

STATE *of* CALIFORNIA  
**COMMISSION ON STATE  
MANDATES**



**REPORT TO THE LEGISLATURE:  
APPROVED MANDATE CLAIMS**

**January 1, 2025 – June 30, 2025**

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## **I. INTRODUCTION**

### **Commission on State Mandates**

#### Test Claim Process

Article XIII B, section 6 of the California Constitution requires the state to provide a subvention of funds to reimburse local government for the costs of new programs or increased levels of service mandated by the state. To implement article XIII B, section 6, the Legislature created the Commission on State Mandates (Commission) to succeed the State Board of Control in making determinations whether new statutes or executive orders are state-mandated programs.<sup>1</sup> The Commission was established to render sound quasi-judicial decisions and to provide an effective means of resolving disputes over the existence of state-mandated local programs. The Commission provides the sole and exclusive procedure for local agencies and school districts (claimants) to resolve disputes over the existence of state-mandated local programs and costs mandated by the state. The Commission is required to hear and decide claims (test claims) filed by local agencies and school districts that they are entitled to be reimbursed by the state for costs mandated by the state.<sup>2</sup>

#### Parameters and Guidelines

Government Code section 17557 provides that if the Commission determines that a statute or executive order imposes a mandate upon local agencies and school districts, the Commission is required to determine the amount to be subvended to local agencies and school districts for reimbursement by adopting parameters and guidelines. In adopting parameters and guidelines, the Commission may adopt a reasonable reimbursement methodology (RRM). Once parameters and guidelines are adopted, the Commission is required to adopt a statewide cost estimate of the mandated program (Gov. Code, § 17553).

#### Alternative Processes

Government Code section 17557.1 and 17557.2 provide an alternate process for determining the amount to be subvended for mandated programs. Under 17557.1, local governments and the Department of Finance may jointly develop reasonable reimbursement methodologies (RRMs) and statewide estimates of costs for mandated programs for approval by the Commission in lieu of parameters and guidelines and statewide cost estimates. Government Code section 17557.2 requires that joint RRMs have broad support and, if approved, they remain in effect for five years unless otherwise specified. Jointly developed RRMs and statewide estimates of costs that are approved by the Commission are included in the Commission's Annual Reports to the Legislature. To date, only one jointly developed RRM has ever been approved and it expired and was not extended by the parties so the Commission adopted parameters and guidelines for that program.

Government Code sections 17572 and 17573 provide another alternative process where the Department of Finance and local agencies, school districts, or statewide associations may jointly request that the Legislature determine that a statute or

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<sup>1</sup> Statutes 1984, chapter 1459, Government Code section 17500, et seq.

<sup>2</sup> Government Code section 17551.

executive order imposes a state-mandated program, establish a reimbursement methodology, and appropriate funds for reimbursement of costs. This process is intended to bypass the Commission's test claim process, thus providing the Commission with more time to complete the caseload backlog. To date, this process has not been successfully utilized.

## **Report to the Legislature**

The Commission is required to report to the Legislature at least twice each calendar year on the number of mandates it has found, the estimated statewide costs of each mandate, and the reasons for recommending reimbursement.<sup>3</sup> In 2010, SB 894 (Stats. 2010, ch. 699) was enacted to require the Commission to expand its Report to the Legislature to include:

- The status of pending parameters and guidelines that include proposed reimbursement methodologies.
- The status of pending joint proposals between the Department of Finance and local governments to develop reasonable reimbursement methodologies in lieu of parameters and guidelines.
- The status of joint proposals between the Department of Finance and local governments to develop legislatively-determined mandates.
- Any delays in the process for completion of reasonable reimbursement methodologies.

This report fulfills these requirements.

## **Legislative Analyst**

After the Commission submits its report to the Legislature, the Legislative Analyst is required to submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the Commission's reports. The Legislative Analyst's report shall make recommendations as to whether each mandate should be repealed, funded, suspended, or modified.

