbursable activities, which are mandated by Family Code sections 3130 and 3131, into context and define the scope of the mandate. The Penal Code sections themselves do not impose any state-mandated activities on the county.

Specifically, Family Code section 3130 requires that when a petition to determine custody has been filed with the courts or a temporary custody order has been entered pending a determination of custody, and the whereabouts of the party in possession of the child are not known or there is reason to believe the party may not appear in the proceedings although ordered to appear personally with the child, “the district attorney shall take all actions necessary to locate the party and the child and to procure compliance with the order to appear with the child for the purposes of adjudication of custody.”⁵⁰ Family Code section 3131 requires that if a custody or visitation order has been entered by a court of competent jurisdiction and the child is taken or detained by another person in violation of the order, “the district attorney shall take all actions necessary to locate and return the child and the person who violated the order *and to assist in the enforcement of the custody or visitation order by use of an appropriate civil or criminal proceedings.*”⁵¹ These code sections and their predecessors are what created the state mandate approved by the Board of Control, which, as the Parameters and Guidelines state “require district attorney offices to actively assist in the resolution of child custody problems including visitation disputes, the enforcement of custody decrees and any other order of the court [both civil and criminal] in a child custody proceeding.”⁵²

Penal Code sections 278 and 278.5 establish the crimes for maliciously taking or concealing a child in cases where the defendant has or does not have a right to custody. And, pursuant to the plain language of the Parameters and Guidelines, *all* costs to obtain compliance with court orders relating to child custody or visitation proceedings and the enforcement of those orders, and utilizing any appropriate criminal court action to secure compliance are eligible for reimbursement *up to the point of the “defendant’s first appearance in a California Court*, for offenses defined in Sections 278 or 278.5 of the Penal Code.”⁵³ Any costs incurred by the district attorney’s office after the defendant’s direct appearance in court on those crimes is not reimbursable.

⁵⁰ Family Code section 3130.

⁵¹ Family Code section 3131, emphasis added.

⁵² Exhibit A, IRC, page 1890 (2009 Amendment to Parameters and Guidelines, Section II.). See also, Civil Code section 4604, as added by Statutes 1976, Chapter 1399, section 3; Exhibit X (1), 1990 Amendment to Parameters and Guidelines, pages 3-4 (Section II.).

⁵³ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, Section VI.A), emphasis added.

If the facts establish that the defendant acted with “good cause” when taking or concealing the child pursuant to Penal Code section 278.7, the defendant will not be guilty of the crime. As the courts have determined, the criminal intent or malice requirement in the Penal Code and the good faith defense in section 278.7 are *intertwined*.⁵⁴ Thus, facts or circumstances addressing any “good cause” element in these proceedings have to be addressed by the district attorney’s office in order to comply with the mandate to “actively assist in the resolution of child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to child custody or visitation.”

Furthermore, the Controller is incorrect that the “good cause” defense in Penal Code section 278.7 has never been part of the Parameters and Guidelines. Although that specific code section was never formally incorporated in the Parameters and Guidelines, its predecessor (Penal Code section 277) was, and is still included in the Parameters and Guidelines today.⁵⁵ Accordingly, the reduction of costs to comply with Family Code sections 3130 and 3131 for “good cause” cases (up to the point of the defendant’s first appearance in court on criminal charges) is incorrect as a matter of law.

Accordingly, staff recommends that the Commission partially approve this IRC and request, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission’s regulations, that the Controller reinstate \$32,276, plus any related indirect costs, to the claimant.

⁵⁴ *People v. Neidinger* (2006) 40 Cal.4th 67, 79, emphasis added.

⁵⁵ Prior to the Legislature renumbering the child abduction chapter in 1996, Penal Code section 277, as added by Statutes 1984, Chapter 1207, established a crime when, absent an existing court order determining custody or visitation rights, a person with a right to custody maliciously takes, detains, conceals, or entices away the child *without good cause* and with the intent to deprive another person of their right to custody or visitation. “Good cause” was defined as “a good faith belief that the taking, detaining, concealing, or enticing away of the child is necessary to protect the child from immediate bodily injury or physical harm.” (See Statutes 1986, Chapter 1210). Penal Code section 277 was added to the Parameters and Guidelines prior to the 1999 amendment in the caption and alongside Penal Code sections 278 and 278.5 in the section defining non-reimbursable costs, and the 1999 amendment removed it from the non-reimbursable costs section but retained it in the caption. See Exhibit X (1), 1990 Amendment to Parameters and Guidelines, pages 7-8 (section VI.); Exhibit X (3), 1999 Amendment to Parameters and Guidelines Staff Analysis and Proposed Amendments, pages 11, 16. This item was adopted on consent. (Exhibit X (4), Commission on State Mandates Minutes, August 26, 1999, page 7.)

Conclusion

Based on the forgoing analysis, staff concludes that the Controller's reduction of \$32,276 in salaries and benefits for time spent investigating "good cause" cases, and any related indirect costs, is incorrect as a matter of law and incorrectly reduced.

All other reductions are correct as a matter of law and the corresponding claims denied.

Staff Recommendation

Staff recommends that the Commission adopt the Proposed Decision to partially approve the IRC and to request, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission's regulations, that the Controller reinstate \$32,276, plus related indirect costs, to the claimant. Staff further recommends that the Commission authorize staff to make any technical, non-substantive changes to the Proposed Decision following the hearing.

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIM

Family Code Sections 3060 to 3064,
3130 to 3134.5, 3408, 3411, and 3421
Penal Code Sections 277, 278, and 278.5
Welfare and Institutions Code Section
11478.5 (Currently Family Code Section
17506)

Chapter 1399, Statutes of 1976; Chapter
162, Statutes of 1992; Chapter 988,
Statutes of 1996

Fiscal Years 2016-2017, 2017-2018, and
2018-2019

Filed on November 25, 2024

County of Sacramento Claimant

Case No.: 24-4237-I-04

*Custody of Minors – Child Abduction and
Recovery Program*

DECISION PURSUANT TO
GOVERNMENT CODE SECTION 17500
ET SEQ.; CALIFORNIA CODE OF
REGULATIONS, TITLE 2, DIVISION 2,
CHAPTER 2.5, ARTICLE 7.

(Adopted April 10, 2026)

DECISION

The Commission on State Mandates (Commission) heard and decided this Incorrect Reduction Claim (IRC) during a regularly scheduled hearing on April 10, 2026. [Witness list will be included in the adopted Decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code sections 17500 et seq., and related case law.

The Commission [adopted/modified] the Proposed Decision to partially approve the IRC by a vote of [vote will be included in the adopted Decision], as follows:

Member	Vote
Lee Adams, County Supervisor	
Deborah Gallegos, Representative of the State Controller, Vice Chairperson	
Karen Greene Ross, Public Member	
Renee Nash, School District Board Member	
William Pahland, Representative of the State Treasurer	
Michelle Perrault, Representative of the Director of the Department of Finance, Chairperson	

Member	Vote
Alexander Powell, Representative of the Director of the Governor's Office of Land Use and Climate Innovation	

Summary of the Findings

This IRC addresses reductions made by the State Controller's Office (Controller) to costs claimed by the County of Sacramento's (claimant's) district attorney's office during fiscal years 2016-2017, 2017-2018, and 2018-2019 (audit period) for costs incurred while implementing the *Custody of Minors – Child Abduction and Recovery* (CAR) program. CAR is a state mandated program originally approved by the Board of Control in 1979, which requires district attorney's offices to "actively assist in the resolution of child custody problems including visitation disputes, the enforcement of custody decrees and of any other order of the court in a child custody proceeding. These activities include all actions necessary to locate a child, the enforcement of child custody decrees, orders to appear, or any other court order defraying expenses related to the return of an illegally detained, abducted or concealed child, proceeding with civil court actions, and guaranteeing the appearance of offenders and minors in court actions."⁵⁶

For the period between July 1, 2016 through June 30, 2019, the claimant claimed \$1,885,876 for costs of the mandated program.⁵⁷ The audit found that \$1,420,782 of the claimed costs were allowable and \$465,094 were unallowable.⁵⁸ Of the unallowable costs, \$248,074 were reduced from the claimant's costs for salaries and benefits (including \$61,671 for related indirect costs), and \$217,020 for materials and supplies.⁵⁹ For the unallowable salaries and benefits costs, there were two issues the Controller found: the claimant claimed \$154,127 in direct costs for time that was not actual time spent on mandated activities, but was instead spent on non-program specific activities, a portion of which was then allocated to child abduction cases based on standard distribution time ("SD time"); and the claimant claimed \$32,276 in direct costs for time spent on cases classified under Penal Code section 278.7 ("good cause" cases), which the Controller asserted are not reimbursable because the Parameters and Guidelines do not identify activities related to good cause under Penal Code section 278.7 as a reimbursable cost.⁶⁰ For the materials and supplies issue, the Controller found that the claimant claimed costs that were allocated to the entire unit that contains their child

⁵⁶ Exhibit A, IRC, page 1890 (2009 Amendment to Parameters and Guidelines, section II.).

⁵⁷ Exhibit A, IRC, page 1916 (Final Audit Report).

⁵⁸ Exhibit A, IRC, page 1916 (Final Audit Report).

⁵⁹ Exhibit A, IRC, page 1915 (Final Audit Report).

⁶⁰ Exhibit A, IRC, page 1916-1922 (Final Audit Report).

abduction program, rather than identifying and claiming actual costs for the mandated child abduction program.⁶¹

The Commission finds that the Controller's reductions related to salaries and benefits costs of \$154,127 for non-program specific activities based on SD time, and for the claimant's materials and supplies costs of \$217,020, plus any related indirect costs, are correct as a matter of law.

Claims for reimbursement shall be filed in the manner prescribed in the Parameters and Guidelines, which are regulatory in nature and binding on the claimant.⁶² To be eligible for mandated cost reimbursement, only actual costs may be claimed, which are "those costs actually incurred to implement the mandated activities."⁶³ The Parameters and Guidelines allow reimbursement for both direct and indirect costs, with separate reimbursement claim preparation instructions for each, and define direct costs as "costs that can be traced to specific goods, services, units, programs, activities, or functions."⁶⁴ To claim actual direct costs for salary and employees' benefits, claimants' must "Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits," while for materials and supplies direct costs, claimants' must "list the cost of the materials and supplies consumed specifically for the purposes of this mandate."⁶⁵ In addition, the Parameters and Guidelines require that direct costs must be traceable and supported by contemporaneous source documents, which are created at or near the time at which the cost was incurred, and show the validity of such costs, when they were incurred, and their relationship to reimbursable activities.⁶⁶

In this case, however, the claimant did not claim the actual direct costs for salaries and benefits and materials and supplies for the mandated program. Instead, the claimant claimed salary and benefit and material and supply costs allocated to the CAR program, similar to claiming an indirect cost. Specifically, the claimant has a unit within its district attorney's office that serves several different programs which are all reimbursed by the state, including CAR, called the State Targeted Offenders Program (STOP). The claimant took the time employees spent on "non-program specific activities" that

⁶¹ Exhibit A, IRC, page 1922 (Final Audit Report).

⁶² Government Code section 17564(b). See *Clovis Unified School District v. State Controller*, 2010, 188 Cal.App.4th 794, 797.

⁶³ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.).

⁶⁴ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VII.A.).

⁶⁵ Exhibit A, IRC, pages 1894-1895 (2009 Amendment to Parameters and Guidelines, sections VII.A.1. and VII.A.3.).

⁶⁶ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.).

supported STOP as a whole, and the materials and supplies costs incurred by STOP as a whole, and used a cost allocation methodology to determine a share of these costs which it attributed to CAR cases, and then claimed these allocated costs as direct costs. Allocated costs are not direct costs which “can be traced to specific goods, services, units, programs, activities, or functions,” because the goods, services, etc., benefited the STOP unit as a whole, not the CAR program specifically.⁶⁷ Allocated salary and benefits costs do not identify the actual number of hours devoted to each function for this program specifically, nor do allocated materials and supplies costs identify the materials and supplies consumed specifically for the purpose of this mandate.

Furthermore, the claimant did not provide proper source documents in support of these claimed costs. Although the Parameters and Guidelines allow the use of cost allocation reports to support actual costs, they are specifically allowed as corroborating documents, which are not a substitute for contemporaneous source documentation.⁶⁸ The claimant’s salaries and benefits costs, including SD time, were supported with billing detail reports, which showed SD time after it was allocated to CAR cases using the claimant’s cost allocation methodology, making this a cost allocation report.⁶⁹ The claimant asserts that it used “time records, time logs, and worksheets generated by employees detailing the time they worked on Child Abduction and Recovery activities, and then used cost allocation to determine the full-time equivalent percentage of those expenses attributable to that particular program,” but the claimant did not provide any of these documents that could act as source documentation to support the allocated costs.⁷⁰ For the materials and supplies costs, the claimant provided documentation of the method used to calculate CAR’s allocated share of STOP’s materials and supplies costs, accounting journals which listed all costs incurred by STOP in a given year, and excerpts from the county’s OMB A-87 cost allocation plan.⁷¹ Some of the costs

⁶⁷ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VII.A.).

⁶⁸ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.).

⁶⁹ Exhibit A, IRC, pages 21-496 (STOP Billing Detail Report, Fiscal Year 2016-2017); 527-1152 (STOP Billing Detail Report, Fiscal Year 2017-2018); and 1181-1855 (STOP Billing Detail Report, Fiscal Year 2018-2019).

⁷⁰ Exhibit A, IRC, page 1918 (Final Audit Report).

⁷¹ See Exhibit A, IRC, pages 498-523 (COMPASS Account Journal, Fiscal Year 2016-2017); 525 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2016-2017); 1154-1177 (COMPASS Account Journal, Fiscal Year 2017-2018); 1179 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2017-2018); 1857-1883 (COMPASS Account Journal, Fiscal Year, 2018-2019); 1885 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2018-2019); 1938 (Final Audit Report, Claimant’s Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2016-2017, Attachment A, Calculation of Service and Supplies Costs for CAR), 1944 (Final Audit Report, Claimant’s Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal

included in the claimant's cost allocation methodology were themselves allocated costs apportioned to the STOP unit, without any source documentation to support them.⁷² These documents show how costs were allocated to the program and are not proper source documentation showing the actual costs incurred for the state-mandated program. Unlike the materials and supplies which were directly consumed by the CAR program, which were supported with case files and records that showed how they were consumed, and with invoices and receipts to support their costs, no documentation provided supports that the allocated materials and supplies costs were consumed specifically for the purpose of the CAR program. Accordingly, the claimant did not comply with the Parameters and Guidelines, and as such, the Controller's reduction of \$154,127 for salaries and benefits and \$217,020 for materials and supplies, and any related indirect costs, is correct as a matter of law.

However, the Controller's reduction of \$32,276 in costs for "good cause" cases and any related indirect costs is incorrect as a matter of law. The Controller denied the claimant's salaries and benefits costs that were attributed to time spent on activities related to "good cause" cases (now identified in Penal Code section 278.7), because the Parameters and Guidelines do not identify activities related to Penal Code section 278.7 as a reimbursable cost.⁷³ Penal Code section 278.7 states that a crime for taking or concealing a child may not be established if a person with a right to custody of the child has a good faith and reasonable belief the child will suffer immediate bodily injury or emotional harm if left with the other person and thereafter reports to the district attorney's office their name, address and telephone number, and the reason for his or her actions; commences a custody proceeding; and informs the district attorney's office of any change of address or telephone number of the defendant and the child.

The Parameters and Guidelines authorize reimbursement for "obtaining compliance with court orders relating to child custody or visitation proceedings and the enforcement of custody or visitation orders, and "utilizing *any appropriate*

Year 2017-2018, Attachment A, Calculation of Service and Supplies Costs for CAR), and 1950 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2018-2019, Attachment A, Calculation of Service and Supplies Costs for CAR).

⁷² For example, the entries in claimant's accounting journals for liability insurance, countywide IT services, facility use, and employee benefits include a comment noting it to be an allocated cost. See Exhibit A, IRC, pages 513, 519, 522, and 523 (COMPASS Accounting Journal, fiscal year 2016-2017); 1166, 1172, and 1176 (COMPASS Accounting Journal, fiscal year 2017-2018); and 1870, 1871, 1878, and 1883 (COMPASS Accounting Journal, fiscal year 2018-2019). Additionally, the OMB A-87 Cost Allocation Plan shows STOP's allocated share of some county-wide costs. Exhibit A, IRC, pages 525 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2016-2017), 1179 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2017-2018), and 1885 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2018-2019).

