

EDMUND G. BROWN JR.  
GOVERNOR



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## REPORT TO THE LEGISLATURE: INCORRECT REDUCTION CLAIMS

January 1, 2010 – December 31, 2010

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## INTRODUCTION

Government Code section 17602 requires the Commission on State Mandates to report to the Legislature “the number of individual and consolidated incorrect reduction claims decided during the preceding calendar year and whether and why the reduction was upheld or overturned.” This report fulfills that requirement.

This report includes a summary of 2 individual and 13 consolidated incorrect reduction claims decided by the Commission during the period from January 1, 2010 through December 31, 2010. The complete text of the Statements of Decision may be found at [http://www.csm.ca.gov/leg\\_reports.shtml](http://www.csm.ca.gov/leg_reports.shtml).

# SUMMARY OF DECIDED CLAIMS<sup>1</sup>

## *Investment Reports*

00-9635802-I-01

Government Code Section 53646, Subdivisions (a), (b) and (e)  
Statutes of 1995, Chapter 783  
As Amended by Statutes of 1996, Chapters 156 and 749

Claimant: Los Angeles County

Incorrect Reduction Claim Filed: September 1, 2000  
Statement of Decision Adopted: January 29, 2010

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This incorrect reduction claim was filed by the County of Los Angeles (County) on reimbursement claims for costs incurred in fiscal years 1996-1997 and 1997-1998 on the *Investment Reports* program. The claim involved the State Controller's reduction of costs claimed following a desk audit for the salaries and benefits of County employees accumulating and compiling data necessary to render the quarterly report of investments, and the costs claimed for investment software.

The parameters and guidelines and claiming instructions for this program allow reimbursement to accumulate and compilation of the data necessary to prepare the quarterly reports of investment and to render the reports to the local agency.

The Commission concluded that the State Controller's Office incorrectly reduced the costs claimed by the County of Los Angeles in their reimbursement claims filed for the *Investment Reports* program for fiscal years 1996-1997 and 1997-1998.

The County's reimbursement claims for fiscal years 1996-1997 and 1997-1998 were remanded back to the State Controller's Office for further review and reinstatement of those costs that are eligible for reimbursement in accordance with the Commission's decision on this incorrect reduction claim.

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<sup>1</sup> The Commission's complete Statements of Decision for these claims may be found at [http://www.csm.ca.gov/leg\\_reports.shtml](http://www.csm.ca.gov/leg_reports.shtml).

*Investment Reports*

02-9635802-I-47

Government Code Section 53646, Subdivisions (a), (b) and (e)  
Statutes of 1995, Chapter 783

As Amended by Statutes of 1996, Chapters 156 and 749

Fiscal Years 1995-1996, 1996-1997, 1997-1998, and 1998-1999

Claimant: City of Tustin

Incorrect Reduction Claim Filed: October 11, 2002

Statement of Decision Adopted: July 29, 2010

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This claim was filed by the City of Tustin (City) on reimbursement claims for costs incurred in four fiscal years from 1995-1996 through 1998-1999 on the *Investment Reports* program. The issues in dispute involve the preparation and submittal of the annual statement of investment policy, and the activities required to accumulate and compile the quarterly report of investments.

The Commission concluded that the State Controller's Office incorrectly reduced the costs claimed by the City for these activities for fiscal years 1995-1996 through 1998-1999. However, the City did not identify the actual time spent and cost incurred on each activity eligible for reimbursement, but rather identified the total time and cost for each employee. Thus, it cannot be determined from the reimbursement claims how long it took the city treasurer, city finance director, and the account clerks to perform the reimbursable activities.

The Commission remanded the reimbursement claims back to the State Controller's Office for further review and reinstatement of those costs that were eligible for reimbursement in accordance with the Commission's decision on this incorrect reduction claim.