## **The Legislature**

Upon receipt of the report submitted by the Commission pursuant to Government Code Section 17600, funding shall be provided in the subsequent Budget Act for costs incurred in prior years. No funding shall be provided for years in which a mandate is suspended.<sup>4</sup>

The Legislature may amend, modify, or supplement the parameters and guidelines, reasonable reimbursement methodologies, and adopted statewide estimates of costs for the initial claiming period and budget year for mandates contained in the annual Budget Act. If the Legislature amends, modifies, or supplements the parameters and guidelines, reasonable reimbursement methodologies, or adopted statewide estimates of costs for the initial claiming period and budget year, it shall make a declaration in separate legislation specifying the basis for the amendment, modification, or supplement.<sup>5</sup>

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<sup>3</sup> Government Code section 17600.

<sup>4</sup> Government Code section 17612(a).

<sup>5</sup> Government Code section 17612(b).

## Mandate Funding Provisions

If the Legislature deletes from the annual Budget Act funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement for that fiscal year.<sup>6</sup> Under Proposition 1A, which amended article XIII B, section 6 of the California Constitution, city, county, city and county, or special district mandate claims for costs incurred prior to the 2004-2005 fiscal year that have not been paid prior to the 2005-2006 fiscal year may be paid over a term of years, as prescribed by law. However, for the 2005-2006 fiscal year and every subsequent fiscal year, the Constitution now requires the Legislature to either appropriate in the annual Budget Act the full payable amount that has not been previously paid or suspend the operation of the mandate for the fiscal year for which the annual Budget Act is applicable.

If payment for an initial reimbursement claim is being made more than 365 days after adoption of the statewide cost estimate, the State Controller's Office (Controller) shall include accrued interest at the Pooled Money Investment Account rate.<sup>7</sup>

If the amount the Legislature appropriates is insufficient to pay all of the reimbursement claims filed and approved for reimbursement, the Controller will prorate the claims.<sup>8</sup> If the funds to cover the remaining deficiency are not appropriated in the Budget Act, the Controller shall report this information to the legislative budget committees and the Commission.

## II. NEW MANDATES

The following table shows the Statewide Cost Estimates that were adopted during the period of January 1, 2025 through June 30, 2025.

**Statewide Cost Estimates (SCE) Adopted  
During the Period of January 1, 2025 through June 30, 2025**

Date	Test Claim Name and Number	Initial Claiming Period	Education (K-14)	Local Agency	Totals	Estimated Future Annual Costs
1/24/25	<i>California Regional Water Quality Control Board, San Diego</i>	12/6/09 to 12/31/17		\$351,870 -\$557,715	\$351,870 -\$557,715	\$0 <sup>9</sup>

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<sup>6</sup> Government Code section 17612(c).

<sup>7</sup> Government Code section 17561.5(a).

<sup>8</sup> Government Code section 17567.

<sup>9</sup> The entire reimbursement period is within the initial claim period because the Commission found the mandate is not reimbursable beginning January 1, 2018 since the claimants have fee authority, sufficient as a matter of law, to pay for the reimbursable activities pursuant to Government Code section 17556(d).

Date	Test Claim Name and Number	Initial Claiming Period	Education (K-14)	Local Agency	Totals	Estimated Future Annual Costs
	<i>Region, Order No. R9-2009-0002, Sections D.2., F.1.d.7.i.; F.4.b.; G.6.; K.1.b.4.n.; K.3.a.3.c.; J.1.; J.3.; J.4.; and Attachment D, Section D-2, 10-TC-11</i>					
3/28/25	<i>California Regional Water Quality Control Board, Santa Ana Region, Order No. R8-2010-0033, Sections IV. A-C; VI.D.1.a.vii; VI.D.1.c.i(8); VI.D.2.c; VI.D.2.d.ii(d); VI.D.2.i; VII.B; VII.D.2; VIII.A; VIII.H; IX.C; IX.D; IX.H;</i>	1/29/10 to 12/31/17		\$1,787,743 - \$2,784,272	\$1,787,743 - \$2,784,272	\$0 <sup>10</sup>

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<sup>10</sup> The entire reimbursement period is within the initial claim period because the Commission found the mandate is not reimbursable beginning January 1, 2018 since the claimants have fee authority, sufficient as a matter of law, to pay for the reimbursable activities pursuant to Government Code section 17556(d).