⁷³ Exhibit A, IRC, pages 1916-1917 (Final Audit Report).

civil or criminal court action to secure compliance,” which includes the preparation and investigation of reports and requests for assistance.⁷⁴ The Parameters and Guidelines define the scope of the mandate as follows:

Counties shall be reimbursed for the increased costs which they are required to incur to have the district attorney actively assist in the resolution of child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to child custody or visitation, as provided in Family Code Sections 3130 to 3134.5, with the exception of those activities listed in Section VI.⁷⁵

The only non-reimbursable costs are those “associated with criminal prosecution, *commencing with the defendant's first appearance in a California court*, for offenses defined in Sections 278 or 278.5 of the Penal Code, wherein the missing, abducted, or concealed child(ren) has been returned to the lawful person or agency.”⁷⁶

Although the Controller argues that since Penal Code section 278.7 is not expressly identified in the Parameters and Guidelines the costs associated with section 287.7 are not eligible for reimbursement, Penal Code sections 278, 278.5 (which establish crimes), and 278.7 (the good cause exception to those crimes) simply put the reimbursable activities, which are mandated by Family Code sections 3130 and 3131, into context and define the scope of the mandate. The Penal Code sections themselves do not impose any state-mandated activities on the county.

Specifically, Family Code section 3130 requires that when a petition to determine custody has been filed with the courts or a temporary custody order has been entered pending a determination of custody, and the whereabouts of the party in possession of the child are not known or there is reason to believe the party may not appear in the proceedings although ordered to appear personally with the child, “the district attorney shall take all actions necessary to locate the party and the child and to procure compliance with the order to appear with the child for the purposes of adjudication of custody.”⁷⁷ Family Code section 3131 requires that if a custody or visitation order has been entered by a court of competent jurisdiction and the child is taken or detained by another person in violation of the order, “the district attorney shall take all actions necessary to locate and return the child and the person who violated the order *and to assist in the enforcement of the custody or visitation order by use of an appropriate civil*

⁷⁴ Exhibit A, IRC, page 1892 (2009 Amendment to Parameters and Guidelines, section V.B.1.b., emphasis added).

⁷⁵ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.A.).

⁷⁶ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VI.), emphasis added.

⁷⁷ Family Code section 3130.

or criminal proceedings.”⁷⁸ These code sections and their predecessors are what created the state mandate approved by the Board of Control, which, as the Parameters and Guidelines state “require district attorney offices to actively assist in the resolution of child custody problems including visitation disputes, the enforcement of custody decrees and any other order of the court [both civil and criminal] in a child custody proceeding.”⁷⁹

Penal Code sections 278 and 278.5 establish the crimes for maliciously taking or concealing a child in cases where the defendant has or does not have a right to custody. And, pursuant to the plain language of the Parameters and Guidelines, *all* costs to obtain compliance with court orders relating to child custody or visitation proceedings and the enforcement of those orders, and utilizing any appropriate criminal court action to secure compliance are eligible for reimbursement *up to the point of the “defendant’s first appearance in a California Court*, for offenses defined in Sections 278 or 278.5 of the Penal Code.”⁸⁰ Any costs incurred by the district attorney’s office after the defendant’s direct appearance in court on those crimes is not reimbursable.

If the facts establish that the defendant acted with “good cause” when taking or concealing the child pursuant to Penal Code section 278.7, the defendant will not be guilty of the crime. As the courts have determined, the criminal intent or malice requirement in the Penal Code and the good faith defense in section 278.7 are *intertwined*.⁸¹ Thus, facts or circumstances addressing any “good cause” element in these proceedings have to be addressed by the district attorney’s office in order to comply with the mandate to “actively assist in the resolution of child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to child custody or visitation.”⁸²

Furthermore, the Controller is incorrect that the “good cause” defense in Penal Code section 278.7 has never been part of the Parameters and Guidelines. Although that specific code section was never formally incorporated in the Parameters and Guidelines, its predecessor (Penal Code section 277) was, and is still included in the

⁷⁸ Family Code section 3131, emphasis added.

⁷⁹ Exhibit A, IRC, page 1890 (2009 Amendment to Parameters and Guidelines, Section II.). See also, Civil Code section 4604, as added by Statutes 1976, Chapter 1399, section 3; Exhibit X (1), 1990 Amendment to Parameters and Guidelines, pages 3-4 (Section II.).

⁸⁰ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, Section VI.A.), emphasis added.

⁸¹ *People v. Neidinger* (2006) 40 Cal.4th 67, 79, emphasis added.

⁸² Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, Section V.A.).

Parameters and Guidelines today.⁸³ Accordingly, the reduction of costs to comply with Family Code sections 3130 and 3131 for “good cause” cases (up to the point of the defendant’s first appearance in court on criminal charges) is incorrect as a matter of law.

Accordingly, the Commission partially approves this IRC and requests, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission’s regulations, that the Controller reinstate \$32,276, plus any related indirect costs, to the claimant.

COMMISSION FINDINGS

I. Chronology

02/13/2018	The claimant filed its fiscal year 2016-2017, 2017-2018, and 2018-2019 reimbursement claim(s).
01/14/2021	The Controller notified the claimant of the audit.
11/17/2021	The Controller issued the Draft Audit Report.
12/10/2021	The claimant filed comments on the Draft Audit Report.
02/23/2022	The Controller issued the Final Audit Report.
11/25/2024	The claimant filed the IRC.
03/06/2025	The Controller filed comments on the IRC.
04/04/2025	The claimant filed rebuttal comments.
01/30/2026	Commission staff issued the Draft Proposed Decision. ⁸⁴

⁸³ Prior to the Legislature renumbering the child abduction chapter in 1996, Penal Code section 277, as added by Statutes 1984, Chapter 1207, established a crime when, absent an existing court order determining custody or visitation rights, a person with a right to custody maliciously takes, detains, conceals, or entices away the child *without good cause* and with the intent to deprive another person of their right to custody or visitation. “Good cause” was defined as “a good faith belief that the taking, detaining, concealing, or enticing away of the child is necessary to protect the child from immediate bodily injury or physical harm.” See Statutes 1986, Chapter 1210. Penal Code section 277 was added to the Parameters and Guidelines prior to the 1999 amendment in the caption and alongside Penal Code sections 278 and 278.5 in the section defining non-reimbursable costs, and the 1999 amendment removed it from the non-reimbursable costs section but retained it in the caption. See Exhibit X (1), 1990 Amendment to Parameters and Guidelines, pages 7-8 (section VI.); Exhibit X (3), 1999 Amendment to Parameters and Guidelines Staff Analysis and Proposed Amendments, pages 11, 16. This item was adopted on consent. (Exhibit X (4), Commission on State Mandates Minutes, August 26, 1999, page 7.)

⁸⁴ Exhibit D, Draft Proposed Decision.

II. Background

A. The Test Claim Statute

In 1979, the Board of Control found Statutes of 1976, chapter 1399, to impose a reimbursable state mandate on county district attorney offices to assist in the resolution of child custody problems, and the enforcement of custody decrees and other orders of the court in a child custody proceeding. The Board of Control found that the mandated activities include “all actions necessary to locate a child, the enforcement of child custody decrees, orders to appear, or any other court order defraying expenses related to the return of an illegally detained, abducted or concealed child, proceedings with civil court actions, and guaranteeing the appearance of offenders and minors in court actions.”⁸⁵

Specifically, the 1976 test claim statute added sections 4600.1 and 4604 to and amended sections 5157, 5160, and 5169 of the Civil Code, added sections 278 and 278.5 to the Penal Code, and amended sections 11478 and 11478.5 of the Welfare and Institutions Code, which required county district attorney offices to become involved in child custody matters.⁸⁶ “Where previously parents or others interested in the custody status of minors pursued their interests in court with no assistance from law enforcement agencies, due to this statute counties are required to actively assist in the resolution of custody problems and the enforcement of custody decrees.”⁸⁷

Civil Code section 4604 required that when there is a petition to determine custody of a child filed with the courts or a temporary custody order pending a determination of custody, and either the location of the party with possession of the child is not known or there is a reason to believe that party will defy court orders to appear in the proceedings with the child personally, the district attorney “shall take all actions necessary to locate such party and the child and to procure compliance with the order to appear with the child for the purposes of adjudication of custody.”⁸⁸ It also said that after a custody decree has been entered, when a child is taken, enticed away, detained, or concealed in violation of that decree, the district attorney shall take all actions necessary to locate the person who violated the decree and the child and to assist in enforcing the custody order or decree.⁸⁹ Welfare and Institutions Code section 11478 also required all state, county, and local agencies to cooperate in the location of parents who have abandoned, deserted, or abducted children.⁹⁰

⁸⁵ Exhibit A, IRC, page 1890 (2009 Amendment to Parameters and Guidelines, section II.).

⁸⁶ Statutes 1976, chapter 1399.

⁸⁷ Exhibit A, IRC, page 1889 (2009 Amendment to Parameters & Guidelines, section I.).

⁸⁸ Civil Code section 4604(a), as added by Statutes 1976, Chapter 1399, section 3.

⁸⁹ Civil Code section 4604(b), as added by Statutes 1976, Chapter 1399, section 3.

⁹⁰ Welfare and Institutions Code section 11478, as amended by Statutes 1976, Chapter 399, section 15.

To facilitate this, several tools were provided to the courts and enforcement agencies in this legislation, including changes in the procedures for filing petitions to determine custody and enforce visitation rights, increased authorization to issue warrants of arrest to ensure compliance, and increased access to locator and other information maintained by County and State departments.

Penal Code section 278 established a crime when a defendant, who does not have a right to custody of a child, acts with malicious intent to detain or conceal the child from their parent, guardian, or other person with lawful charge of the child, as follows:

Every person, not having a right to custody, who maliciously takes, entices away, detains, or conceals any minor child with intent to detain or conceal such child from a parent, or guardian, or other person having lawful charge to such child shall be punished by imprisonment in the state prison for two, three, or four years, a fine of not more than ten thousand dollars (\$10,000) or both, or imprisonment in a county jail for a period of not more than one year, a fine of not more than one thousand dollars (\$1,000), or both.⁹¹

Penal Code section 278.5 established a crime when the defendant takes, retains after the end of a visitation period, or conceals the child from their legal custodian in violation of a custody decree, or if the defendant has custody of the child pursuant to a court order and detains or conceals the child with intent to deprive another person of their right to custody or visitation in violation of a court order, as follows:

Every person who in violation of a custody decree takes, retains after the expiration of a visitation period, or conceals the child from his legal custodian, and every person who has custody of a child pursuant to an order, judgment or decree of any court which grants another person rights to custody or visitation of such child, and who detains or conceals such child with the intent to deprive the other person of such right to custody or visitation shall be punished by imprisonment in state prison for a period of not more than one year and one day or by imprisonment in a county jail for a period of not more than one year, a fine of not more than one thousand dollars (\$1,000), or both.⁹²

The 1976 statute also added Civil Code section 4600.1 (allowing parties in a dissolution of marriage proceeding to petition the court for a temporary custody order of any minor children); added Civil Code section 4605 (authorizing the state to reimburse district attorney expenses incurred pursuant to Civil Code section 4604, and for courts to allocate liability for reimbursement of district attorneys' actual expenses to either or both parties); amended Civil Code section 5157 (prohibiting courts from exercising jurisdiction to modify a custody decree when the petitioner has violated the custody decree of another state, unless required in the interest of the child); amended Civil Code section 5160 (granting courts authority to order a party in a custody proceeding to

⁹¹ Penal Code section 278(a), as added by Statutes 1976, Chapter 1399, section 10.5.

⁹² Penal Code section 278.5(a), as added by Statutes 1976, Chapter 1399, section 11.

appear personally with the child, and to issue an arrest warrant against the party if they do not comply); amended Civil Code section 5169 (authorizing courts competent to hear custody matters in this state to order a person in this state to appear at a hearing or produce evidence upon the request of the court of another state; and amended Welfare and Institutions Code section 11478.5 (directing the Attorney General to use its parent locator service to locate parents who deserted or abandoned their children to enforce their liability for child support and to locate and return abducted children and their parents.)⁹³

In 1983, the Legislature amended Civil Code section 4604(b) to clarify it to also require district attorneys to enforce visitation orders.⁹⁴ Subsequent amendments to the program are described below.

B. Child Abduction and the “Good Cause” Defense in Former Penal Code Section 277, which Was Recodified as Section 278.7 in 1996

In 1984, the Legislature added what is now the former version of Penal Code section 277.⁹⁵ Unlike former Penal Code section 278, which applied to defendants who had no right to custody of a child, and former Penal Code section 278.5, which applied when the defendant had a right to custody or visitation pursuant to a court order, former Penal Code section 277 applied when there was no court order determining custody or visitation rights. Under the circumstances when no court order determining custody exists, a crime is established if the defendant intentionally deprives another person of their right to custody, and maliciously takes, detains, conceals, or entices away the child, *without good cause*, as follows:

In the absence of a court order determining rights of custody or visitation to a minor child, every person having a right of custody of the child who maliciously takes, detains, conceals, or entices away that child within or without the state, without good cause, and with the intent to deprive the custody right of another person or a public agency also having a custody right to that child, shall be punished by imprisonment in the county jail for a period of not more than one year, a fine of one thousand dollars (\$1,000), or both, or by imprisonment in the state prison for a period of one year and one day, a fine of five thousand dollars (\$5,000), or both.

A subsequently obtained court order for custody or visitation shall not affect the application of this section.

For the purposes of this section, "a person having a right of custody" means the legal guardian of the child or a person who has a parent and

⁹³ See Statutes 1976, Chapter 1399, sections 2, 4, 5, 6, 7, 13, and 16.

⁹⁴ Civil Code section 4604(b), as amended by Statutes 1983, chapter 990, section 1. See also, Exhibit X (1) 1990 Amendment to Parameters and Guidelines, page 3 (Section I., Summary of Mandate).

⁹⁵ Statutes of 1984, chapter 1207, section 1.

child relationship with the child pursuant to Section 197 of the Civil Code.⁹⁶

In 1986, an urgency statute amended former Penal Code section 277 to clarify that “As used in this section, ‘good cause’ means a good faith belief that the taking, detaining, concealing, or enticing away of the child is necessary to protect the child from immediate bodily injury or emotional harm.”⁹⁷ Thus, “good cause” for taking the child means that no crime exists.

Defendants charged under former Penal Code sections 278 and 278.5 also sometimes asserted a common law necessity defense for their actions of taking or concealing the child, which required the defendant have no other legal course of action available to them, and for the “individual committing the crime to report to the proper authorities immediately after attaining a position of safety from the peril.”⁹⁸ Affirmative defenses such as necessity have a burden of proof requiring the defendant to prove the necessity of their actions by a preponderance of evidence.⁹⁹

In 1992, the defendant in *People v. Dewberry* was charged with violating former Penal Code section 277, and he argued that the trial court improperly instructed the jury that he had the burden of proving the affirmative defense of good cause or necessity to take the child by a preponderance of the evidence, rather than making good cause an element of the offense. If good cause is an element of the offense, the defendant only has to create reasonable doubt in the prosecution’s assertion that his actions were without good cause.¹⁰⁰ The appellate court agreed with the defendant, comparing former Penal Code section 277 with Penal Code section 270, which prohibits parents of minor children from willfully failing to provide the child necessities such as clothing, food, shelter, or medical assistance *without lawful excuse*.¹⁰¹ The court noted:

If the absence of lawful excuse is an element of the offense prescribed by Penal Code section 270, then it logically follows that the absence of good cause is an element of the offense prescribed by section 277.

⁹⁶ Penal Code section 277, as added by Statutes of 1984, Chapter 1207, section 1.

⁹⁷ Penal Code section 277, as amended by Statutes of 1986, Chapter 1210, section 1.

⁹⁸ *People v. Beach* (1987) 194 Cal.App.3d 955, 972 (Finding that the defendant, charged under former Penal Code section 278.5 did not meet these requirements as evidence showed a custody hearing scheduled for two days after the taking would have provided a legal alternative if she chose to participate, and that she failed to report to the authorities, did not seek to obtain legal custody of the child, and deliberately evaded authorities for over five years).

⁹⁹ *People v. Dewberry* (1992) 8 Cal.App.4th 1017, 1020.

¹⁰⁰ *People v. Dewberry* (1992) 8 Cal.App.4th 1017, 1020.

¹⁰¹ *People v. Dewberry* (1992) 8 Cal.App.4th 1017, 1021, emphasis in original.

