



JOHN CHIANG
California State Controller
Division of Accounting and Reporting

September 29, 2011

Mr. Drew Bohan
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Request to Amend Parameters and Guidelines,
Physical Education Reports
05-PGA-60 (98-TC-08)
Education Code section 51223.1; Chapter 640, Statutes 1997
Education Code section 51210.1; Chapter 943, Statutes 2002

Dear Mr. Bohan:

The State Controller's Office (SCO) is requesting to amend the Parameters and Guidelines (P's and G's) for the Physical Education Reports program to reflect the change in the Education Code section 51223.1, Statutes 2002, Chapter 943, Section 4, renumbered Education Code section 51223.1 to 51210.1 effective September 27, 2002.

Section 51210.1 specifically indicates that the reporting requirement for school districts in regards to the Coordinated Compliance Review is applicable for Grades 1 through 6 only. The existing P's and G's is referring to grades 1 through 8 for the same.

Enclosed are excerpts from the P's and G's indicating our proposed amendments. Proposed additions are underlined and deletions are indicated with strikethrough.

AMENDMENT TO PARAMETERS AND GUIDELINES
Education Code Section ~~section 51223.1~~ 51210.1
~~Statutes 1997, Chapter 640~~ Statutes 2002, Chapter 943
Physical Education Reports
05-PGA-60 (98-TC-08)

I. SUMMARY OF THE MANDATE

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Statutes 2002, Chapter 943, Section 4, renumbered Education Code section 51223.1 to Section 51210.1 effective September 27, 2002.

COMMENT: We recommend adding a sentence at the end of the summary to indicate the change in the Education Code.

II. ELIGIBLE CLAIMANTS

Any "school district", as defined in Government Code section 17519, with students in grades 1 through 8-6 that incurs increased costs as a result of this mandate is eligible to claim reimbursement.

COMMENT: Grades "1 through 6" is to be added instead of "1 through 8", to reflect the new grade level requirement stated by Education Code section 51210.1, subdivision (b)(1).

III. PERIOD OF REIMBURSEMENT

~~This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.~~

~~Government ... by Government Code section 17564.~~ Government Code section 17557 (d)(1), states a local agency, school district, or the state may file a written request with the commission to amend the parameters and guidelines. The Commission may, after public notice and hearing, amend the parameters and guidelines. A parameters and guidelines amendment submitted within 90 days of the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year. The parameters and guidelines amendment was filed on September 29, 2011; therefore, the amended parameters and guidelines apply to reimbursement claims beginning fiscal year 2010-11.

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.
2. Pursuant to Government Code section 17561, subdivision (d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.
3. Pursuant to Government Code section 17560, subdivision (a), a school district may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
4. In the event that revised claiming instructions are issued by the Controller pursuant to Government Code section 17558, subdivision (c), between November 15 and February 15, a school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim. (Government Code section 17560, subdivision (b).)
5. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

6. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

COMMENT: We recommend adding the above paragraph to the period of reimbursement section.

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IV. REIMBURSEABLE REIMBURSABLE ACTIVITIES

COMPONENT 2 – STAFF TRAINING

- a. Developing and implementing training for school district staff on the requirements of Education Code section ~~51223.1~~ 51210.1.

COMMENT: We request to correct the spelling error in the above title and refer to the renumbered code section.

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COMPONENT 3 – RECORD KEEPING

- a. Developing and implementing record keeping procedures necessary to comply with the implementation of Education Code section ~~51223.1~~ 51210.1 (to the extent that these are not already standard school district record keeping procedures).
- b. Developing and implementing audit procedures necessary to comply with the implementation of Education Code section ~~51223.1~~ 51210.1 (to the extent that these are not already standard school district record keeping procedures).

COMMENT: We recommend referring to the renumbered code section in the above paragraphs.

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V. CLAIM PREPARATION AND SUBMISSION

~~Each claim for reimbursement must be timely filed and identify each cost for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV of this document.~~

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. DIRECT COSTS Direct Cost Reporting

~~Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions and shall be supported by the following cost element information:~~

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Identify the employee(s) and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate and the related fringe benefits.

Reimbursement for personnel services includes compensation for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g. annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Only the expenditures that can be identified as direct costs of this mandate can be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based upon a recognized method of costing, consistently applied.

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Provide the name(s) of the contractor(s) who performed the service(s), including any fixed contracts for services. Describe the reimbursable activities performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Attach a copy of the contract to the claim.

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services were also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

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4. Fixed Assets

List Report the purchase price paid for equipment and other fixed assets acquired for this mandate necessary to implement the reimbursable activities. The Purchase price includes taxes, delivery costs, and installation costs. If the fixed asset equipment or other capital asset is also used for purposes other than this mandate, the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

B. Indirect Costs Cost Rates

Indirect costs ... allocation plan.

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the CDE.
2. County offices of education must use the J-580 (or subsequent replacement) nonrestrictive indirect cost rate provisionally approved by the CDE.

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

School districts and County offices of education must use indirect cost rate from the Restricted Indirect Cost Rates for K-12 Local Educational Agencies (LEAs) Five Year Listing issued by the California Department of Education (CDE) School Fiscal Services Division, for the fiscal year of costs.

COMMENT: Please insert the current boilerplate titles and contents in the "Direct Cost Reporting" and "Indirect Cost Rates" sections. The J-380 and J-580 forms previously used by school districts and county offices of education respectively have become obsolete.

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VII. OFFSETTING SAVINGS REVENUES AND OTHER REIMBURSEMENTS

Any offsetting ~~offsetting savings~~ revenues the claimant experiences in the same program as a direct result of the subject mandate same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any other source, including but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

COMMENT: We recommend adding the current boilerplate language in the above paragraph.

~~VIII. REQUIRED CERTIFICATION~~

~~An authorized representative of the claimant shall be required to provide a certification of claim, as specified in the State Controller's claiming instructions, for those cost mandated by the state contained herein.~~

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the test claim decision and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

COMMENT: Please add the above content in section VIII to match the most current boilerplate.

~~IX. PARAMETERS AND GUIDELINE AMENDMENTS~~

~~Pursuant to ... fiscal year.~~

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (d), and California Code of Regulations, title 2, section 1183.2.

COMMENT: Please add the above content in section IX to match the most current boilerplate.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.

COMMENT: We request to add the above paragraph to be consistent with most recently adopted P's and G's.

If you have any questions, please contact Afsana Saida at (916) 324-7870, or email asaida@sco.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'JAY LAL', with a long horizontal flourish extending to the right.

JAY LAL, Manager
Local Reimbursements Section