Date	Test Claim Name and Number	Initial Claiming Period	Education (K-14)	Local Agency	Totals	Estimated Future Annual Costs
	<i>X.D;</i> <i>XII.A.1;</i> <i>XII.B; XII.H;</i> <i>XIV.D;</i> <i>XV.A;</i> <i>XV.C;</i> <i>XV.F.1;</i> <i>XV.F.4;</i> <i>XV.F.5;</i> <i>XVII.A.3;</i> <i>and</i> <i>Appendix 3,</i> <i>Section III.E.3.,</i> <i>10-TC-07</i>					
5/23/25	<i>Free Application for Federal Student Aid (FAFSA),</i> <i>22-TC-05</i>	<i>7/27/21-7/1/22</i> <i>and</i> <i>Fiscal Year 2022-2023</i>	\$880,067 - \$8,222,922			\$1,066,886 - \$9,098,707 for Fiscal Year 2023-2024 and Following
<b>TOTAL</b>			\$880,067 - \$8,222,922	\$2,139,613 - \$3,341,987	\$3,019,680 - \$11,564,909	

### III. PENDING PARAMETERS AND GUIDELINES, REQUESTS TO AMEND PARAMETERS AND GUIDELINES, AND STATEWIDE COST ESTIMATES CASELOAD

Following are tables showing parameters and guidelines, requests to amend parameters and guidelines, and statewide cost estimates that are pending Commission determination. A request to include an RRM in parameters and guidelines or amendments thereto is a request made by a local entity claimant, an interested party, Finance, the Controller, or an affected state agency, pursuant to Government Code section 17557 and 17518.5 – which is distinct from the jointly proposed RRM, discussed above under “Alternative Processes.” These requests are often disputed by one or more of the parties and interested parties. There is one pending parameters and guidelines for which the claimants plan to propose an RRM: *Discharge of Stormwater Runoff*, 07-TC-09-R\*.

#### A. Pending Parameters and Guidelines

	Program	Status
1.	<i>Discharge of Stormwater Runoff</i> , 07-TC-09-R*	Set for hearing on July 25, 2025

\* Local agency programs



† School district or community college district programs

## **B. Pending Requests for Parameters and Guidelines Amendments**

There are no pending requests for Parameters and Guidelines Amendments.

## **C. Pending Statewide Cost Estimates**

	<b>Program</b>	<b>Status</b>
1.	<i>Public School Restrooms: Menstrual Products, 22-TC-04†</i>	Claims data received from the Controller: 4/4/25 Tentatively scheduled for hearing on 7/25/25
2.	<i>Disclosure Requirements and Deferral of Property Taxation, 22-TC-06*</i>	Claims data received from the Controller: 5/19/25 Tentatively scheduled for hearing on 7/25/25
3.	<i>California Regional Water Quality Control Board, San Francisco Bay Region, Order No. R2-2009-0074, 10-TC-02, 10-TC-03, and 10-TC-05*</i>	Estimated date that claims data will be received from the Controller: 11/24/25 Tentatively scheduled for hearing on 1/23/26

\* Local agency programs

† School district or community college district programs

## **IV. PENDING JOINT REASONABLE REIMBURSEMENT METHODOLOGIES OR LEGISLATIVELY-DETERMINED MANDATES**

There are currently no pending joint reasonable reimbursement methodologies (RRMs) or legislatively determined mandates.

Government Code section 17600 requires the Commission to report any delays in the process for joint RRM or LDMs being developed by Department of Finance and local entities and for RRM proposed by any party pursuant to Government Code section 17518.5. There are currently no pending joint RRM, LDMs or RRM proposed by any party. Therefore, there are no delays in these processes.

With regard to RRM included in parameters and guidelines or amendments thereto pursuant to Government Code sections 17557 and 17518.5, there is one pending parameters and guidelines for which the claimants plan to propose an RRM: *Discharge of Stormwater Runoff, 07-TC-09-R\**.

## **V. STATEWIDE COST ESTIMATES**

**A. *California Regional Water Quality Control Board, San Diego Region, Order No. R9-2009-0002, Sections D.2., F.1.d.7.i.; F.4.b.; G.6.; K.1.b.4.n.; K.3.a.3.c.; J.1.; J.3.; J.4.; and Attachment D, Section D-2, 10-TC-11***

Adopted: January 24, 2025

### **STATEWIDE COST ESTIMATE**

**\$351,870 - \$557,715**

## Initial Claim Period<sup>11</sup>

(December 16, 2009 to December 31, 2017)