Accordingly, in attempting to show good cause for taking David to Texas, Dewberry need only have raised a reasonable doubt on this point.¹⁰²

In 1996, the Legislature repealed and added back in all of Chapter 4 (commencing with Section 277), of the Penal Code, but renumbered some provisions.¹⁰³ Penal Code section 277 now provides statutory definitions for terms used in the chapter such as “right to custody” and “visitation.”¹⁰⁴ Penal Code section 278 was mostly unchanged from former section 278, and says:

Every person, not having a right to custody, who maliciously takes, entices away, keeps, withholds, or conceals any child with the intent to detain or conceal that child from a lawful custodian shall be punished by imprisonment in a county jail not exceeding one year, a fine not exceeding one thousand dollars (\$1,000), or both that fine and imprisonment, or by imprisonment in the state prison for two, three, or four years, a fine not exceeding ten thousand dollars (\$10,000), or both that fine and imprisonment.¹⁰⁵

The changes made to Penal Code section 278.5 however combine elements of both former Penal Code sections 277 and 278.5, as it applies regardless of whether there is a court order regarding custody or visitation rights, but no longer specifies the taking of the child must be without good cause. Section 278.5 states:

- (a) Every person who takes, entices away, keeps, withholds, or conceals a child and maliciously deprives a lawful custodian of a right to custody, or a person of a right to visitation, shall be punished by imprisonment in county jail not exceeding one year, a fine not exceeding one thousand dollars (\$1,000), or both that fine and imprisonment, or by imprisonment in the state prison for 16 months, or two or three years, a fine not exceeding ten thousand dollars (\$10,000), or both that fine and imprisonment.
- (b) Nothing contained in this section limits the court’s contempt power.
- (c) A custody order obtained after the taking, enticing away, keeping, withholding, or concealing of a child does not constitute a defense to a crime charged under this section.¹⁰⁶

¹⁰² *People v. Dewberry* (1992) 8 Cal.App.4th 1017, 1021.

¹⁰³ See Statutes of 1996, chapter 988, section 9.

¹⁰⁴ Penal Code section 277, as added by Statutes of 1996, chapter 988, section 9.

¹⁰⁵ Penal Code section 278, as added by Statutes of 1996, chapter 988, section 9. The current version received one last amendment since then with Statutes of 2011, chapter 15, section 313, which noted the punishment of imprisonment in state prison was pursuant to subdivision (h) of Section 1170.

¹⁰⁶ Penal Code section 278.5, as added by Statutes of 1996, chapter 988, section 9. The current version received one last amendment since then with Statutes of 2011,

The Legislature also added Penal Code section 278.7, which now states that Penal Code section 278.5 does not apply and a crime may not be established if a person with a right to custody of the child has a good faith and reasonable belief the child will suffer immediate bodily injury or emotional harm if left with the other person and thereafter reports to the district attorney's office with their name, address and telephone number, and the reason for his or her actions; commences a custody proceeding; and informs the district attorney's office of any change of address or telephone number of the defendant and the child. Penal Code section 278.7 says:

- (a) Section 278.5 does not apply to a person with a right to custody of a child who, with a good faith and reasonable belief that the child, if left with the other person, will suffer immediate bodily injury or emotional harm, takes, entices away, keeps, withholds, or conceals that child.
- (b) Section 278.5 does not apply to a person with a right to custody of a child who has been a victim of domestic violence who, with a good faith and reasonable belief that the child, if left with the other person, will suffer immediate bodily injury or emotional harm, takes, entices away, keeps, withholds, or conceals that child. "Emotional harm" includes having a parent who has committed domestic violence against the parent who is taking, enticing away, keeping, withholding, or concealing the child.
- (c) The person who takes, entices away, keeps, withholds, or conceals a child shall do all of the following:
 - (1) Within a reasonable time from the taking, enticing away, keeping, withholding, or concealing, make a report to the office of the district attorney of the county where the child resided before the action. The report shall include the name of the person, the current address and telephone number of the child and the person, and the reasons the child was taken, enticed away, kept, withheld, or concealed.
 - (2) Within a reasonable time from the taking, enticing away, keeping, withholding, or concealing, commence a custody proceeding in a court of competent jurisdiction consistent with the federal Parental Kidnapping Prevention Act (Section 1738A, Title 28, United States Code) or the Uniform Child Custody Jurisdiction Act (Part 3 (commencing with Section 3400) of Division 8 of the Family Code).
 - (3) Inform the district attorney's office of any change of address or telephone number of the person and the child.
- (d) For the purposes of this article, a reasonable time within which to make a report to the district attorney's office is at least 10 days and a

chapter 15, section 314, which noted the punishment of imprisonment in state prison was pursuant to subdivision (h) of Section 1170.

reasonable time to commence a custody proceeding is at least 30 days. This section shall not preclude a person from making a report to the district attorney's office or commencing a custody proceeding earlier than those specified times.

- (e) The address and telephone number of the person and the child provided pursuant to this section shall remain confidential unless released pursuant to state law or by a court order that contains appropriate safeguards to ensure the safety of the person and the child.¹⁰⁷

In 2006, the California Supreme Court found in *People v. Neidinger* that the “good faith and reasonable belief” language still only requires the defendant, like under former Penal Code section 277, to raise a reasonable doubt regarding the prosecution’s allegations that the defendant had malice and did not have “good cause” when taking or concealing the child, and that the malice requirement in section 278.5 and the good faith defense in section 278.7 are “intertwined, not entirely separate.”¹⁰⁸

Thus, when asserting a defense under Penal Code section 278.7, defendants are only required to show reasonable doubt that a crime under Penal Code section 278.5 occurred by presenting evidence of their good faith and reasonable belief that the child will suffer immediate bodily injury or emotional harm if left with the other person and that the defendant complied with the reporting and custody proceeding requirements set forth in section 278.7(c) and (d).¹⁰⁹

C. The Board of Control’s Mandate Determination and Subsequent Amendments to the Parameters and Guidelines

In 1979, the Board of Control approved the Test Claim and found Statutes of 1976, chapter 1399 to impose a reimbursable state mandate on county district attorney offices.¹¹⁰ Parameters and Guidelines were approved on January 21, 1981.¹¹¹ Records show the Parameters and Guidelines were amended on July 19, 1984; July 27, 1987;

¹⁰⁷ Penal Code section 278.7, as added by Statutes of 1996, chapter 988, section 9 (this is the current version of Penal Code section 278.7).

¹⁰⁸ *People v. Neidinger* (2006) 40 Cal.4th 67, 79.

¹⁰⁹ Compare with *People v. Jo* (2017) 15 Cal.App.5th 1128, 1159 (In which a defendant who did not comply with the reporting and custody proceeding requirements could still present evidence of domestic violence as part of her defense claiming an absence of malice, but this alone was not sufficient in light of overwhelming evidence of her malicious intent.).

¹¹⁰ Exhibit A, IRC, page 1890 (2009 Amendment to Parameters and Guidelines, section II.).

¹¹¹ Exhibit A, IRC, page 1889 (2009 Amendment to Parameters and Guidelines).

and October 26, 1989, however copies of these amendments and the original Parameters and Guidelines are not available.¹¹²

On February 22, 1990, the Parameters and Guidelines were amended again.¹¹³ The 1990 Parameters and Guidelines identify the 1976 statute (the test claim statute) and 1983 statute (which provided that the enforcement requirements applied to visitation decrees as well as custody decrees) as the statutes creating the reimbursable state-mandated program and the 1990 Parameters and Guidelines define the scope of the mandate as follows:

Counties shall be reimbursed for the increased costs which they are required to incur to have the district attorney: actively assist in the resolution of child custody and visitation problems; the enforcement of custody and visitation decrees; take all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and comply with other court orders relating to child custody or visitation, as provided in Civil Code Section 4604, with the exception of those activities listed in Section VI.¹¹⁴

The reimbursable activities identified in the 1990 Parameters and Guidelines are as follows:

1. Obtaining compliance with court orders relating to child custody or visitation proceedings and the enforcement of child custody or visitation decrees [sic]:
 - a. Contact with child(ren) and other involved persons.
 - (1) Receipt of reports and requests for assistance.
 - (2) Mediating with or advising involved individuals. Mediating services may be provided by other departments. If this is the case, indicate the department.
 - (3) Locating missing or concealed offender and child.
 - b. Utilizing any appropriate civil or criminal court action to secure compliance.
 - (1) Preparation and investigation of reports and requests for assistance.
 - (2) Seeking physical restraint of offenders and/or the child(ren) to assure compliance with decrees or court orders.
 - (3) Process services and attendant court fees and costs.

¹¹² Exhibit A, IRC, page 1889 (2009 Amendment to Parameters and Guidelines); Exhibit X (1), 1990 Amendment to Parameters and Guidelines, page 3.

¹¹³ Exhibit X (1), 1990 Amendment to Parameters and Guidelines.

¹¹⁴ Exhibit X (1), 1990 Amendment to Parameters and Guidelines, pages 3-5.

- (4) Depositions.
- c. Physically recovering the child(ren).
 - (1) Travel expenses, food, lodging, and transportation for the escort and child.
 - (2) Other personal necessities for the child. All such items purchased must be itemized.
- 2. Court actions and costs in cases involving child custody or visitation orders from another jurisdiction, which may include, but are not limited to, utilization of the Uniform Child Custody Jurisdiction Act (Civil Code Sections 5150 through 5174) and actions relating to the Federal Parental Kidnapping Prevention Act (42 USC 1738A) and The Hague Convention of 25 October 1980 on the Civil Aspects of International Child Abduction (Senate Treaty Document 99-11, 99th Congress, 1st Session).
 - a. District Attorney cost of notifications sent if jurisdiction is refused.
 - b. cost of providing foster home care or other short-term care for any child pending return to the out-of-jurisdiction custodian. The reimbursable period of foster home care or other short-term care may not exceed three days unless special circumstances exist.

Please explain the special circumstances. A maximum of ten days per child is allowable. Costs must be identified per child, per day. This cost must be reduced by the amount of state reimbursement for foster home care which is received by the county for the child(ren) so placed.
 - c. Cost of transporting the child to the out-of-jurisdiction custodian.
 - (1) Travel expenses, food, lodging, and transportation for the escort and child.
 - (2) Other personal necessities for the child. All such items purchased must be itemized. Cost recovered from any party, individual or agency, must be shown and used as an offset against costs reported in this section.
- 3. Securing appearance of offender and/or child(ren) when an arrest warrant has been issued or other order of the court to produce the offender or child(ren).
 - a. Cost of serving arrest warrant or order and detaining the individual in custody, if necessary, to assure appearance in accordance with the arrest warrant or order.
 - b. Cost of providing foster home care or other short-term care for any child requiring such because of the detention of the individual having custody. The number of days for the foster

home care or short-term care shall not exceed the number of days of the detention period of the individual having physical custody of the minor.

4. Return of an illegally obtained or concealed child to the legal custodian or agency.
 - a. Costs of food, lodging, transportation and other personal necessities for the child from the time he/she is located until he/she is delivered to the legal custodian or agency. All personal necessities purchased must be itemized.
 - b. Cost of an escort for the child, including costs of food, lodging, transportation and other expenses where such costs are a proper charge against the county. The type of escort utilized must be specified.

Any funds received as a result of costs assessed against a defendant or other party in a criminal or civil action for the return or care of the minor(s) (or defendant, if not part of a criminal extradition) must be shown and used as an offset against these costs.¹¹⁵

The 1990 version lists the following “non-reimbursable costs:

- A. Costs associated with criminal prosecution, commencing with the defendant’s apprehension, surrender, or first appearance, for offenses defined in Sections 277, 278 and 278.5 of the Penal Code. [¶]
- B. Costs associated with locating an offender and serving a warrant related either to criminal or civil proceedings defined in Sections 277, 278 and 278.5 of the Penal Code wherein the missing, abducted, or concealed child(ren) has been returned to the lawful person or agency.¹¹⁶

The Parameters and Guidelines were amended again on July 22, 1993.¹¹⁷ Most of the changes made were non-substantive. However, some of the items in the “Reimbursable Costs” section were moved to a higher list level; i.e., activities 3 and 4 above (securing the appearance of the offender and the child on order of the court and return of an illegally obtained or concealed child to the legal custodian or agency) were moved under activity 2.¹¹⁸ In addition, new phrasing in the “Required Certification”

¹¹⁵ Exhibit X (1), 1990 Amendment to Parameters and Guidelines, pages 5-7 (section V.B.).

¹¹⁶ Exhibit X (1), 1990 Amendment to Parameters and Guidelines, pages 7-8 (section VI.), with a space added for readability between “A.” and “B.”

¹¹⁷ Exhibit X (2), 1993 Amendment to Parameters and Guidelines, page 1.

¹¹⁸ The Commission currently has pending, a request to amend the Parameters and Guidelines to “correct the numbering of the reimbursable activities that was changed

section stated that “[a]n authorized representative of the claimant will be required to provide a certification of the claim, as specified by the State Controller’s claiming instructions, for those costs mandated by the state contained herein.”¹¹⁹

On August 26, 1999, the Parameters and Guidelines were amended again and adopted on the Commission’s consent calendar.¹²⁰ The caption identifies the 1976 test claim statute, the 1983 amendment, and two subsequent statutory amendments in 1992 and 1996, which are explained in Section I, Summary of Mandate, as follows:

Chapter 162, Statutes of 1992, repealed Sections 4600.1, 4604, 5157, 5160, and 5169 of the Civil Code and without substantial change enacted Sections 3060 to 3064, 3130 to 3134.5, 3408, 3411, and 3421 of the Family Code.

Chapter 988, statutes of 1996, the Parental Kidnapping Prevention Act, repealed Sections 277, 278 and 278.5 of the Penal Code and enacted in a new statutory scheme in Sections 277, 278 and 278.5 which eliminated the distinction between cases with and cases without a preexisting child custody order.¹²¹

In addition, the description of the “Non-Reimbursable Costs” was amended as follows:

- A. Costs associated with criminal prosecution, commencing with the ~~defendant’s apprehension, surrender, or first appearance~~, for offenses defined in Sections ~~277, 278 and 278.5~~ of the Penal Code wherein the missing, abducted, or concealed child(ren) has been returned to the lawful person or agency.
- B. ~~Costs associated with locating an offender and serving a warrant related either to criminal or civil proceedings defined in Sections 277, 278 and 278.5 of the Penal Code wherein the missing, abducted, or concealed child(ren) has been returned to the lawful person or agency.~~¹²²

over the years due to clerical error” (*Custody of Minors-Child Abduction and Recovery*, 25-PGA-01 (CSM-4237), filed by the State Controller’s Office, <https://csm.ca.gov/matters/CSM-4237.shtml>).

¹¹⁹ Exhibit X (2), 1993 Amendment to Parameters and Guidelines, pages 4-5 (sections V.B.1.c.(3-4).), 8 (section X.).

¹²⁰ Exhibit X (3), 1999 Amendment to Parameters and Guidelines Staff Analysis and Proposed Amendments; Exhibit X (4), Commission on State Mandates Minutes, August 26, 1999.

¹²¹ Exhibit X (3), 1999 Amendment to Parameters and Guidelines Staff Analysis and Proposed Amendments, pages 11-12 (Caption; section I, Summary of Mandate.).

¹²² Exhibit X (3), 1999 Amendment to Parameters and Guidelines Staff Analysis and Proposed Amendments, page 16-17 (section VI.).

Finally, the “Claim Preparation” section was amended to add language regarding direct and indirect costs, with clarifying amendments for materials and supplies, travel, and training conducted on the mandate.¹²³

On October 30, 2009, the Parameters and Guidelines were amended beginning with claims filed for the July 1, 2005 through June 30, 2006 fiscal year.¹²⁴ The 2009 Parameters and Guidelines govern the reimbursement claims at issue here. This amendment added what is now boilerplate text found at the start of every Reimbursable Costs and Activities section, stating that only actual costs may be claimed, that actual costs are costs that are actually incurred to implement the mandated activities, and that actual costs must be supported by contemporaneous source documents, which cannot be substituted for corroborating documents, as follow:

V. REIMBURSABLE COSTS

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

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge."

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.¹²⁵

¹²³ Exhibit X (3), 1999 Amendment to Parameters and Guidelines Staff Analysis and Proposed Amendments, pages 13 (section V.B.), 17-20 (section VII.).

¹²⁴ Exhibit A, IRC, pages 1889-1890 (2009 Amendment to Parameters and Guidelines).

¹²⁵ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.).

The scope of the mandate remains stated as follows:

Counties shall be reimbursed for the increased costs which they are required to incur to have the district attorney actively assist in the resolution of child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to child custody or visitation, as provided in Family Code Sections 3130 to 3134.5, with the exception of those activities listed in Section VI.¹²⁶

The reimbursable activities and “non-reimbursable costs” remain the same as the earlier version of the Parameters and Guidelines, with only “Costs associated with criminal prosecution, *commencing with the defendant's first appearance in a California court*, for offenses defined in Sections 278 or 278.5 of the Penal Code” listed as *not* eligible for reimbursement.¹²⁷

And allowable direct costs are identified in Section VII., which must be “traced to specific goods, services, units, programs, activities or functions” of the mandate as follows:

A. Direct Costs

Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities or functions.