*School Bus Safety I and II*

(07-4433-9722-I-01, 07-4433-9722-I-02, 07-4433-9722-I-03, 07-4433-9722-I-04,  
07-4433-9722-I-05)

Education Code Sections 38408, 39831.3, and 39831.5; Vehicle Code Section 22112  
Statutes 1992, Chapter 624; Statutes 1994, Chapter 831; Statutes 1996, Chapter 277;  
Statutes 1997, Chapter 739

Fiscal Year 2002-2003

Claimants: San Jose Unified School District, Fullerton Joint Union High School  
District, Sweetwater Union High School District, San Ysidro School District,  
Clovis Unified School District

Incorrect Reduction Claims Filed: October 25, 2007 and November 5, 2007  
Statement of Decision Adopted: September 30, 2010

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These five consolidated incorrect reduction claims raised common questions of law and fact and were returned to each claimant by the State Controller's Office for the same reason. In all claims, the claimant filed annual reimbursement claims for compliance with the *School Bus Safety I and II* program for fiscal year 2002-2003. The State Budget Act of 2002 specifically identified *School Bus Safety II* as a suspended program for which reimbursement would not be provided during fiscal year 2002-2003. (Stats. 2002, ch. 379, Item 6110-295-0001.) The State Controller's Office returned the reimbursement claims without conducting an audit, on the ground that the program was suspended for fiscal year 2002-2003.

All claimants alleged, however, that Government Code section 17581.5, the statute governing the suspension of the *School Bus Safety* program, did not become effective and operative until September 30, 2002 (Stats. 2002, ch. 1167, eff. Sept. 30, 2002), and therefore, they were entitled to reimbursement for the limited time period from July 1, 2002 until September 30, 2002, the effective date of Government Code section 17581.5.

The Commission found that the school district claimants were entitled to reimbursement for the state-mandated activities in the *School Bus Safety I* program (Stats. 1992, ch. 624) for the limited time period from July 1, 2002 through September 29, 2002. In this respect, the State Controller's Office incorrectly returned and reduced the claims of the school district claimants.

The Commission remanded the reimbursement claims back to the State Controller's Office for further review and reinstatement of the costs eligible for reimbursement pursuant to the parameters and guidelines amended on March 25, 2004, for the *School Bus Safety I* program for the limited time period from July 1, 2002 through September 29, 2002.

## *School Crimes Reporting II*

(07-9703-I-01, 07-9703-I-02, 07-9703-I-03, 07-9703-I-04, 07-9703-I-05, 07-9703-I-06, 07-9703-I-07, and 07-9703-I-08)

Penal Code Sections 628.2 and 628.6;

Title V, California Code of Regulations, Sections 700-704;

Statutes 1984, Chapter 1607 (AB 2483); Statutes 1988, Chapter 78 (AB 2583); Statutes 1989, Chapter 1457 (SB 271); Statutes 1992, Chapter 759 (AB 1248); Statutes 1995, Chapter 410 (SB 822)

California Department of Education, Guidelines for School Crimes Reporting

Fiscal Year 2002-2003

Claimants: Bonita Unified School District, Fullerton Joint Union High School District, San Ysidro School District, Castro Valley Unified School District, Encinitas Union Elementary School District, Carlsbad Unified School District, San Diego County Office of Education, Rosedale Union Elementary School District

Incorrect Reduction Claims Filed: January 13, 2004 through June 4, 2004

Statement of Decision Adopted: September 30, 2010

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These eight consolidated incorrect reduction claims raised common questions of law and fact and were returned by the State Controller's Office for the same reason. In all claims, the claimant filed annual reimbursement claims for compliance with the *School Crimes Reporting II* program for fiscal year 2002-2003. The State Budget Act of 2002 specifically identified "*School Crimes Reporting II*" as a suspended program for which reimbursement would not be provided during fiscal year 2002-2003. (Stats. 2002, ch. 379, Item 6110-295-0001.) The State Controller's Office returned the reimbursement claims without conducting an audit on the ground that the program was suspended for fiscal year 2002-2003.

All claimants alleged, however, that Government Code section 17581.5, the statute governing the suspension of the *School Crimes Reporting II* program, did not become effective and operative until September 30, 2002 (Stats. 2002, ch. 1167, eff. Sept. 30, 2002), and therefore, they were entitled to reimbursement from July 1, 2002 until September 30, 2002, the effective date of Government Code section 17581.5.

The Commission found that the school district claimants were entitled to reimbursement for the state-mandated activities in the *School Crimes Reporting II* program for the limited time period from July 1, 2002 through September 29, 2002 (the time period for which no statutory authority existed to relieve school districts of the duty to comply with the mandate). In this respect, the State Controller's Office incorrectly returned and reduced the claims of the school district claimants. The Commission remanded the reimbursement claims back to the State Controller's Office for further review and reinstatement of the costs eligible for reimbursement pursuant to the parameters and guidelines for the School Crimes Reporting program that were adopted on September 28, 2000, for the limited time period from July 1, 2002 through September 29, 2002.