*California Regional Water Quality Control Board, San Diego Region,  
Order No. R9-2009-0002, Sections D.2., F.1.d.7.i.; F.4.b.; G.6.; K.1.b.4.n.;  
K.3.a.3.c.; J.1.; J.3.; J.4.; and Attachment D, Section D-2.*

10-TC-11

The Commission on State Mandates (Commission) adopted this Statewide Cost Estimate on consent by a vote of 7-0 during a regularly scheduled hearing on January 24, 2025 as follows:

Member	Vote
Lee Adams, County Supervisor	Yes
Shannon Clark, Representative of the Director of the Governor's Office of Land Use and Climate Innovation	Yes
Deborah Gallegos, Representative of the State Controller, Vice Chairperson	Yes
Karen Greene Ross, Public Member	Yes
Renee Nash, School District Board Member	Yes
William Pahland, Representative of the State Treasurer	Yes
Michele Perrault, Representative of the Director of the Department of Finance, Chairperson	Yes

## STAFF ANALYSIS

### Summary of the Mandate, Eligible Claimants, and Period of Reimbursement

This Statewide Cost Estimate addresses state-mandated activities arising from National Pollutant Discharge Elimination System (NPDES) Order No. R9-2009-0002, adopted by the San Diego Regional Water Quality Control Board on December 16, 2009.

The Commission adopted the Test Claim Decision on October 27, 2023, partially approving reimbursement for the copermittees that incur increased costs to perform the reimbursable activities under the mandate, and adopted the Decision and Parameters and Guidelines on January 26, 2024 which were corrected on March 14, 2024. The copermittees are the County of Orange (County), Orange County Flood Control District (District), and cities of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, Mission Viejo, Rancho Santa Margarita, San Clemente, and San Juan Capistrano.<sup>12</sup>

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<sup>11</sup> The entire reimbursement period is within the initial claim period because the Commission found the mandate is not reimbursable beginning January 1, 2018 since the claimants have fee authority, sufficient as a matter of law, to pay for the reimbursable activities pursuant to Government Code section 17556(d).

<sup>12</sup> Exhibit B, Corrected Decision and Parameters and Guidelines, page 10.

The initial reimbursement period, which includes the entire reimbursement period, is December 16, 2009, through December 31, 2017 (seven months of fiscal year 2009-2010 through first half of fiscal year 2017-2018).<sup>13</sup> Eligible claimants were required to file initial claims with the State Controller's Office (Controller) by August 23, 2024. Late initial reimbursement claims may be filed until August 23, 2025, but will incur a 10 percent late filing penalty of the total amount of the initial claim without limitation.<sup>14</sup>

### **Reimbursable Activities**

The Commission approved the following reimbursable activities for this program:

1. Develop a monitoring plan to sample a representative percent of the major outfalls within each hydrologic subarea to determine SAL compliance (*one-time* activity as required by section D.2.).
2. Update the map of the entire MS4 and the corresponding drainage areas within each copermittees' jurisdiction *in GIS format* and submit GIS layers within 365 days of adoption of the permit to the Regional Board (*one-time only*, as required by section F.4.b.)
3. JRMP Effectiveness Assessment and Reporting, and Work Plan to Address High Priority Water Quality Problems (Sections J.1., J.3., and J.4.)
  - a. Establish annual assessment measures for reducing discharges into each downstream 303(d) listed water body and downstream environmentally sensitive areas that conform to the six outcome levels developed by CASQA, and which target water quality outcomes and the results of municipal enforcement activities, and to annually assess those measures. (Section J.1.a.)
  - b. Include the following effectiveness assessment information within each annual report, beginning with the 2011 annual report:
    - A description and results of the annual assessment measures or methods for reducing discharges of stormwater pollutants from the MS4 into each 303(d) listed waterbody. (Section J.3.a.1.)
    - A description and results of the annual assessment measures or methods for managing discharges of pollutants from the MS4 into each downstream environmentally sensitive area. (Section J.3.a.2.)
    - A description of the steps that will be taken to improve the copermittees' ability to assess program effectiveness using measurable targeted outcomes, assessment measures, assessment methods, and outcome levels 1-6, and include a time schedule for when improvement will occur. (Section J.3.a.8.)
  - c. Develop a work plan to address high priority water quality problems in an iterative manner over the life of the permit. The plan is required to be submitted to the Regional Board within 365 days of the adoption of the test

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<sup>13</sup> Exhibit B, Corrected Decision and Parameters and Guidelines, page 10.