Claimed costs shall be supported by the following cost element information:

1. Salary and Employees' Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study. Benefits are reimbursable; however, benefit rates must be itemized. If no itemization is submitted, 21 percent must be used for computation of claimed cost.

2. Contracted Services

Provide copies of the contract, separately show the contract services performed relative to the mandate, and the itemized costs

¹²⁶ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.A.).

¹²⁷ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VI.A.).

for such services. Invoices must be submitted as supporting documentation with the claim.

3. Materials and Supplies

Only expenditures which can be identified as a direct cost of the mandate such as, but not limited to, vehicles, office equipment, communication devices, memberships, subscriptions, publications, may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates and allowances received from the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

4. Travel

Travel expenses for mileage, per diem, lodging, and other employee entitlement are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of travel, inclusive dates and times of travel, destination points, and travel costs.

5. Training

The cost of training an employee to perform the mandated activities is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended, and the location. Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem. Ongoing training is essential to the performance of this mandate because of frequent turnover in staff, rapidly changing technology, and developments in case law, statutes, and procedures. Reimbursable training under this section includes child abduction training scheduled during the California Family Support Council's conferences, the annual advanced child abduction training sponsored by the California District Attorney Association, and all other professional training.¹²⁸

D. The Controller's Audit

For the period between July 1, 2016 through Jun 30, 2019, the claimant claimed \$1,885,876 for costs of the mandated program.¹²⁹ The audit found that \$1,420,782 of the claimed costs were allowable and \$465,094 were unallowable.¹³⁰ Of the

¹²⁸ Exhibit A, IRC, pages 1894-1895 (2009 Amendment to Parameters and Guidelines, section VII.A.).

¹²⁹ Exhibit A, IRC, page 1916 (Final Audit Report).

¹³⁰ Exhibit A, IRC, page 1916 (Final Audit Report).

unallowable costs, \$248,074 were reduced from the claimant's costs for salaries and benefits (including \$61,671 for related indirect costs), and \$217,020 for materials and supplies.¹³¹ For the unallowable salaries and benefits costs, there were two issues the Controller found: the claimant claimed costs for time that was not actual time spent on mandated activities, but was instead spent on non-program specific activities, a portion of which was then allocated to child abduction cases; and the claimant claimed costs for time spent on "good cause" cases classified under Penal Code section 278.7, which the Controller asserted are not reimbursable.¹³² For the materials and supplies issue, the Controller found that the claimant had tried to claim costs that were allocated to the entire unit that contains their child abduction program, rather than identifying and claiming actual costs for the mandated child abduction program.¹³³

1. Reduction of Salaries and Benefits

a. Reduction of allocated "SD time" distributed among several programs, including the mandated program here.

The Controller found that \$154,127 of the claimed salaries and benefits direct costs and related indirect costs were unallowable, because it was not actual time spent on traceable mandated activities, but was instead time spent on non-program specific activities — including supervisory, general clerical and billing — for the State Targeted Offenders Program (STOP).¹³⁴ This time was recorded in the claimant's billing reports for the Child Abduction and Recovery Program with a note marking it as Standard Distributed (SD) time, which the claimant allocated monthly based on STOP's caseload and the full-time equivalent percentage for each program served by that unit.¹³⁵

The claimant responded by explaining that STOP is a unit within its District Attorney's Office dedicated solely to various state-reimbursed programs, such as CAR and CDCR prison prosecutions.¹³⁶ This allows the claimant to consolidate overhead costs for these programs such as "supervisory, clerical, and other general costs such as rent, phones, office supplies, and insurance," which are then allocated among the programs served by the unit based on time studies.¹³⁷ When an employee works on a child abduction case, their time is tracked daily and only time worked on applicable cases is billed to the state, however some employees for the unit who provide support services such as clerical, supervisory, or billing reported their time generally, which the claimant then proportioned based on the number of cases worked on that month.¹³⁸ This time was

¹³¹ Exhibit A, IRC, page 1915 (Final Audit Report).

¹³² Exhibit A, IRC, pages 1916-1922 (Final Audit Report).

¹³³ Exhibit A, IRC, page 1922 (Final Audit Report).

¹³⁴ Exhibit A, IRC, page 1916 (Final Audit Report).

¹³⁵ Exhibit A, IRC, page 1916 (Final Audit Report).

¹³⁶ Exhibit A, IRC, page 1917 (Final Audit Report).

¹³⁷ Exhibit A, IRC, page 1917 (Final Audit Report).

¹³⁸ Exhibit A, IRC, page 1917 (Final Audit Report).

categorized in its billing reports for CAR as “SD time.” The claimant argued it would not have these dedicated employees and their related costs of employment if not for the state mandated programs, and that it believed its methodology for allocating costs was reasonable and applied consistently among the programs, and did not cause disproportional costs to be allocated to the mandated program here, CAR.¹³⁹

The claimant characterized the auditor’s findings as requiring a claimant’s costs to be attributed to an actual case, however Section V. of the Parameters and Guidelines uses the term “actual costs” defined as “those costs actually incurred to implement the mandated activities.”¹⁴⁰ The claimant argued that the Parameters and Guidelines “specifically allows the use of ‘employee time records or time logs,’ as a methodology to show actual costs,” and these actual costs may be corroborated using worksheets and cost allocation reports (system generated), and that these terms anticipate and allow the use of allocated costs.¹⁴¹ Additionally, the claimant noted the scope of the mandate includes both direct and indirect costs. “The DA’s Office used time records, time logs, and worksheets generated by employees detailing the time they worked on Child Abduction and Recovery activities, and then used cost allocation to determine the fulltime equivalent percentage of those expenses attributable to that particular program. These reflect the DA’s actual costs associated with providing these mandated actions. The DA’s Office consolidation of services saves the state by avoiding duplicative costs.”¹⁴²

This did not convince the Controller. By the claimant’s own definition of “SD time,” this is time spent on activities that are not specific to the child abduction program. According to the claimant:

This is time spent working on non-program specific activities for the [State Targeted Offenders] unit as a whole. For example, a clerical person performs the mail run which takes 2.0 hours. They enter this as 2.0 hours general clerical and charge it to the whole unit. If we only worked on 4 cases that month, (1 Child Abduction, 1 SVP, 1 Prisons and 1 WF), each case in the month would get the 2.0 hours spread based on the FTE percentage for each unit.¹⁴³

As the claimant says, SD time is time spent on “non-program specific activities.” Because these costs are not program specific, the Controller was unable to determine the validity of these costs and their relationship to reimbursable activities.¹⁴⁴

¹³⁹ Exhibit A, IRC, pages 1917-1918 (Final Audit Report).

¹⁴⁰ Exhibit A, IRC, page 1918 (Final Audit Report, emphasis added by claimant).

¹⁴¹ Exhibit A, IRC, page 1918 (Final Audit Report).

¹⁴² Exhibit A, IRC, page 1918 (Final Audit Report).

¹⁴³ Exhibit A, IRC, page 1920 (Final Audit Report).

¹⁴⁴ Exhibit A, IRC, page 1921 (Final Audit Report).

As for the claimant's characterization of the Controller's findings to require all costs to be tied to an actual case, the Controller expressly denied that is the reason it found the costs to be unallowable, and refuted this by pointing to the claimant's use of Program Distributed (PD) time — time spent doing activities that were not tied to a specific case, but for CAR as a whole, which it then allocated among the child abduction cases each month in a similar manner to how it allocated SD time.¹⁴⁵ The Controller found those costs to be allowable, as those activities were directly related to the program.¹⁴⁶ The issue with SD time is not that it is not tied to a specific case, but rather is time spent on "non-program specific" activities, which, per the Parameters and Guidelines, is not considered an "actual cost" of the mandated program.

b. "Good cause" cases

The other issue the Controller found with the claimant's salaries and benefits costs was the time spent on activities for "good cause" cases. The Controller found that \$32,276 of the claimant's salaries and benefits costs and related indirect costs were unallowable because the Parameters and Guidelines do not identify activities related to Penal Code section 278.7 as a reimbursable cost.¹⁴⁷ The Parameters and Guidelines incorporate elements of Penal Code sections 278 and 278.5 as amended by the same statute that added Penal Code section 278.7, however Penal Code section 278.7 was not incorporated into the Parameters and Guidelines, therefore the Controller argues these costs are not reimbursable.¹⁴⁸

The claimant responded to the audit by explaining that when it investigates a reported child abduction case, often the alleged offender will claim they have good cause under Penal Code Section 278.7, or good cause may have been raised in a prior case with the same involved parties, but the circumstances must be investigated anew for the current case.¹⁴⁹ The District Attorney's mandate from the state can be found in Family Code sections 3130 and 3131: "to take all actions necessary to locate the party and the child and to procure compliance with the order" to appear in court with the child for purposes of adjudication of custody, and "to take all actions necessary to locate and return the child and the person who violated the [custody or visitation] order," as well as assist in enforcement of the custody or visitation order or other order of the court by use of an appropriate civil or criminal proceeding.¹⁵⁰ "Good cause" cases are still a type of child abduction case district attorneys are required to investigate under the state's mandate, as they involve a person depriving another of their lawful custody or visitation as described in Family Code section 3131, but for which there is a lawfully excused reason justifying it. The District Attorney is still mandated by the state to take all actions

¹⁴⁵ Exhibit A, IRC, page 1921 (Final Audit Report).

¹⁴⁶ Exhibit A, IRC, page 1921 (Final Audit Report).

¹⁴⁷ Exhibit A, IRC, pages 1916-1917 (Final Audit Report).

¹⁴⁸ Exhibit A, IRC, page 1917 (Final Audit Report).

¹⁴⁹ Exhibit A, IRC, page 1919 (Final Audit Report).

¹⁵⁰ Exhibit A, IRC, page 1919 (Final Audit Report).

necessary to locate the parties and procure compliance with court orders, which necessarily involves evaluating the validity of any “good cause” claims raised. The Parameters and Guidelines state “Counties shall be reimbursed for the increased costs which they are required to incur to have the district attorney actively assist in the resolution of child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to child custody and visitation...” Sometimes actively assisting in resolving these disputes and in locating and returning the child results in the district attorney determining the alleged offender has good cause and is compliant with Penal Code 278.7.¹⁵¹ Good cause cases are still cases of child abduction as defined by Penal Code section 278.5, just ones in which there is a lawfully excused justification according to Penal Code section 278.7. The costs should therefore be allowable because they fall within mandated activities.

The Controller did not find this argument convincing, stating again that “the costs do not ‘fall within the mandated activities,’ because activities for PC 278.7 are not identified in the parameters and guidelines.”¹⁵² In its conclusion, the Controller noted that, during the audit, the claimant identified several cases that had been misidentified as “good cause” cases that later turned out to be child abduction cases after all.¹⁵³ The Controller allowed reimbursement for time spent on mandated activities for the misidentified cases, but all other “good cause” cases verified by the claimant were disallowed.¹⁵⁴

2. Reduction of Materials and Supplies

The claimant claimed a total of \$260,652 in materials and supplies costs during the audit period.¹⁵⁵ The Controller found that the claimant overstated materials and supplies, finding \$43,632 of these costs to be allowable and \$217,020 of these costs to be unallowable.¹⁵⁶ The costs were unallowable because the costs were allocated to STOP, rather than actual costs for the mandated program supported by source documents.¹⁵⁷ The claimant had a methodology for allocating materials and supplies costs incurred by STOP directly to the mandated program, which involved calculating the ratio of child abduction-related salaries and benefits to STOP’s total salaries and

¹⁵¹ Exhibit A, IRC, page 1920 (Final Audit Report).

¹⁵² Exhibit A, IRC, page 1922 (Final Audit Report).

¹⁵³ Exhibit A, IRC, page 1922 (Final Audit Report).

¹⁵⁴ Exhibit A, IRC, page 1922 (Final Audit Report).

¹⁵⁵ Exhibit A, IRC, page 1922 (Final Audit Report).

¹⁵⁶ Exhibit A, IRC, page 1922 (Final Audit Report).

¹⁵⁷ Exhibit A, IRC, page 1922 (Final Audit Report).

benefits, and then applying the applicable percentage to STOP's material and benefits costs.¹⁵⁸ These are not actual costs supported by source documentation.

In response, the claimant characterized the Controller as imposing additional requirements and limitations to claim costs directly attributable to a particular case in order to be reimbursable.¹⁵⁹ The Parameters and Guidelines permit cost allocation and allow for determining actual cost based on time records, time logs, and worksheets.¹⁶⁰ Using the percentage of time employees worked on mandated activities to determine the actual costs of materials and supplies for the mandate is a reasonable methodology for cost allocation. To further demonstrate this method's validity, the claimant provided an alternative cost allocation worksheet based on productive hourly rates and actual hours worked, which would have resulted in costs of \$222,966 after backing out the unallowed SD time, a difference of only \$5,946 compared to the methodology used.¹⁶¹ The claimant asserted this shows its methodology was comparably accurate and reasonable.

The Controller was not convinced, stating again that it is not arguing that each cost must be directly attributable to a particular case, but that claimed costs must be actual costs for the reimbursable state-mandated program. The claimant claimed both direct and allocated materials and supplies costs. When asked for source documentation, the claimant provided case files to support the direct materials supplies costs, which the Controller found to be acceptable.¹⁶² However, the claimant used its own methodology for allocating a percentage of the materials and supplies costs incurred by STOP as a whole to CAR, and then claimed these allocated costs as direct costs attributable to CAR. Additionally, the claimant did not provide source documentation for these costs, as required by the Parameters and Guidelines. It only provided cost allocation reports.¹⁶³ The Controller asserted the claimant can only claim actual costs for the reimbursable state-mandated program, which must be supported by source documents. Cost allocation reports are corroborating documents, not source documents, and therefore, the audit report concluded the allocated materials and supplies costs which were only supported with cost allocation reports have not been properly supported and are unallowable.

III. Positions of the Parties

A. County of Sacramento

The claimant in its IRC disputes all of the audit's reductions related to the reduction of salaries and benefits (SD time, "good cause" cases), and overstated materials and

¹⁵⁸ Exhibit A, IRC, page 1922 (Final Audit Report).

¹⁵⁹ Exhibit A, IRC, page 1923 (Final Audit Report).

¹⁶⁰ Exhibit A, IRC, page 1923 (Final Audit Report).

¹⁶¹ Exhibit A, IRC, page 1924 (Final Audit Report).

¹⁶² Exhibit A, IRC, page 1924 (Final Audit Report).

¹⁶³ Exhibit A, IRC, page 1925 (Final Audit Report).

supplies costs. Most of the claimant's arguments in the Written Narrative are identical to the ones it raised against the audit's initial findings, discussed above, with slight variations that reflect changes caused by the context changing from discussing the audit's findings directly with the auditor to explaining those findings to the Commission.

The claimant's IRC expands the explanation for how it handles "good cause" cases. The claimant explains that these cases are all initially classified as child abduction cases under Penal Code section 278.5, and it's only after the investigation finds all required elements for Penal Code section 278.7 have been met that the case is marked as a "good cause" case. Once that happens, the District Attorney's Office stops billing the state for any additional time spent on the case. The claimant states as follows:

Penal Code section 278.7 provides that section 278.5 does not apply if three criteria are met. First, the person must make a report within a reasonable time frame to the office of the district attorney of the county where the child resided before the action. Second, the person must commence within a reasonable time a custody proceeding in a court of competent jurisdiction consistent with the federal Parental Kidnapping Prevention Act or the Uniform Child Custody Jurisdiction Act. Third, the person must inform the district attorney's office of any change of address or telephone number of the person and the child. Until all three criteria are met, the person is still considered to fall under the provisions of section 278.5, for which all costs are reimbursable per the program's parameters and guidelines. This is the practice that the DA's Office has followed: once these criteria are met, the DA's Office marks the case as a "Good Cause" and stops billing time.¹⁶⁴

Additionally, for the materials and supplies costs, the claimant provides additional information identifying some of the specific things that were included in the allocated materials and supplies costs and describes the documentation that was provided to support those costs. According to the claimant:

Included in materials and supplies is State Unemployment Insurance (UI), Workers Compensation, and employee pension obligations. The UI program is mandated in accordance with federal law, the California UI Code and the California Code of Regulations, Title 22. All California employers must provide workers' compensation benefits to their employees under California labor Code Section 3700. Sacramento County is one of 20 counties which created and operated pension systems under the County Employees Retirement Law of 1937. All three of these employee costs are calculated and distributed through the County's Allocated Cost Package (ACP) and specifically excluded from the Productive Hour Rates provided by the Department of Finance. In the Audit Report under Finding 2 it is noted, "These costs are unallowable because the county claimed costs that were allocated to the State Targeted Offenders Unit, rather than actual cost supported by source

¹⁶⁴ Exhibit A, IRC, page 17 (Narrative).

documentation.” [citation omitted] The County does allocate the above reference costs because Sacramento County self-insures these mandated payroll costs, which is cheaper for the County and ultimately cheaper for the program.

