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Sacramento

April 6, 2017

VIA EMAIL

Heather Halsey
Executive Director
Commission on Draft Proposed Decision
980 9th Street, Suite 300
Sacramento, CA 95814

Re: **Comments on Draft Proposed Decision**
Health Fee Elimination, 10-4206-I-35

Dear Ms. Halsey:

I write on behalf of the San Mateo County Community College District (District) with regard to the Draft Proposed Decision on the incorrect reduction claim *Health Fee Elimination, 10-4206-I-35* (IRC) issued on March 17, 2017.

The audit underlying the IRC eliminated nearly \$800,000 in reimbursement otherwise due to the District. The District raised several concerns regarding the audit in its IRC filed on November 24, 2010.¹

After reviewing the Draft Proposed Decision, the District agrees with its conclusion that the audit's reduction of indirect costs claimed for fiscal year 2004-05 was incorrect as a matter of law.² The District, however, disagrees with the Draft Proposed Decision's conclusion as to the remaining contested matters and stands by the arguments made in its IRC.

Additionally, the District seeks to point out an apparent inconsistency between the underlying audit and the Draft Proposed Decision. The State Controller's audit included Finding 1:

The district claimed unallowable services and supplies totaling \$61,288. The district claimed \$7,976 to purchase food for exhibitor who participated in health fairs, to rent a popcorn card, and to purchase

¹ Exhibit A, IRC.

² Draft Proposed Decision, pp. 27-31.

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various promotional items (mood lamps, curling ribbons, tattoo bracelets, etc.). In addition, the district claimed \$53,312 that it identified as bad debt expense. The bad debt expense is related to uncollected bill student health fees.³

Thus, according to the audit, the total unallowable amount resulting from Finding 1, related to both the health fair expenses and the bad debt expense, was a total of \$61,288.

In contrast, the Draft Proposed Decision summarizes the audit as including:

- Reduction of \$61,288 for unallowable services and supplies for health fair promotional items, including food, rental fees for a popcorn cart, and other promotional items (mood lamps, curling ribbons, and tattoo bracelets). The Controller states that these are not expenditures the district is required to make in order to maintain the base-year level of health services.
- Reduction of \$53,312, claimed as a bad debt expense resulting from uncollected student health fees, which the Controller found was beyond the scope of the mandate and not reimbursable.⁴

This suggests the Draft Proposed Decision double-counted the \$53,312 reduction associated with bad debt expenses as part of the reduction related to health fair expenses. These same figures are repeated subsequently in the Draft Proposed Decision.⁵

While the District maintains its disagreement with the audit findings and renews its request that the findings be reversed, at a minimum the District requests that the Draft Proposed Decision be corrected to indicate that the total amount reduced as a result of Finding 1 was \$61,288 – \$7,976 associated with health fair costs and \$53,312 associated with bad bet expense.

The District appreciates the opportunity to provide, and the Commission's consideration of, these comments.

Best regards,

DANNIS WOLIVER KELLEY



Christian M. Keiner

CMK:fh

³ Exhibit A, IRC, p. 72.

⁴ Draft Proposed Decision, p. 17 (footnotes omitted.)

⁵ See Draft Proposed Decision, pp. 22-23.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On April 6, 2017, I served the:

Claimant Comments on the Draft Proposed Decision

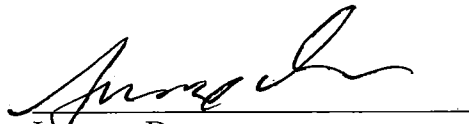
Health Fee Elimination, 10-4206-I-35

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

Fiscal Years: 2002-2003, 2003-2004, 2004-2005, 2005-2006, and 2006-2007
San Mateo Community College District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on April 6, 2017 at Sacramento, California.



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

¹ Statutes 1993, chapter 8.

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 3/22/17

Claim Number: 10-4206-I-35

Matter: Health Fee Elimination

Claimant: San Mateo County Community College District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

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

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