<sup>14</sup> Government Code section 17561(d)(3).

claim permit, and shall be annually updated and included in the annual JRMP report. The work plan shall include the following information (Section J.4):

- The problems and priorities identified during the assessment.
  - A list of priority pollutants and known or suspected sources.
  - A brief description of the strategy employed to reduce, eliminate or mitigate the negative impacts.
  - A description and schedule for new or modified BMPs. The schedule is to include dates for significant milestones.
  - A description of how the selected activities will address an identified high priority problem, including a description of the expected effectiveness and benefits of the new or modified BMPs.
  - A description of how efficacy results will be used to modify priorities and implementation.
  - A review of past activities implemented, progress in meeting water quality standards, and planned program adjustments. (Section J.4.)
4. Annual JRMP Reports (Section F.1.d.7.i.; K.3.a.3.c., and Attachment D., section D-2., of the test claim permit)
- a. Except for the permittee's own municipal priority development projects, notify the Regional Board in the annual report of all other priority development projects choosing to participate in the LID waiver program. The annual report must include the following information: name of the developer of the participating priority development project; site location; reason for LID waiver including technical feasibility analysis; description of BMPs implemented; total amount deposited, if any, into the stormwater mitigation fund; water quality improvement projects proposed to be funded; and timeframe for implementation of water quality improvement projects. (Section F.1.d.7.i.)
  - b. Gather and report the following new information in the annual report checklist:
    - Construction - Except for the permittee's own municipal construction, gather and report number of active sites, number of inactive sites, and number of violations for all other construction.
    - New development - Except for the permittee's own municipal new development, gather and report the number of development plan reviews, number of grading permits issued, and number of projects exempted from interim/final hydromodification requirements for all other new development.
    - Post construction development – Except for the permittee's own municipal priority development projects, gather and report the number of priority development projects; and number of SUSMP [standard urban storm water mitigation plans] required post construction BMP violations.
    - MS4 maintenance –amount of waste removed, and total miles of MS4 inspected.

- Municipal/commercial/industrial – Except for the permittee’s own municipal facilities, gather and report the number of facilities and number of violations. (Section K.3.a.3.c., and Attachment D., section D-2., of the test claim permit.)
5. Annually notice and conduct public meetings to review and update the watershed workplan. (Sections G.6. and K.1.b.4.n.)

### Offsetting Revenues and Reimbursements

The Parameters and Guidelines specify any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any funds other than the claimant’s proceeds of taxes shall be identified and deducted from any claim submitted for reimbursement.<sup>15</sup>

Offsetting revenues identified in the reimbursement claims totaled \$162,922 for fiscal years 2009-2010 through 2014-2015, which were identified by the County, the principal permittee, and, as explained herein, represent the funds received by the County from the city copermittees to comply with some of the reimbursable activities.

### Statewide Cost Estimate

Activities A.1. and A.2. are one-time activities and are expected to end within the first few years of the program. Therefore, all costs for Activities A.1. and A.2. are expected to be claimed for the first few years of the reimbursement period only. Costs for Activities B.1. through B.4., however, are expected to be claimed for the entire reimbursement period ending December 31, 2017.

Staff reviewed 42 unaudited reimbursement claims as compiled by the Controller. The claims submitted by the County and cities of Aliso Viejo, Dana Point, and Mission Viejo covered fiscal years 2009-2010 through 2014-2015. The claims submitted by Rancho Santa Margarita and San Juan Capistrano covered the same fiscal years but excluded 2010-2011. The rest of the cities filed claims for a few fiscal years: Laguna Niguel submitted claims for fiscal years 2009-2010, 2010-2011, and 2012-2013; Lake Forest, fiscal years 2009-2010, 2011-2012, 2012-2013, and 2013-2014; and San Clemente, only fiscal year 2009-2010. Staff developed the Statewide Cost Estimate based on the assumptions and methodology discussed herein. Table 1 below summarizes the cost estimates for all fiscal years, seven months of 2009-2010 through first half of 2017-2018.

**Table 1. Reimbursement Period Cost Estimate**

<b>A. One-Time Activities</b>	
Activity A.1. Develop a monitoring plan to sample a representative percent of the major outfalls within each hydrologic subarea to determine Storm Water Action Level (SAL) compliance (Section D.2.).	\$18,454 - \$26,654

<sup>15</sup> Exhibit B, Corrected Decision and Parameters and Guidelines, pages 13-14.