The auditors determined, “The costs are unallowable because the county did not claim actual costs supported by source documentation.” [citation omitted] The general ledger of actual cost for STOP with cost calculations was provided to the auditors as requested by the California State Controller in the January 14, 2021, Sacramento County Engagement Letter. All material provided to the auditors followed the language from Section V of the Parameters and Guidelines. The general ledger only included actual cost, supported by time records, invoices, and receipts. All accounting and worksheets show the validity of such cost, are traceable and were created at or near the same time the actual cost was incurred.¹⁶⁵

The claimant submits the following supporting documents with the IRC:

- Declarations from John Black, Administrative & Financial Services Chief for Sacramento County District Attorney’s Office, declaring the authenticity of the STOP Billing Detail Reports; COMPASS Account Journals; and Sacramento County OMB A-87 Cost Allocation Plans for Fiscal Years 2016-2017, 2017-2018, and 2018-2019.¹⁶⁶
- STOP Billing Detail Reports for Fiscal Years 2016-2017, 2017-2018, and 2018-2019. The Billing Detail Reports list the salaries and benefits costs incurred by the Child Abduction program each fiscal year. These billing detail reports are organized by case number, with cost entries for each case sorted by the job title of the employee who incurred that cost. Each individual entry in the billing detail reports gives the employee’s initials; the date the cost was incurred; time spent to the hundredths decimal place; the employee’s hourly rate; resulting salary; the employee’s benefit rate; resulting benefits cost; indirect cost rate; resulting indirect costs; a general description of the activity performed and the total cost. Examples of some of the descriptions used include but are not limited to “case meeting,” “interview,” “on site investigation,” “supplemental investigation,” “report preparation,” “warrant preparation,” and “file review.” Many of the entries with descriptions such as “billing,” “supervision,” “general clerical,” “general attorney,” or “general investigation,” are prefaced with the initials “PD” or “SD.” Subtotals

¹⁶⁵ Exhibit A, IRC, page 18 (Narrative).

¹⁶⁶ Exhibit A, IRC, pages 20, 497, 524, 526, 1153, 1178, 1180, 1856, and 1884 (Declarations of John Black, Administrative & Financial Services Chief, Sacramento County District Attorney’s Office).

are given for each job classification that worked on a case, totals are given for each case, and a grand total is given at the end for each fiscal year.¹⁶⁷

- COMPASS Account Journals for Fiscal Years 2016-2017, 2017-2018, and 2018-2019. The Account Journals list all costs for STOP for each fiscal year. Entries are sorted by comment number, and each entry gives the comment number; posting date; reference document number; product document number, if available; funds center identification number (which is always 5805812 — the identification number the claimant's COMPASS system uses for STOP, which was how the claimant identified the program's costs within its COMPASS system); a brief descriptor of the cost item; the cost of that entry; and an additional comment line for providing more information about the entry, if needed. Some entries, such as for worker's compensation insurance, state unemployment insurance liability, countywide IT services, and benefit administrative services include a note in the additional comments section marking it as an allocated cost. Subtotals are provided for each comment number, and the grand total for each fiscal year is provided at the end.¹⁶⁸ According to John Black's Declarations, these Account Journals reflect billings "associated with the Child Abduction and Recovery Program during this time period."¹⁶⁹
- Excerpts from the Sacramento County OMB A-87 Cost Allocation Plans for Fiscal Years 2016-2017, 2017-2018, and 2018-2019. Because the full Cost Allocation Plans are several hundred pages long, the claimant only provided the specific pages relevant to STOP.¹⁷⁰ These cost allocation plans list proposed allocated costs for each department, with entries for each type of possible allocated costs. The allocated costs categories listed are equipment use, CEO, shared systems, non-dept, civil services, personnel services, finance, regional parks, county counsel, and DRR. These allocated costs are then added together for the total costs, adjusted for any costs rolled forward and any other adjustments, and then the final sum of the proposed allocated costs for each department listed at the bottom of the equation.¹⁷¹ According to John Black's declarations, the final sum

¹⁶⁷ Exhibit A, IRC, pages 21-496 (STOP Billing Detail Report, Fiscal Year 2016-2017); 527-1152 (STOP Billing Detail Report, Fiscal Year 2017-2018); and 1181-1855 (STOP Billing Detail Report, Fiscal Year 2018-2019).

¹⁶⁸ Exhibit A, IRC, pages 498-523 (COMPASS Account Journal, Fiscal Year 2016-2017); 1154-1177 (COMPASS Account Journal, Fiscal Year 2017-2018); and 1857-1883 (COMPASS Account Journal, Fiscal Year, 2018-2019).

¹⁶⁹ Exhibit A, IRC, pages 497, 1153, and 1856 (Declarations of John Black).

¹⁷⁰ Exhibit A, IRC, pages 524, 1178, and 1884 (Declarations of John Black).

¹⁷¹ Exhibit A, IRC, pages 525 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2016-2017), 1179 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2017-2018), and 1885 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2018-2019).

given for the proposed allocated costs of STOP “shows the costs associated with the Child Abduction and Recovery Program during this time period.”¹⁷²

In its rebuttal comments, the claimant reasserts that the Controller’s interpretation of the Parameters and Guidelines is overly narrow, as the Parameters and Guidelines allow for reimbursement of both direct and indirect costs, and permit the use of both cost allocation reports and corroborating documentation to support costs.¹⁷³ The claimant claims that the Parameters and Guidelines do not require all costs to be tied to individual staff working exclusively on CAR tasks, but instead require the claimed costs to be attributable to the operation of the reimbursable mandate, and that SD time represents administrative and operational work that is essential to the infrastructure that allows it to carry out mandated activities.¹⁷⁴ The claimant also argues that the Controller’s reliance on a previous IRC decision is misapplied, as that case involved estimated averages and time studies created after the fact without contemporaneous source documentation, whereas here, costs were incurred, tracked, and allocated in real time.¹⁷⁵

The claimant further argues the Controller’s interpretation of the Parameters and Guidelines with respect to “good cause” cases is also overly narrow, as reimbursable activities include “All actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding” and “complying with other court orders relating to child custody or visitation, as provided in Family Code Sections 3130 to 3134.5,” and only exclude “Costs associated with criminal prosecution, commencing with the defendant’s first appearance in a California court, for offenses defined in Sections 278 or 278.5.”¹⁷⁶ These costs were technically incurred under Penal Code sections 278/278.5, as the claimant only reclassifies cases under 278.7 after a thorough assessment to confirm the defendant meets all required elements, and 278.7 does not operate independently but rather modifies or provides context to 278/278.5.¹⁷⁷

Finally, the claimant continues to assert that the cost allocation methodology used for its materials and supplies costs is compliant with the Parameters and Guidelines, and that the allocated costs were properly claimed as direct costs because they were “directly supportive of CAR-mandated work.”¹⁷⁸ The Parameters and Guidelines explicitly permit reimbursement for items such as communication devices and office equipment, provided they are used for the mandate and consumed specifically for the purpose of

¹⁷² Exhibit A, IRC, pages 524, 1178, and 1884 (Declarations of John Black).

¹⁷³ Exhibit C, Claimant’s Rebuttal Comments, pages 1-2.

¹⁷⁴ Exhibit C, Claimant’s Rebuttal Comments, page 2.

¹⁷⁵ Exhibit C, Claimant’s Rebuttal Comments, page 2.

¹⁷⁶ Exhibit C, Claimant’s Rebuttal Comments, pages 3-4.

¹⁷⁷ Exhibit C, Claimant’s Rebuttal Comments, page 3.

¹⁷⁸ Exhibit C, Claimant’s Rebuttal Comments, page 5.

this mandate; the claimant asserts its cost allocation methodology achieves exactly that by identifying “the proportion of consumption attributable to CAR-related activities.”¹⁷⁹

B. State Controller’s Office

The Controller, in its comments on the IRC, asserts it found the denied costs unallowable “primarily because the County did not claim actual time spent on mandated activities and did not claim actual costs supported by source documentation.”¹⁸⁰ For SD time, the Controller stresses that, per the claimant’s own definitions, SD time is an allocated cost and is not specific to the CAR program.¹⁸¹ Although the claimant may have determined consolidating supervisory, clerical, and other general costs to be the most efficient way of operating the program, claimed costs must comply with the program’s Parameters and Guidelines, and SD time cannot be traced to the program’s reimbursable state-mandated activities. The Controller is unable to determine the validity of the costs of non-program specific activities and their relationship to reimbursable activities.¹⁸² The Controller cites to a previous IRC which dealt with a similar issue, Carlsbad Unified School District’s implementation of the *Stull Act* program (*The Stull Act*, 14-9825-I-02). In that Decision, the Commission found that it was correct as a matter of law, and not arbitrary or capricious for the Controller to completely reduce claimed costs to zero when its audit found that the claimant did not establish the relationship between claimed costs and the reimbursable activities using proper source documentation.¹⁸³ The billing detail reports reviewed during the audit did not describe the mandated functions performed or specify the actual number of hours devoted to each function, as required by the Parameters and Guidelines.¹⁸⁴ During the audit at issue here, the Controller was able to verify the validity of costs for activities performed directly on cases by reviewing case files to verify the time spent, when it occurred, and the relationship to reimbursable activities.¹⁸⁵ The billing detail reports show SD time based on allocated hours, but actual costs must be supported by source documents, and worksheets and system generated cost allocation reports are specific examples of corroborating documents, which can be used to support source documents but cannot be substituted for source documents themselves.¹⁸⁶ The claimant’s assertion that including both direct and indirect costs suggests “a range of related activities, even if not tied to a specific case, may be considered reimbursable if they are essential to fulfilling the mandated program activities,” is incorrect. The Parameters and Guidelines outline a list of specific reimbursable activities, and do not “suggest” a range of mandated

¹⁷⁹ Exhibit C, Claimant’s Rebuttal Comments, page 5.

¹⁸⁰ Exhibit B, Controller’s Comments on the IRC, page 7.

¹⁸¹ Exhibit B, Controller’s Comments on the IRC, page 11.

¹⁸² Exhibit B, Controller’s Comments on the IRC, pages 11-12.

¹⁸³ Exhibit B, Controller’s Comments on the IRC, page 12.

¹⁸⁴ Exhibit B, Controller’s Comments on the IRC, page 12.

¹⁸⁵ Exhibit B, Controller’s Comments on the IRC, page 13.

¹⁸⁶ Exhibit B, Controller’s Comments on the IRC, page 13.

activities or allow consideration of “essential” mandated activities as reimbursable.¹⁸⁷ Claimed costs for this program must be actual costs, and the actual number of hours must be linked to mandated activities. The Controller also cites to another previous IRC, this one regarding the CAR program, to support that to claim salaries and benefits incurred by this mandated program, the claimant’s source documentation must show the actual number of hours worked on mandated activities, as required by the Parameters and Guidelines (*Child Abduction and Recovery*, 08-4237-I-02 and 12-4237-I-03).¹⁸⁸ The claimant suggests reimbursement should also include additional activities it deems to be “essential to fulfilling the mandated program activities.” The Controller states this would be an expansion of the reimbursable activities and the claimant should request an amendment to the Parameters and Guidelines if it feels these activities should be included as reimbursable activities.¹⁸⁹

Regarding “good cause” cases, the Controller reiterates these costs do not “fall within the mandated activities,” because the Parameters and Guidelines do not identify activities for Penal Code section 278.7. The Controller notes that during the audit, the claimant provided a list of cases that had been misidentified as “good cause” cases that turned out to be child abduction cases after all, which caused the auditor to segregate the misidentified cases and review them separately; all other “good cause” cases identified by the claimant were denied.¹⁹⁰ The Parameters and Guidelines incorporate Penal Code section 278 and 278.5, which were amended by Chapter 988, Statutes of 1996. This same statute added Penal Code section 278.7, however it was not added to the Parameters and Guidelines. The Controller concludes, “PC 278.7 was never part of the Ps and Gs. Therefore, costs associated with PC 278.7 are not reimbursable.”¹⁹¹

Finally, the Controller disagrees with the claimant that the allocation methodology it used for its overstated materials and supplies costs was a reasonable approach to capture the actual costs associated with the program.¹⁹² The claimant claimed both direct and allocated materials and supplies costs. The direct materials and supplies costs were supported with case files and expense reports as well as invoices and receipts, and the Controller found these costs to be allowable.¹⁹³ For the allocated costs, the claimant developed a methodology for allocating a percentage of the materials and supplies costs incurred by STOP and tried to claim these as direct costs applicable to CAR.¹⁹⁴ These costs were allocated across all programs within STOP, but were claimed as direct costs attributable to the mandated program. The Parameters

¹⁸⁷ Exhibit B, Controller’s Comments on the IRC, page 14.

¹⁸⁸ Exhibit B, Controller’s Comments on the IRC, page 14.

¹⁸⁹ Exhibit B, Controller’s Comments on the IRC, page 14.

¹⁹⁰ Exhibit B, Controller’s Comments on the IRC, pages 14-15.

¹⁹¹ Exhibit B, Controller’s Comments on the IRC, page 15.

¹⁹² Exhibit B, Controller’s Comments on the IRC, page 15.

¹⁹³ Exhibit B, Controller’s Comments on the IRC, page 15.

¹⁹⁴ Exhibit B, Controller’s Comments on the IRC, page 15.

and Guidelines require that when claiming direct costs for materials and supplies, the claimant is required to “list the cost of the materials and supplies consumed specifically for the purposes of this mandate.”¹⁹⁵ The claimant never identifies how the allocated costs were consumed specifically for the purposes of this mandate, the auditors were therefore unable to determine how the allocated costs were “a direct cost of the mandate.”¹⁹⁶ Additionally, the large non-direct pool of allocated costs was for the STOP unit collectively, and the CAR program is only part of this unit, among other programs.¹⁹⁷ “The county calculated the ratio of the State Targeted Offenders Unit’s program-related salaries and benefits to the units total salaries and benefits,” and then applied that percentage to STOP’s materials and supplies costs to allocate those costs to the CAR program.¹⁹⁸

As noted above, in prior IRC Decisions, the Commission found that when a claimant fails to comply with the Parameters and Guidelines, the Controller has the ability to reduce the claim — and by extension, individual claim components — to zero. For the claimed allocated costs, the claimant did not list the costs of materials and supplies consumed specifically for the purpose of the mandate.¹⁹⁹ The audit found that \$465,094 of the claimant’s claimed costs during the audit period were unallowable because the claimant did not claim actual time spent on mandated activities and did not claim actual costs supported by source documentation. The Controller requests that the Commission find that the Controller correctly reduced the claimant’s claims for fiscal years 2016-2017, 2017-2018, and 2018-2019.²⁰⁰

The Controller provides the following documents in support of its comments:

- A declaration from Lisa Kurokawa, chief of the State Controller’s Office’s Compliance Audits Bureau, that all attached records are true copies of records either provided by the claimant or retained at the Compliance Audits Bureau’s place of business.²⁰¹
- The claiming instructions used in Fiscal Years 2016-2017, 2017-2018, and 2018-2019.²⁰²
- Documents in support of the audit’s findings, including the final audit decision; an email correspondence dated February 3, 2021, between the auditor and a representative of the claimant in which the claimant’s representative defined SD

¹⁹⁵ Exhibit B, Controller’s Comments on the IRC, page 16.

¹⁹⁶ Exhibit B, Controller’s Comments on the IRC, page 16.

¹⁹⁷ Exhibit B, Controller’s Comments on the IRC, page 16.

¹⁹⁸ Exhibit B, Controller’s Comments on the IRC, page 16.

¹⁹⁹ Exhibit B, Controller’s Comments on the IRC, page 16.

²⁰⁰ Exhibit B, Controller’s Comments on the IRC, page 17.

²⁰¹ Exhibit B, Controller’s Comments on the IRC, pages 4-5 (Tab 1).

²⁰² Exhibit B, Controller’s Comments on the IRC, pages 19-86 (Tab 3).

time as “time spent working on non-program specific activities for the unit as a whole”; the Commission’s Decision in Carlsbad Unified School District’s Incorrect Reduction Claim regarding the Stull Act (14-9825-I-02), the Commission’s Decision in County of Santa Clara’s Incorrect Reduction Claim regarding the Child Abduction and Recovery program (08-4237-I-02 and 12-4237-I-03); Penal Code section 278.7; and an email correspondence dated August 27, 2021, between the auditor and a representative of the claimant in which the claimant’s representative identified the “good cause” cases which “may have been reported to our office as good cause cases, but turned out to be child abduction cases after all.”²⁰³

IV. Discussion

Government Code section 17561(d) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state-mandated costs if the Controller determines that the claim is excessive or unreasonable.

Government Code section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission’s regulations requires the Commission to send the decision to the Controller and request that the costs in the claim be reinstated.

The Commission must review questions of law, including interpretation of the parameters and guidelines, de novo, without consideration of legal conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution.²⁰⁴ The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitutional and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”²⁰⁵

With regard to the Controller’s audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard

²⁰³ Exhibit B, Controller’s Comments on the IRC, pages 88-190 (Tab 4).

²⁰⁴ *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

²⁰⁵ *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.²⁰⁶ Under this standard, the courts have found:

When reviewing the exercise of discretion, “[t]he scope of review is limited, out of deference to the agency’s authority and presumed expertise: ‘The court may not reweigh the evidence or substitute its judgement for that of the agency. [Citation.]’” ... “In general ... the inquiry is limited to whether the decision was arbitrary, capricious, or entirely lacking in evidentiary support...” [Citations.] When making that inquiry, the “ ‘ court must ensure that an agency has adequately considered all relevant factors, and has demonstrated a rational connection between those factors, the choice made, and the purposes of the enabling statute.” [Citation.]’ ”²⁰⁷

The Commission must review the Controller’s audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.²⁰⁸ In addition, sections 1185.1(f)(3) and 1185.2(d) and (e) of the Commission’s regulations require that any assertions of fact by the parties to an IRC must be supported by documentary evidence. The Commission’s ultimate findings of fact must be supported by substantial evidence in the record.²⁰⁹

A. The Claimant Timely Filed this IRC Within Three Years from the Date the Claimant First Received from the Controller a Final State Audit Report, Letter, or Other Written Notice of Adjustment to a Reimbursement Claim, which Complies with Government Code Section 17558.5(c).

Government Code section 17558.7(a) states: “If the Controller reduces a claim approved by the commission, the claimant may file with the commission an incorrect reduction claim pursuant to regulations adopted by the commission.” Section 1185.1(c) of the Commission’s regulations requires an IRC to be filed no later than three years after the date the claimant receives a final state audit report, letter, or other written notice of adjustment to a reimbursement claim, which complies with Government Code section 17558.5(c). Under Government Code section 17558.5(c), the Controller is required to notify the claimant in writing within 30 days after issuance of a remittance advice of any adjustment to a reimbursement claim resulting from an audit or review.

²⁰⁶ *Johnson v. Sonoma County Agricultural Preservation and Open Space Dist.* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

²⁰⁷ *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547-548.

²⁰⁸ *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

²⁰⁹ Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission’s decision is not supported by substantial evidence in the record.

The notice must specify which claim components were adjusted and in what amount, as well as interest charges, and the reason for the adjustment.²¹⁰

Here, the final audit report was issued on February 23, 2022.²¹¹ The audit report specifies the claim components and amounts adjusted, as well as the reasons for the adjustments, and therefore complies with the section 17558.5(c) notice requirements.²¹² The IRC was filed on November 25, 2024.²¹³ This is within three years of issuing the final audit report, meaning the IRC was timely filed.

B. The Controller's Reduction of Salaries and Benefits Costs Based on SD Time and Reduction of Materials and Supplies Costs Are Correct as a Matter of Law.

1. The Reduction of Salaries and Benefits for the \$154,127 in Direct Costs and any Related Indirect Costs Based on Standard Distributed Time ("SD Time") Is Correct as a Matter of Law, because SD Time Is for "Non-Program Specific" Activities and Does Not Represent the Claimant's Actual, Direct Costs to Implement the Mandated Program.

Government Code section 17564(b) states that reimbursement claims filed with the Controller shall be filed in the manner prescribed in the Parameters and Guidelines. The Parameters and Guidelines for a state-mandated program are regulatory in nature and are binding on the parties, and the interpretation of the Parameters and Guidelines is a question of law.²¹⁴

In this case, when claiming direct costs for salary and employees' benefits, Section VII.A.1. of the Parameters and Guidelines state claimants must:

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study. Benefits are reimbursable; however, benefit rates must be itemized. If no itemization is submitted, 21 percent must be used for computation of claimed cost.²¹⁵

²¹⁰ Government Code section 17558.5(c).

²¹¹ Exhibit A, IRC, page 1907 (Final Audit Report).

²¹² Exhibit A, IRC, pages 1906-1951 (Final Audit Report).

²¹³ Exhibit A, IRC, page 1.

²¹⁴ *California School Boards Association v. State of California* (2009) 171 Cal.App.4th 1183, 1201; *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 798; Government Code sections 17561(d)(1), 17564(b), and 17571.

²¹⁵ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VII.A.1.).

The claimant argues that rejecting SD time because it is non-program specific and costs must be directly related to the program is inconsistent with the Parameters and Guidelines, because the Parameters and Guidelines allow reimbursement for both direct and indirect costs.²¹⁶

It is true that the Parameters and Guidelines allow reimbursement for both direct and indirect costs, but the claimant claimed SD time as a direct cost, not an indirect cost. Direct costs are “costs that can be traced to specific goods, services, units, programs, activities, or functions” of the state-mandated program.²¹⁷ When claiming direct costs for salary and employees’ benefits, Section VII.A.1. of the Parameters and Guidelines expressly requires the claimant to “identify the employees, show their classification, and describe the mandated functions performed and specify the actual number of hours devoted to each function.”

As admitted by the claimant, however, the employees who provided support to STOP as a whole — performing activities for the benefit of the entire unit such as clerical, supervisory, and billing — recorded their time generally as Standard Distributed, or SD time, and the claimant then allocated this time among the cases worked each month based on FTE percentages. According to the definition the claimant provided during the audit:

This is time spent working on non-program specific activities for the [STOP] unit as a whole. For example, a clerical person performs the mail run which takes 2.0 hours. They enter this as 2.0 hours general clerical and charge it to the whole unit. If we only worked on 4 cases that month, (1 Child Abduction, 1 SVP, 1 Prisons and 1 WF), each case in the month would get the 2.0 hours spread based on the FTE percentage for each unit.²¹⁸

By the claimant’s own definition, SD time is time spent on “non-program specific activities.” Time spent on non-program specific activities does not satisfy the requirement in the Parameters and Guidelines to “specify the actual number of hours devoted to each function” of the state-mandated program. Moreover, SD time cannot be traced to specific goods, services, units, programs, activities, or functions of the mandated program because it is time spent on activities for the benefit of the STOP unit in general, not the mandated CAR program specifically. Using a cost allocation methodology does not fix this problem, because all the cost allocation does is determine the CAR program’s fair share of the costs of these activities that it jointly benefitted

²¹⁶ Exhibit C, Claimant’s Rebuttal Comments, page 1.

²¹⁷ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VII.A.).

²¹⁸ Exhibit B, Controller’s Comments on the IRC, page 131 (Tab 4, email correspondence between the auditor and claimant’s representative, date February 3, 2021).

from, and still does not trace the costs to goods, services, etc., of the CAR program specifically. It is therefore incorrect to claim it as a direct cost of the program.

Even assuming the claimant's SD time could be considered a direct cost of the program, the claimant did not support its actual costs with proper source documentation. Section V. of the Parameters and Guidelines states:

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

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.²¹⁹

Thus, only the costs actually incurred to implement the mandated activities can be claimed for reimbursement, and these costs must be traceable and supported by contemporaneous source documents. Corroborating documents can be used to support source documents by providing additional context to the source documents, but they are not a substitute for the source documents themselves.

The claimant argues its billing detail reports met these requirements because it allocated SD time to the mandated program using employee time records that were created contemporaneously and used a widely accepted cost methodology.²²⁰ To claim salaries and employees' benefits as a direct cost pursuant to the Parameters and Guidelines, the claimant needs to be able to provide source documents that show the employees' name and their job classification, the mandated activities performed, and *the actual time spent on each activity*, the hourly rate, and the related benefit.²²¹ The

²¹⁹ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.), emphasis added.

²²⁰ Exhibit C, Claimant's Rebuttal Comments, page 2.

²²¹ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VII.A.1.), emphasis added.

claimant's billing detail reports provide employee initials, job classifications, the number of hours spent on an activity, their hourly rates, and a brief description of the activity. In the case of the claimant's SD time entries, these entries had descriptions such as "supervision," "billing," "general clerical," and "general attorney."²²² However, the SD time entries in the billing detail reports represent each case's allocated share of the time spent on non-program specific activities, after these costs were allocated.

The claimant argues that the Parameters and Guidelines allow the use of time records and time logs as source documentation.²²³ However the billing detail reports are not time records or time logs for claimant's SD time; they are records of how costs for SD time were allocated to each case within the program. In other words, they are cost allocation reports. The claimant asserts that it used "time records, time logs, and worksheets generated by employees detailing the time they worked on Child Abduction and Recovery activities, and then used cost allocation to determine the full-time equivalent percentage of those expenses attributable to that particular program," but the claimant did not provide any of these documents to support the costs.²²⁴ Although the Parameters and Guidelines allow claimants to use the average number of hours devoted to each function when supported with a documented time study, a documented time study was not provided and using a cost allocation methodology to determine this program's share of non-program specific costs is not the same thing as performing a time study.²²⁵

According to the Parameters and Guidelines, cost allocation reports are not source documents, they are corroborating documents ("Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated) . . . "). Allocated time is not a substitute for the actual time spent on an activity because there is no way to be certain that the claimant's allocation methodology results in an accurate representation of the actual time spent on the mandated CAR Program. The claimant may presume this to be an irrelevant detail, as its STOP unit only handles state mandated programs, and thus all time spent on non-program specific activities for STOP would be reimbursed by the state in the end, regardless of whether its allocation methodology distributed hours accurately to each program. However, the Parameters and Guidelines still require claimants to report the actual number of hours spent on the reimbursable activity for this program when claiming employee salaries and benefits as a direct cost.

Costs which cannot be directly attributed to the program because they are not solely for the benefit of one program are more properly reimbursed as indirect costs. Indirect costs are "costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program

²²² See Exhibit A, IRC, page 21 (STOP Billing Detail Report, Fiscal Year 2016-2017).

²²³ Exhibit C, Claimant's Rebuttal Comments, page 1.

²²⁴ Exhibit A, IRC, page 1918 (Final Audit Report).

²²⁵ See, for example, the Controller's Time Study Guidelines, https://sco.ca.gov/Files-ARD-Local/Mancost_timestudyguidelines_2022.pdf (accessed on January 29, 2026).

without efforts disproportionate to the result achieved,” and specific examples of indirect costs listed in the Parameters and Guidelines include the overhead costs of the unit performing the mandate and the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.²²⁶ This description fits the claimant’s “non-program specific” SD time perfectly. To claim indirect costs, claimants utilize the procedure provided in the OMB Circular A-87, and they have the option of either using 10% of direct labor costs or submitting an Indirect Cost Rate Proposal with their reimbursement claim if their indirect costs exceed 10%.²²⁷ The claimant did in fact claim and receive indirect costs using an Indirect Cost Rate Proposal for all three audit years, which calculated indirect costs based on a percentage of the claimed direct salaries and benefits costs at a rate between 31.58 and 34.98 percent each year.²²⁸ By claiming its costs from non-program specific activities as direct costs, the claimant also increased the indirect costs it received according to its indirect cost rate as a result. Using cost allocation methods to determine a program’s share of overhead expenses, such as time spent on non-program specific administrative tasks for the benefit of the unit as a whole, does not change those costs from indirect to direct costs. The costs of the claimant’s non-program specific activities should have more properly been factored into the claimant’s Indirect Cost Rate Proposal and claimed as an indirect cost.

Here, the claimant claimed time spent on non-program specific activities as a direct cost of the program and did not support these activities with contemporaneous source documentation that showed the actual time spent on these activities for the program specifically, but only provided corroborating documentation of how it allocated costs to CAR for its share of costs incurred by the whole STOP unit. This does not comply with the Parameters and Guidelines requirements for claiming actual direct costs for reimbursement.

Accordingly, the Controller’s reduction of costs for salaries and benefits based on allocated time is correct as a matter of law because time allocation does not specify the actual number of hours employees devoted to each function for this program specifically, as required by Section VII.A.1. of the Parameters and Guidelines.

²²⁶ Exhibit A, IRC, page 1895 (2009 Amendment to Parameters and Guidelines, section VII.B.).

²²⁷ Exhibit A, IRC, page 1896 (2009 Amendment to Parameters and Guidelines, section VII.B.).

²²⁸ Exhibit A, IRC, pages 1936 (Claimant’s Custody of Minors – Child Abduction and Recovery Claim Summary for Fiscal Year 2016-2017, Form-1, Items (6) and (7)); 1941 (Claimant’s Custody of Minors – Child Abduction and Recovery Claim Summary for Fiscal Year 2017-2018, Form-1, Items (6) and (7)); and 1947 (Claimant’s Custody of Minors – Child Abduction and Recovery Claim Summary for Fiscal Year 2018-2019, Form-1, Items (6) and (7)).

2. The Reduction of the Costs for Materials and Supplies Is Correct as a Matter of Law, Because Allocated Costs for Materials and Supplies Do Not Comply with the Parameters and Guidelines.

Regarding the claimant's overstated materials and supplies costs, the issue here is fairly similar to the issue with SD time, in that both involve the claimant using cost allocation methods to determine what it believes is CAR's fair share of costs that were incurred by the STOP unit as a whole, and then claiming those costs as a direct cost incurred by the program itself.

Section VII.A.3. of the Parameters and Guidelines state the requirements for when claiming direct costs for materials and supplies:

Only expenditures which can be identified as a direct cost of the mandate such as, but not limited to, vehicles, office equipment, communication devices, memberships, subscriptions, publications, may be claimed. *List the cost of the materials and supplies consumed specifically for the purposes of this mandate.* Purchases shall be claimed at the actual price after deducting cash discounts, rebates and allowances received from the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.²²⁹

Thus, the Parameters and Guidelines require the claimant to list the actual cost of the materials and supplies consumed specifically for the mandated program.

The claimant's reimbursement claims included documentation of the method it used to calculate CAR's allocated share of STOP's materials and supplies costs (listed in its system as services and supplies).²³⁰ The claimant calculated its materials and supplies costs for the program by taking the total services and supplies costs (Object 20 in the claimant's accounting journal) incurred by STOP in the given year, excluding costs for business/conference expenditures, business travel, education/training, employee transportation, transportation of persons, and any direct costs incurred by CAR, and added that to STOP's costs for Intrafund transfers (Object 60 in the claimant's accounting journal), state unemployment insurance, workers' compensation, pension obligation bond debt, pension obligation bond debt services, and STOP's share of the county's OMB A-87 cost allocation plan, and considered this total STOP's pro-rated

²²⁹ Exhibit A, IRC, page 1895 (2009 Amendment to Parameters and Guidelines, section VII.A.3.), emphasis added.

²³⁰ Exhibit A, IRC, pages 1938 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2016-2017, Attachment A, Calculation of Service and Supplies Costs for CAR), 1944 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2017-2018, Attachment A, Calculation of Service and Supplies Costs for CAR), and 1950 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2018-2019, Attachment A, Calculation of Service and Supplies Costs for CAR).

non-travel and training costs.²³¹ Many of these costs were themselves allocated to STOP using undisclosed methodologies.²³² The claimant then took the salaries and benefits direct costs it claimed for CAR that year and divided it by the total salaries and benefits costs incurred by STOP as a whole, and used this to determine a percentage of STOP's costs that it can attribute to CAR. It then applied that percentage to STOP's pro-rated non-travel and training costs and added that amount to CAR's direct costs to find the total non-travel and training CAR costs to be reported as direct costs for CAR "Services and Supplies."²³³

The claimant's services and supplies costs therefore consist of a mix of both costs directly incurred by the program and costs that were incurred by STOP as a whole, of which a portion was then allocated to CAR using a cost allocation methodology based on the percentage of STOP's salaries and benefits costs it reported as direct costs of CAR.

The Controller found that the claimant's direct material and supply costs were properly supported with case files and invoices which showed the direct costs consumed specifically for the purpose of the mandate, and therefore found these costs to be allowable; while the claimant's allocated costs were not supported with source documentation, and therefore these costs were reduced to zero.²³⁴

The claimant argues that using a cost allocation methodology is permissible under the Parameters and Guidelines, because Section V. allows for reimbursement of both direct and indirect costs of materials and supplies; evidence corroborating source

²³¹ Exhibit A, IRC, pages 1938 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2016-2017, Attachment A, Calculation of Service and Supplies Costs for CAR), 1944 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2017-2018, Attachment A, Calculation of Service and Supplies Costs for CAR), and 1950 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2018-2019, Attachment A, Calculation of Service and Supplies Costs for CAR).