Activity A.2. Update the map of the entire Municipal Separate Storm Sewer System (MS4) and the corresponding drainage areas within each copermittees' jurisdiction in Geographic Information System (GIS) format and submit GIS layers within 365 days of adoption of the permit to the Regional Board (Section F.4.b).	\$65,621 - \$94,785
<b>B. Ongoing Activities</b>	
Activity B.1.a. Establish annual assessment measures for reducing discharges into each downstream 303(d) listed water body and downstream environmentally sensitive areas that conform to the six outcome levels developed by California Stormwater Quality Association (CASQA), and which target water quality outcomes and the results of municipal enforcement activities, and to annually assess those measures. (Section J.1.a.)	\$178,620 - \$258,008
<p>Activity B.1.b. Include the following effectiveness assessment information within each annual report, beginning with the 2011 annual report:</p> <ul style="list-style-type: none"> <li>• A description and results of the annual assessment measures or methods for reducing discharges of stormwater pollutants from the MS4 into each 303(d) listed waterbody. (Section J.3.a.1.)</li> <li>• A description and results of the annual assessment measures or methods for managing discharges of pollutants from the MS4 into each downstream environmentally sensitive area. (Section J.3.a.2.)</li> <li>• A description of the steps that will be taken to improve the copermittees' ability to assess program effectiveness using measurable targeted outcomes, assessment measures, assessment methods, and outcome levels 1-6, and include a time schedule for when improvement will occur. (Section J.3.a.8.)</li> </ul>	\$45,394 - \$65,570
<p>Activity B.2. Develop a work plan to address high priority water quality problems in an iterative manner over the life of the permit. The plan is required to be submitted to the Regional Board within 365 days of the adoption of the test claim permit, and shall be annually updated and included in the annual JRMP report. The work plan shall include the following information (Section J.4):</p> <ul style="list-style-type: none"> <li>• The problems and priorities identified during the assessment.</li> <li>• A list of priority pollutants and known or suspected sources.</li> <li>• A brief description of the strategy employed to reduce, eliminate or mitigate the negative impacts.</li> </ul>	\$167,152 - \$241,440

<ul style="list-style-type: none"> <li>• A description and schedule for new or modified BMPs. The schedule is to include dates for significant milestones.</li> <li>• A description of how the selected activities will address an identified high priority problem, including a description of the expected effectiveness and benefits of the new or modified BMPs.</li> <li>• A description of how efficacy results will be used to modify priorities and implementation.</li> <li>• A review of past activities implemented, progress in meeting water quality standards, and planned program adjustments. (Section J.4.)</li> </ul>	
<p>Activity B.3.a. Except for the permittee's own municipal priority development projects, notify the Regional Board in the annual report of all other priority development projects choosing to participate in the Low Impact Development (LID) waiver program. The annual report must include the following information: name of the developer of the participating priority development project; site location; reason for LID waiver including technical feasibility analysis; description of BMPs implemented; total amount deposited, if any, into the stormwater mitigation fund; water quality improvement projects proposed to be funded; and timeframe for implementation of water quality improvement projects. (Section F.1.d.7.i.)</p>	<p>\$0 - \$0</p>
<p>Activity B.3.b. Gather and report the following new information in the annual report checklist:</p> <ul style="list-style-type: none"> <li>• Construction - Except for the permittee's own municipal construction, gather and report number of active sites, number of inactive sites, and number of violations for all other construction.</li> <li>• New development - Except for the permittee's own municipal new development, gather and report the number of development plan reviews, number of grading permits issued, and number of projects exempted from interim/final hydromodification requirements for all other new development.</li> <li>• Post construction development - Except for the permittee's own municipal priority development projects, gather and report the number of priority development projects; and number of SUSMP [standard urban storm water mitigation plans] required post construction BMP violations.</li> <li>• MS4 maintenance - amount of waste removed, and total miles of MS4 inspected.</li> </ul>	<p>\$6,167 - \$8,907</p>