²³² See Exhibit A, IRC, pages 498-523 (COMPASS Account Journal, Fiscal Year 2016-2017); 1154-1177 (COMPASS Account Journal, Fiscal Year 2017-2018); and 1857-1883 (COMPASS Account Journal, Fiscal Year, 2018-2019). Note that several of the entries in these accounting journals include a comment marking it as an allocated cost.

²³³ Exhibit A, IRC, pages 1938 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2016-2017, Attachment A, Calculation of Service and Supplies Costs for CAR), 1944 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2017-2018, Attachment A, Calculation of Service and Supplies Costs for CAR), and 1950 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2018-2019, Attachment A, Calculation of Service and Supplies Costs for CAR).

²³⁴ Exhibit A, IRC, page 1924 (Final Audit Report).

documentation may include cost allocation reports, time logs, and worksheets; and its cost allocation methodology relied on time-tracked data of billable hours for employees complying with the CAR program-related activities.²³⁵

Although the Parameters and Guidelines do allow reimbursement for both direct and indirect costs, the claimant claimed all of its materials and supplies costs — including its allocated costs — as direct costs, not indirect costs.²³⁶ As discussed above, the Parameters and Guidelines lay out a separate procedure for claiming indirect costs, which involves either using ten percent of direct labor, excluding fringe benefits, or submitting an Indirect Cost Rate Proposal.²³⁷ Additionally, the Parameters and Guidelines define cost allocation reports as corroborating documents, not source documents. The documentation of claimant's cost allocation methodology is a cost allocation report, making it a corroborating document. Some of the items recorded in the accounting journals are themselves costs that were allocated to the claimant's STOP unit, without any source documentation to support them.²³⁸ And unlike the materials and supplies costs that the claimant asserted were directly consumed by the CAR program, and which were supported with case files and records that showed how exactly these materials and supplies were consumed specifically for the purpose of this mandate, and with invoices and receipts that supported their costs, no documentation provided supports that the allocated costs were *consumed specifically* for the purpose of the CAR program.

²³⁵ Exhibit C, Claimant's Rebuttal Comments, pages 4-5.

²³⁶ Exhibit A, IRC, pages 1936 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2016-2017), 1941 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2017-2018), and 1947 (Final Audit Report, Claimant's Custody of Minors – Child Abduction and Recovery Claim for Payment Fiscal Year 2018-2019). In Fiscal Year 2018-2019, the claimant claimed its services and supplies costs as Contract Services instead of Materials and Supplies. The Controller noted this to be an error during its audit (see Exhibit A, IRC, page 1915 (Final Audit Report, Footnote C)).

²³⁷ Exhibit A, IRC, page 1896 (2009 Amendment to Parameters and Guidelines, section VII.B.).

²³⁸ For example, the entries in claimant's accounting journals for liability insurance, countywide IT services, facility use, and employee benefits include a comment noting it to be an allocated cost. See Exhibit A, IRC, pages 513, 519, 522, and 523 (COMPASS Accounting Journal, fiscal year 2016-2017); 1166, 1172, and 1176 (COMPASS Accounting Journal, fiscal year 2017-2018); and 1870, 1871, 1878, and 1883 (COMPASS Accounting Journal, fiscal year 2018-2019). Additionally, the OMB A-87 Cost Allocation Plan shows STOP's allocated share of some county-wide costs. Exhibit A, IRC, pages 525 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2016-2017), 1179 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2017-2018), and 1885 (Excerpt from the Sacramento County OMB A-87 Cost Allocation Plan, Fiscal Year 2018-2019).

The claimant asserts that it was proper to claim allocated costs as a direct cost because the purpose and use of those resources were “directly supportive of CAR’s state-mandated work,” and that its cost allocation methodology identifies the proportion of consumption that can be attributed to CAR’s activities.²³⁹ However, using cost allocation methodologies does not change an indirect cost into a direct one, because allocated costs do not show those costs were for “materials and supplies *consumed specifically for the purposes of this mandate*.”²⁴⁰ The services and supplies costs listed in the claimant’s accounting journals include entries for a broad range of supplies and services such as books, membership dues, office supplies, postal service, cellphones, legal services, data processing services, interpretation services, and witness fees, just to name a few.²⁴¹ While it’s a reasonable assumption that CAR consumed some of these materials and may have benefitted in a broad sense by having them available, there is no guarantee the claimant’s cost allocation methodology resulted in an accurate assessment of what the CAR program consumed specifically to comply with the mandate. Furthermore, there is no evidence that the claimant’s methodology for determining STOP’s pro-rated non-travel and training costs made any efforts to exclude the costs of materials and supplies consumed specifically by the *other* state reimbursable programs served by STOP, meaning CAR may have been allocated a share of the costs directly incurred by other programs.

The allocated costs for materials and supplies were claimed as direct costs, but the documentation provided to support the allocated costs does not show the allocated materials and supplies costs were consumed specifically for the purpose of the mandate. Therefore, the claimant’s direct costs for materials and supplies are not adequately supported with contemporaneous source documents that support the claimant’s actual costs to implement the mandated program. The claimant’s claim therefore did not comply with the Parameters and Guidelines and the Controller’s reduction is correct as a matter of law.

²³⁹ Exhibit C, Claimant’s Rebuttal Comments, page 5.

²⁴⁰ Exhibit A, IRC, page 1895 (2009 Amendment to Parameters and Guidelines, section VII.A.3.), emphasis added.

²⁴¹ Exhibit A, IRC, pages 498-523 (COMPASS Account Journal, Fiscal Year 2016-2017); 1154-1177 (COMPASS Account Journal, Fiscal Year 2017-2018); and 1857-1883 (COMPASS Account Journal, Fiscal Year, 2018-2019).

C. Reduction of Salaries and Benefits for the \$32,276 in Direct Costs and any Related Indirect Costs for “Good Cause” Cases Is Incorrect as a Matter of Law. District Attorneys Are Obligated by the Parameters and Guidelines to Obtain Compliance with Court Orders Relating to Child Custody or Visitation Proceedings; Determining that the Offender Has Good Cause and Is Compliant with the Requirements in Penal Code Section 278.7 Is One Possible Resolution. Therefore, the Difference of \$32,276, Plus Related Indirect Costs, Has Been Incorrectly Reduced and Should Be Reinstated to the Claimant.

The Controller denied \$32,276 of the claimant’s salaries and benefits costs that were attributed to time spent on activities related to “good cause” cases (now identified in Penal Code section 278.7), because the Parameters and Guidelines do not identify activities related to Penal Code section 278.7 as a reimbursable cost.²⁴² The Controller states that Penal Code section 278.7 was added by the 1996 legislation, which also amended Penal Code sections 278 and 278.5. Sections 278 and 278.5, as amended in 1996, were incorporated into the current Parameters and Guidelines.²⁴³ Because these two sections were incorporated into the Parameters and Guidelines, but Penal Code section 278.7 was not, the Controller reasoned that no costs claimed under section 278.7 are reimbursable. The Controller then ends its analysis by noting that during the audit, the claimant identified several cases that were originally identified as “good cause” cases that later turned out to be child abduction cases after all; the Controller therefore allowed reimbursement for time spent on mandated activities for the mis-identified cases.²⁴⁴

The Commission finds that the Controller’s interpretation of the Parameters and Guidelines applicability to “good cause” cases is incorrect as a matter of law.

The Parameters and Guidelines define the scope of the mandate as follows:

Counties shall be reimbursed for the increased costs which they are required to incur to have the district attorney actively assist in the resolution of child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to child custody or visitation, as provided in Family Code Sections 3130 to 3134.5, with the exception of those activities listed in Section VI.²⁴⁵

The Parameters and Guidelines authorize reimbursement for “obtaining compliance with court orders relating to child custody or visitation proceedings and the enforcement of

²⁴² Exhibit A, IRC, pages 1916-1917 (Final Audit Report).

²⁴³ Exhibit A, IRC, page 1917 (Final Audit Report).

²⁴⁴ Exhibit A, IRC, page 1922 (Final Audit Report).

²⁴⁵ Exhibit A, IRC, page 1891 (2009 Amendment to Parameters and Guidelines, section V.A.).

custody or visitation orders, and “utilizing *any appropriate* civil or criminal court action to secure compliance,” which includes the preparation and investigation of reports and requests for assistance.²⁴⁶

The only non-reimbursable costs are those “associated with criminal prosecution, *commencing with the defendant's first appearance in a California court*, for offenses defined in Sections 278 or 278.5 of the Penal Code, wherein the missing, abducted, or concealed child(ren) has been returned to the lawful person or agency.”²⁴⁷

Thus, under the Parameters and Guidelines, and as further explained below, all activities performed by district attorney offices in these cases relating to child custody or visitation proceedings and the enforcement of those proceedings pursuant to Family Code sections 3130 to 3134.5, including the use of any appropriate criminal court action to secure compliance, is eligible for reimbursement *until the defendant's first appearance in court* for allegations that the defendant committed the crimes in sections 278 and 278.5.

Although the Controller argues that since Penal Code section 278.7 is not expressly identified in the Parameters and Guidelines the costs associated with section 287.7 are not eligible for reimbursement, Penal Code sections 278, 278.5, and 278.7 simply put the reimbursable activities, which are mandated by Family Code sections 3130 and 3131, into context and define the scope of the mandate. The Penal Code sections themselves do not impose any state-mandated activities on the county.

Specifically, Family Code section 3130 requires that when a petition to determine custody has been filed with the courts or a temporary custody order has been entered pending a determination of custody, and the whereabouts of the party in possession of the child are not known or there is reason to believe the party may not appear in the proceedings although ordered to appear personally with the child, “the district attorney shall take all actions necessary to locate the party and the child and to procure compliance with the order to appear with the child for the purposes of adjudication of custody.”²⁴⁸ Family Code section 3131 requires that if a custody or visitation order has been entered by a court of competent jurisdiction and the child is taken or detained by another person in violation of the order, “the district attorney shall take all actions necessary to locate and return the child and the person who violated the order *and to assist in the enforcement of the custody or visitation order by use of an appropriate civil or criminal proceedings.*”²⁴⁹ These code sections and their predecessors are what created the state mandate approved by the Board of Control, which, as the Parameters and Guidelines state “require district attorney offices to actively assist in the resolution

²⁴⁶ Exhibit A, IRC, page 1892 (2009 Amendment to Parameters and Guidelines, section V.B.1.b.), emphasis added.

²⁴⁷ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, section VI.), emphasis added.

²⁴⁸ Family Code section 3130.

²⁴⁹ Family Code section 3131, emphasis added.

of child custody problems including visitation disputes, the enforcement of custody decrees and any other order of the court [both civil and criminal] in a child custody proceeding.”²⁵⁰

Penal Code sections 278 and 278.5 establish the crimes for maliciously taking or concealing a child in cases where the defendant has or does not have a right to custody. And, pursuant to the plain language of the Parameters and Guidelines, *all* costs to obtain compliance with court orders relating to child custody or visitation proceedings and the enforcement of those orders, and utilizing any appropriate criminal court action to secure compliance are eligible for reimbursement *up to the point of the “defendant’s first appearance* in a California Court, for offenses defined in Sections 278 or 278.5 of the Penal Code.”²⁵¹ Any costs incurred by the district attorney’s office after the defendant’s direct appearance in court on those crimes is not reimbursable.

If the facts establish that the defendant acted with “good cause” when taking or concealing the child pursuant to Penal Code section 278.7, the defendant will not be guilty of the crime in section 278.5. As the court determined, the criminal intent or malice requirement in Penal Code section 278.5 and the good faith defense in section 278.7 are *intertwined*.²⁵² Thus, facts or circumstances addressing any “good cause” element in these proceedings have to be addressed by the district attorney’s office in order to comply with the mandate to “actively assist in the resolution of child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to child custody or visitation.” In this respect, the claimant explains the way in which investigation into an alleged claim of child abduction intermingles with investigation into whether the elements of a “good cause” defense under section 278.7 are met as follows:

Child abduction cases take many different forms, oftentimes evolving as an investigation unfolds. Complaints of a child abduction are received and reviewed by DA staff. It is not uncommon that while investigating a complaint, the DA’s Office will be contacted by the alleged offender with a “Good Cause” claim pursuant to Penal Code section 278.7 that the person has a good faith and reasonable belief that the child, if left with the other person, will suffer immediate bodily injury or physical harm. Furthermore, frequently the DA’s Office will receive multiple complaints regarding the same child or children and involved parties, which may relate back to a

²⁵⁰ Exhibit A, IRC, page 1890 (2009 Amendment to Parameters and Guidelines, Section II.). See also, Civil Code section 4604, as added by Statutes 1976, Chapter 1399, section 3; Exhibit X (1), 1990 Amendment to Parameters and Guidelines, pages 3-4 (Section II.).

²⁵¹ Exhibit A, IRC, page 1894 (2009 Amendment to Parameters and Guidelines, Section VI.A.).

²⁵² *People v. Neidinger* (2006) 40 Cal.4th 67, 79, emphasis added.

prior “Good Cause” claim, but each new complaint must be investigated anew.

[...]

The Legislature created the Child Abduction and Recovery Mandate by statute in 1976. The code sections that set forth these provisions and the specific mandates were thereafter repealed and reissued with different section numbers. Former Civil Code section 4604 was reissued as Family Code sections 3130 and 3131. Family Code section 3130 provides that if a petition to determine custody of a child has been filed in court or a temporary order pending determination of custody has been entered, and the whereabouts of a party in possession of the child are not known or there is reason to believe that the party may not appear in the proceedings although ordered to appear personally with the child, *District Attorneys are mandated to take all actions necessary to locate the party and the child and to procure compliance with the order to appear with the child* for purposes of adjudication of custody. Family Code section 3131 provides that if a custody or visitation order has been entered and the child is taken or detained by another person in violation of the order, *District Attorneys are mandated to take all actions necessary to locate and return the child and the person who violated the order*, as well as assist in enforcement of the custody or visitation order or other order of the court by use of an appropriate civil or criminal proceeding. Neither section provides for or mentions a “Good Cause” exception. Although such a claim may arise in the course of an investigation, District Attorneys are still mandated by statute to take all actions necessary in locating the parties and procuring compliance, which would necessarily involve an evaluation of any “Good Cause” claim that is made.

Furthermore, as previously noted, subsection A of section V in the Parameters and Guidelines provides, “Counties shall be reimbursed for the increased costs which they are required to incur to have the district attorney *actively assist in the resolution of child custody and visitation problems*; for the enforcement of custody and visitation orders; *for all actions necessary to locate and return a child(ren)* by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to child custody and visitation...” (emphasis added). Actively assisting in the resolution of child custody and visitation problems can involve and result in a “Good Cause” claim. All actions necessary in locating and returning a child can involve and result in a “Good Cause” claim. Thus, those costs should be allowable as they fall within mandated activities.

[...]

Part of investigating a potential criminal matter involves a determination of whether any particular defenses would excuse or justify the behavior, thus negating the possibility of successfully utilizing criminal proceedings to

prosecute the matter. Imagine the state mandated that DA's Offices investigate homicide cases under Penal Code section 187. However, Penal Code section 196 sets forth when a homicide may be justified, which includes homicides committed in self-defense. Using the same logic followed in the Audit Report, prosecutors would not be entitled to reimbursement for investigation for any homicide where the investigation led to a determination that the homicide was committed in self-defense because Penal Code section 196 is a different provision than section 187. However, it is still a homicide. Similarly, "Good Cause" cases are still a form of child abduction, where one person has deprived another of lawful custody or visitation, but for a lawfully excused reason.²⁵³

Furthermore, the claimant explains that all child abduction cases reported to it are initially classified under Penal Code section 278.5; it's only after the district attorney's investigation finds that a case meets all elements needed for section 278.7 that the case is reclassified, at which point it stops billing the state for any additional time spent on the case.²⁵⁴

District attorneys are thus obligated to investigate any cases of alleged child abduction or deprivation of custody reported to it according to the mandate imposed by Family Code section 3130 and 3131 to actively assist in the resolution of child custody and visitation problems. This mandate exists regardless of what the specific outcome of a given case may be. A determination that the defendant had "good cause" for taking or concealing the child and is compliant with requirements to report to the district attorney's office and initiate custody proceedings is one such possible resolution.

However, according to the Controller's reasoning, claimants are not entitled to reimbursement simply because the Parameters and Guidelines do not mention the code section which outlines the conditions under which "good cause" exists. The Controller even notes that it approved costs for some cases that were misclassified as "good cause" cases, thereby acknowledging that costs incurred would otherwise be reimbursable, but for the determination that the defendant had "good cause" under Penal Code section 278.7.²⁵⁵ This is incorrect as a matter of law, as the costs incurred are pursuant to the state mandate imposed by Family Code sections 3130 to 3134.5, and are eligible for reimbursement *until the defendant's first appearance in court* for allegations that the defendant committed the crimes in sections 278 and 278.5.

Furthermore, the Controller is incorrect in its assertion that the good cause defense in Penal Code section 278.7 has never been part of the Parameters and Guidelines.²⁵⁶ Although that specific code section as it exists today was never formally incorporated, its predecessor was incorporated and is still included in the Parameters and Guidelines

²⁵³ Exhibit A, IRC, pages 1919-1920 (Final Audit Report), emphasis in original.

²⁵⁴ Exhibit A, IRC, page 17.

²⁵⁵ Exhibit A, IRC, page 1922 (Final Audit Report).

²⁵⁶ Exhibit B, Controller's Comments on the IRC, page 15.

today. As discussed in the background section above, prior to the 1996 statute, Penal Code section 277 provided for the “good cause” defense and stated that:

In the absence of a court order determining rights of custody or visitation to a minor child, every person having a right of custody of the child who maliciously takes, detains, conceals, or entices away that child within or without the state, without good cause, and with the intent to deprive the custody right of another person or a public agency also having a custody right to that child, shall be punished by imprisonment in the county jail for a period of not more than one year, a fine of one thousand dollars (\$1,000), or both, or by imprisonment in the state prison for a period of one year and one day, a fine of five thousand dollars (\$5,000), or both.²⁵⁷

It also defined “good cause” to mean “a good faith belief that the taking, detaining, concealing, or enticing away of the child is necessary to protect the child from immediate bodily injury or emotional harm,” which is the same definition used now in Penal Code section 278.7.²⁵⁸ Prior to enacting current Penal Code section 278.7, the common law necessity defense also “require[d] the individual committing the crime to report to the proper authorities immediately after attaining a position of safety from the peril.”²⁵⁹ Thus, there was an existing practice that a person had a statutory and common law defense to maliciously taking, detaining, concealing, or enticing away a child with the intent to deprive a person or agency of their right to custody, if the person had a right to custody of the child and had a good faith belief it was necessary to protect the child from immediate bodily injury or emotional harm, and the person was expected to report to the proper authorities as part of the defense, just like with Penal Code section 278.7.

Penal Code section 277 was added in 1984, with the definition of “good cause” added in 1986.²⁶⁰ This was after the enactment of the statute that created this state-mandated program. However, amendments to the Parameters and Guidelines expressly identified former section 277 alongside Penal Code sections 278 and 278.5 when defining costs associated with prosecuting a defendant for criminal offenses identified in those sections as non-reimbursable costs.²⁶¹ This shows that the expectation to consider whether a defendant had “good cause” existed as a reimbursable component in prior amendments to the Parameters and Guidelines and district attorneys were required and were eligible to claim reimbursement to determine what court actions (civil or criminal) would be most appropriate when actively assisting in the resolution of custody disputes at the time (i.e., costs that were not tied to the criminal prosecution of the defendant, which are not reimbursable).

²⁵⁷ Penal Code section 277, as added by Statutes of 1984, Chapter 1207, section 1.

²⁵⁸ *People v. McGirr* (1988) 198 Cal.App.3d 629, 634.

²⁵⁹ *People v. Mehaisin* (2002) 101 Cal.App.4th 958, 965.

²⁶⁰ See Statutes of 1984, Chapter 1207 and Statutes of 1986, Chapter 1210.

²⁶¹ Exhibit X (1), 1990 Amendment to Parameters and Guidelines, page 7-8.

At some point, Penal Code section 277 was also added to the list of statutes located in the Parameters and Guidelines' caption.²⁶² In 1996, the Legislature renumbered the Child Abduction chapter of the Penal Code, which merged former Penal Code sections 277 and 278.5 into the current Penal Code section 278.5; changed Penal Code section 277 to define terms used in the chapter; and added Penal Code section 278.7.²⁶³ When the Parameters and Guidelines were amended in 1999 to reflect these changes, Penal Code section 277 was removed from the non-reimbursable costs section, but was not removed from the caption.²⁶⁴

Accordingly, although Penal Code section 278.7 is not mentioned in the current Parameters and Guidelines, the Penal Code section that was its predecessor is included, and has been since before the change in law, making the exclusion of "good cause" cases (up to the point of the defendant's first appearance in court on criminal charges) from the mandate incorrect as a matter of law. Thus, the \$32,276 in direct costs for good cause cases, and any related indirect costs, has been incorrectly reduced.

V. Conclusion

Based on the forgoing analysis, the Commission partially approves this IRC and concludes that the Controller's reduction of \$32,276 in salaries and benefits for time spent investigating "good cause" cases is incorrect as a matter of law. The Commission requests, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission's regulations, that the Controller reinstate \$32,276 to the claimant and any related indirect costs.

All other reductions are correct as a matter of law and the corresponding claims denied.

²⁶² See Exhibit X (3), 1999 Amendment to Parameters and Guidelines Staff Analysis and Proposed Amendments, page 11 (This is the staff analysis from the 1999 amendment, which includes the proposed changes to the text in strikethrough and underline. No changes are noted for Penal Code section 277, 278, and 278.5 in the caption.). This item was adopted on consent. (Exhibit X (4), Commission on State Mandates Minutes, August 26, 1999, page 7.)

²⁶³ Statutes of 1996, Chapter 988.

²⁶⁴ See Exhibit X (3) 1999 Amendment to Parameters and Guidelines Staff Analysis and Proposed Amendments, pages 11 and 16.

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 January 30, 2026, I served the:

- **Current Mailing List dated December 19, 2025**
- **Draft Proposed Decision, Schedule for Comments, and Notice of Hearing issued January 30, 2026**

Child Abduction and Recovery, 24-4237-I-04

Family Code Sections 3060-3064, 3130-3134.5, 3408, 3411, and 3421;

Penal Code Sections 277, 278, and 278.5; Welfare and Institutions Code Section 11478.5; Statutes 1976, Chapter 1399; Statutes 1992, Chapter 162; Statutes 1996, Chapter 988

Fiscal Years: 2016-2017, 2017-2018, 2018-2019

County of Sacramento, 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 January 30, 2026 at Sacramento, California.



Jill Magee
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 12/19/25

Claim Number: 24-4237-I-04

Matter: Child Abduction and Recovery

Claimant: County of Sacramento

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.)

Adaoha Agu, *County of San Diego Auditor & Controller Department*

Projects, Revenue and Grants Accounting, 5530 Overland Avenue, Ste. 410 , MS:O-53, San Diego, CA 92123

Phone: (858) 694-2129

Adaoha.Agu@sdcounty.ca.gov

Rachelle Anema, *Assistant Auditor-Controller, County of Los Angeles*

Accounting Division, 500 W. Temple Street, Los Angeles, CA 90012

Phone: (213) 974-8321

RANEMA@auditor.lacounty.gov

Lili Apgar, *Specialist, State Controller's Office*

Local Reimbursements Section, 3301 C Street, Suite 740, Sacramento, CA 95816

Phone: (916) 324-0254

lapgar@sco.ca.gov

Socorro Aquino, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Aaron Avery, *Legislative Representative, California Special Districts Association*

1112 I Street Bridge, Suite 200, Sacramento, CA 95814

Phone: (916) 442-7887

Aarona@csda.net

David Bass, *Vice Mayor, City of Rocklin*

3970 Rocklin Road, Rocklin, CA 95677

Phone: (916) 663-8504

David.Bass@rocklin.ca.us

Ginni Bella Navarre, Deputy Legislative Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8342
Ginni.Bella@lao.ca.gov

Michael Blazina, Assistant District Attorney, *County of Sacramento*
Claimant Representative
Office of the District Attorney, 901 G Street, Sacramento, CA 95814
Phone: (916) 874-5294
BlazinaM@SacDA.org

Allan Burdick,
7525 Myrtle Vista Avenue, Sacramento, CA 95831
Phone: (916) 203-3608
allanburdick@gmail.com

Guy Burdick, Consultant, *MGT Consulting*
2251 Harvard Street, Suite 134, Sacramento, CA 95815
Phone: (916) 833-7775
gburdick@mgtconsulting.com

Rica Mae Cabigas, Chief Accountant, *Auditor-Controller*
Accounting Division, 500 West Temple Street, Los Angeles, CA 90012
Phone: (213) 974-8309
rcabigas@auditor.lacounty.gov

Evelyn Calderon-Yee, Bureau Chief, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740,
Sacramento, CA 95816
Phone: (916) 324-5919
ECalderonYee@sco.ca.gov

Julissa Ceja Cardenas, *California State Association of Counties*
1100 K Street, Suite 101, Sacramento, CA 95814
Phone: (916) 327-7500
jcejacardenas@counties.org

Ali Chemkhi, Senior Supervising Accountant/Auditor, *County of San Bernardino*
Office of Auditor-Controller, 268 West Hospitality Lane, Fourth Floor, San Bernardino, CA 92415-0018
Phone: (909) 382-7035
ali.chemkhi@sbcountyatc.gov

Annette Chinn, *Cost Recovery Systems, Inc.*
705-2 East Bidwell Street, #294, Folsom, CA 95630
Phone: (916) 939-7901
achinnrcs@aol.com

Adam Cripps, Interim Finance Manager, *Town of Apple Valley*
14955 Dale Evans Parkway, Apple Valley, CA 92307
Phone: (760) 240-7000
acripps@applevalley.org

Thomas Deak, Senior Deputy, *County of San Diego*
Office of County Counsel, 1600 Pacific Highway, Room 355, San Diego, CA 92101
Phone: (619) 531-4810
Thomas.Deak@sdcounty.ca.gov

Tim Flanagan, Office Coordinator, *County of Solano*
Register of Voters, 678 Texas Street, Suite 2600, Fairfield, CA 94533
Phone: (707) 784-3359
Elections@solanocounty.com

Juliana Gmur, Executive Director, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
juliana.gmur@csm.ca.gov

Chris Hill, Principal Program Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, 8th Floor, Sacramento, CA 95814
Phone: (916) 445-3274
Chris.Hill@dof.ca.gov

Tiffany Hoang, Associate Accounting Analyst, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740, Sacramento, CA 95816
Phone: (916) 323-1127
THoang@sco.ca.gov

Ken Howell, Senior Management Auditor, *State Controller's Office*
Audits, Compliance Audits Bureau, 3301 C Street, Suite 725A, Sacramento, CA 95816
Phone: (916) 323-2368
KHowell@sco.ca.gov

Chuck Hughes, Special Assistant District Attorney, *County of Ventura*
Office of the District Attorney, 800 South Victoria Avenue, Suite 300, Ventura, CA 93009
Phone: (805) 477-1635
Chuck.Hughes@venturacounty.gov

Angelo Joseph, Supervisor, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740, Sacramento, CA 95816
Phone: (916) 323-0706
AJoseph@sco.ca.gov

Emma Jungwirth, Senior Legislative Advocate, *California State Association of Counties (CSAC)*
1100 K Street, Ste 101, Sacramento, CA 95814
Phone: (916) 650-8115
ejungwirth@counties.org

Anne Kato, Acting Chief, *State Controller's Office*
Local Government Programs and Services Division, 3301 C Street, Suite 740, Sacramento, CA 95816
Phone: (916) 322-9891
akato@sco.ca.gov

Lisa Kurokawa, Bureau Chief for Audits, *State Controller's Office*
Compliance Audits Bureau, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 327-3138
lkurokawa@sco.ca.gov

Eric Lawyer, Legislative Advocate, *California State Association of Counties (CSAC)*
Government Finance and Administration, 1100 K Street, Suite 101, Sacramento, CA 95814
Phone: (916) 650-8112
elawyer@counties.org

Kim-Anh Le, Deputy Controller, *County of San Mateo*
555 County Center, 4th Floor, Redwood City, CA 94063
Phone: (650) 599-1104
kle@smcgov.org

Fernando Lemus, Principal Accountant - Auditor, *County of Los Angeles*
Auditor-Controller's Office, 500 West Temple Street, Room 603, Los Angeles, CA 90012
Phone: (213) 974-0324
flemus@auditor.lacounty.gov

Erika Li, Chief Deputy Director, *Department of Finance*
915 L Street, 10th Floor, Sacramento, CA 95814
Phone: (916) 445-3274
erika.li@dof.ca.gov

Kenneth Louie, Chief Counsel, *Department of Finance*
1021 O. Street, Suite 3110, Sacramento, CA 95814
Phone: (916) 322-0971
Kenny.Louie@dof.ca.gov

Everett Luc, Accounting Administrator I, Specialist, *State Controller's Office*
3301 C Street, Suite 740, Sacramento, CA 95816
Phone: (916) 323-0766
ELuc@sco.ca.gov

Jill Magee, Program Analyst, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
Jill.Magee@csm.ca.gov

Darryl Mar, Manager, *State Controller's Office*
Local Reimbursements Section, 3301 C Street, Suite 740, Sacramento, CA 95816
Phone: (916) 323-0706
DMar@sco.ca.gov

Marilyn Munoz, Senior Staff Counsel, *Department of Finance*
915 L Street, Sacramento, CA 95814
Phone: (916) 445-8918
Marilyn.Munoz@dof.ca.gov

Michelle Nguyen, *Department of Finance*
Education Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-0328
Michelle.Nguyen@dof.ca.gov

Andy Nichols, *Nichols Consulting*
1857 44th Street, Sacramento, CA 95819
Phone: (916) 455-3939
andy@nichols-consulting.com

Patricia Pacot, Accountant Auditor I, *County of Colusa*
Office of Auditor-Controller, 546 Jay Street, Suite #202, Colusa, CA 95932
Phone: (530) 458-0424
ppacot@countyofcolusa.org

Arthur Palkowitz, *Law Offices of Arthur M. Palkowitz*
12807 Calle de la Siena, San Diego, CA 92130

Phone: (858) 259-1055
law@artpalk.onmicrosoft.com

Kirsten Pangilinan, Specialist, *State Controller's Office*
Local Reimbursements Section, 3301 C Street, Suite 740, Sacramento, CA 95816
Phone: (916) 322-2446
KPangilinan@sco.ca.gov

Trevor Power, Accounting Manager, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3085
tpower@newportbeachca.gov

Jonathan Quan, Associate Accountant, *County of San Diego*
Projects, Revenue, and Grants Accounting, 5530 Overland Ave, Suite 410, San Diego, CA 92123
Phone: 6198768518
Jonathan.Quan@sdcountry.ca.gov

Roberta Raper, Director of Finance, *City of West Sacramento*
1110 West Capitol Ave, West Sacramento, CA 95691
Phone: (916) 617-4509
robertar@cityofwestsacramento.org

Chad Rinde, Director of Finance, *County of Sacramento*
Claimant Contact
700 H Street, Room 3650, Sacramento, CA 95814
Phone: (916) 874-7248
RindeC@SacCounty.gov

Jessica Sankus, Senior Legislative Analyst, *California State Association of Counties (CSAC)*
Government Finance and Administration, 1100 K Street, Suite 101, Sacramento, CA 95814
Phone: (916) 327-7500
jsankus@counties.org

Cindy Sconce, Director, *Government Consulting Partners*
5016 Brower Court, Granite Bay, CA 95746
Phone: (916) 276-8807
cindysconcecp@gmail.com

Carla Shelton, Senior Legal Analyst, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
carla.shelton@csm.ca.gov

Camille Shelton, Chief Legal Counsel, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
camille.shelton@csm.ca.gov

Paul Steenhausen, Principal Fiscal and Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, , Sacramento, CA 95814
Phone: (916) 319-8303
Paul.Steenhausen@lao.ca.gov

Alejandra Villalobos, Management Services Manager, *County of San Bernardino*
Office of Auditor-Controller, 222 West Hospitality Lane, Forth Floor, San Bernardino, CA 92415
Phone: (909) 382-3191
alejandra.villalobos@sbcountyatc.gov

Arthur Wylene, General Counsel, *Rural County Representatives of California (RCRC)*
1215 K Street, Suite 1650, Sacramento, CA 95814
Phone: (916) 447-4806
awylene@rcrcnet.org

Kaily Yap, Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Kaily.Yap@dof.ca.gov

Traci Young, IS Project Director, *City and County of San Francisco*
San Francisco Public Utilities Commission (SFPUC), 525 Golden Gate Ave, San Francisco, CA 94102
Phone: (415) 653-2583
tmyoung@sfgwater.org

Helmholt Zinser-Watkins, Associate Governmental Program Analyst, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-7876
HZinser-watkins@sco.ca.gov