• Municipal/commercial/industrial - Except for the permittee's own municipal facilities, gather and report the number of facilities and number of violations. (Section K.3.a.3.c., and Attachment D., section D-2., of the test claim permit.)	
Activity B.4. Annually notice and conduct public meetings to review and update the watershed workplan. (Sections G.6. and K.1.b.4.n.).	\$7,427 - \$10,727
Indirect Costs Identified	\$25,957 - \$37,423
Actual Offsetting Revenue	\$0- \$0
Offsetting Revenue Identified	\$162,922-\$162,992 <sup>16</sup>
Late Filing Penalty	\$0 - \$22,877
<b>Total Costs</b>	<b>\$351,870 - \$557,715</b>

### Assumptions

1. The amount claimed for the period of reimbursement may be higher if late or amended claims are filed. Nine of 13 eligible claimants (69 percent) filed claims for the reimbursement period.<sup>17</sup> The County and cities Aliso Viejo, Dana Point, and Mission Viejo filed six claims each, Rancho Santa Margarita and San Juan Capistrano filed five claims each, Lake Forest filed four claims, Laguna Niguel filed three claims, and San Clemente filed one claim.

All nine claimants filed claims for the first fiscal year, 2009-2010, which were primarily composed of costs for the one-time activities. Thus, amended claims for costs for one-time activities are not likely to be filed.

The city of San Clemente adopted a stormwater fee to cover the costs of the activities required by the permit, effective February 7, 2014, through June 30, 2020, and, thus, the City of San Clemente has no costs mandated by the state pursuant to Government Code section 17556(d) during that time period.<sup>18</sup>

No one filed claims for the final two and a half fiscal years of the reimbursement period (2015-2016, 2016-2017, and the first half of 2017-2018). This may be due to the implementation of the next iteration of the permit, R9-2015-0001, which

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<sup>16</sup> The County claimed a total of \$403,176 but reduced that by \$162,922, identifying the reduction as offsetting revenue. However, as explained below, the source of the funds used for the reduction are not offsets to the County's costs mandated by the state but rather are the cities' costs provided to the County under their local cost sharing agreement. Therefore, no actual offsetting revenue was identified in any claims and the \$162,922 cannot be claimed by the County as its costs mandated by the state and must be removed from the calculations to ensure reliable final amounts.

<sup>17</sup> Exhibit D (3), State Controller's Office, Claims Data, CRWQCB, San Diego Region, Order No. R9-2009-0002, Program 382, 10-TC-11.

<sup>18</sup> Exhibit A, Test Claim Decision, page 329.



became effective for these permittees on February 11, 2015, and may not have continued to require the ongoing activities. For purposes of this Statewide Cost Estimate, it is presumed that either no reimbursable costs were mandated for the ongoing activities after fiscal year 2014-2015, or that costs of less than \$1,000 were incurred, in which case a reimbursement claim cannot be filed.<sup>19</sup> Accordingly, there should be no late claims for the final two and a half fiscal years of the reimbursement period (2015-2016, 2016-2017, and the first half of 2017-2018).

The remaining four eligible claimants (the District and the cities of Laguna Beach, Laguna Hills, and Laguna Woods) that have not filed reimbursement claims may still file late claims.

2. The approved reporting requirements in Activities B.1.b., B.3.a., and B.3.b. represent only the higher level of service activities mandated by the state when compared to prior law. Federal law and the prior permit previously required an annual report and several activities claimed were denied on this basis.<sup>20</sup> Therefore, costs to comply with Activities B.1.b., B.3.a., and B.3.b. will be less than the total cost to prepare and submit the annual report.

In addition, no costs were claimed for Activity B.3.a. by the claimants. Activity B.3.a. requires the permittees to notify the Regional Board in the annual report of priority development projects choosing to participate in the Low Impact Development (LID) waiver program. Reimbursement is not required to notify the Regional Board of *municipal* priority development projects choosing to participate in the waiver program, however. It is possible that no priority development projects in the claimants' jurisdictions chose to participate in the waiver program, or the costs for reporting that information were negligible. For the purposes of this Statewide Cost Estimate, it is presumed that the eligible claimants will not file amended or late claims on this Activity.

3. The County, the District, and the cities entered into a stormwater evergreen contract in 2002 which sets forth the following responsibilities: The County provides administrative services including budgeting, reporting, and evaluation of best management practices; the District provides monitoring, enforcement of the county ordinance, and inspections; and the cities submit reports and updated maps to the County. Both the County and the District collect funds from the cities under the contract for these activities.<sup>21</sup>

The County reduced its total claim of \$403,176 for the period of reimbursement by \$162,922, identifying the reduction as offsetting revenue generated by the payments received by the other copermitees for the reimbursable activities

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<sup>19</sup> Government Code section 17564.

<sup>20</sup> Exhibit A, Test Claim Decision, pages 268-269, 292-297; Code of Federal Regulations, title 40, section 122.42(c).

<sup>21</sup> Exhibit D (2), Excerpt from fiscal year 2009-2010 claim filed by City of Aliso Viejo, pages 22-24.

performed by the County under the 2002 contract.<sup>22</sup> However, identifying these funds as offsetting revenues is not correct. Funds received by the County from the other copermittees under an agreement are *not* the County's proceeds of taxes and cannot be claimed by the County as its costs mandated by the state. The test claim permit mandates each copermittee to incur mandated costs and, under the Government Code, the County does not have the authority to claim the costs of other eligible claimants. Except for schools, direct service districts, or special districts whose costs may not reach the minimum \$1,000, the Government Code requires each eligible claimant to file its own reimbursement claim and does not allow one local agency to file a combined claim for the costs incurred by other eligible local agencies.<sup>23</sup> In addition, it appears from the claims that the City of Aliso Viejo claimed for some of the same costs for fiscal year 2009-2010, which may be part of the revenues reduced by the County.<sup>24</sup> Thus, any share of costs paid by an eligible city to the County as the principal permittee under the contract may be claimed by the city pursuant to Section V. of the Parameters and Guidelines. The city is required to identify and deduct from its claim any portion of those funds that are not the city's proceeds of taxes. Likewise, the County is authorized to claim only for its own costs incurred to comply with the mandated activities, may not claim the cities' costs, and must identify and deduct as offsetting revenues any funds received for its own state-mandated expenses that are not the County's proceeds of taxes.

Therefore, this analysis assumes that the County's net costs mandated by the state total \$240,254 (\$403,176 - \$162,922), that no claimant identified offsetting revenues as described above, and that offsetting revenues will not be claimed in any late or amended claims.

4. Costs may be lower if the Controller audits the claims and determines that other offsetting revenues (i.e., funds that are not the claimant's proceeds of taxes, including grant funds, or fee and assessment revenues) were used by a claimant to pay for the reimbursable activities.

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<sup>22</sup> Exhibit D (1), Claims filed by County of Orange for fiscal years 2009-2010 through 2014-2015, pages 5, 13, 21, 29, 37, 44.

<sup>23</sup> Government Code section 17564. See also, Government Code section 17561(d)(1)(A), which states that "When claiming instructions are issued by the Controller pursuant to Section 17558 for each mandate determined pursuant to Section 17551 or 17573 that requires state reimbursement, *each* local agency or school district to which the mandate is applicable shall submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions." Emphasis added. Government Code section 17560(a) also provides that "*A local agency or school district* may, by February 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year." Emphasis added. Thus, each agency is required to submit their own claim for their costs mandated by the state.

<sup>24</sup> Exhibit D (2), Excerpt from fiscal year 2009-2010 claim filed by City of Aliso Viejo, pages 5, 9, 11, and 12.

5. Indirect costs are low because overhead is not claimed by most of the cities who are not performing the reimbursable activities themselves but have instead contracted with the County to perform those activities.<sup>25</sup>
6. Actual costs may be lower if the Controller reduces any reimbursement claim for this program following an audit deeming the claim to be excessive, unreasonable, or not eligible for reimbursement.

#### Methodology for Reimbursement Period Cost Estimate

As explained below, the low-end statewide cost estimate represents the costs actually claimed. The high-end statewide cost estimate represents the costs actually claimed plus the costs that could be claimed in late claims.

Activity A.1. consists of developing a monitoring plan to sample a representative percent of the major outfalls within each hydrologic subarea to determine Storm Water Action Levels (SALs) compliance.

Activity A.1. actual costs claimed [\$18,454] / the number of filers [9] = average activity A.1. cost per claimant [\$2,050]

Average activity A.1. cost per claimant [\$2,050] x number of non-filers [4] = total estimated non-filer activity A.1. costs [\$8,200]

Activity A.1. actual costs claimed [\$18,454] + estimated non-filer activity A.1. costs that could be claimed in late claims [\$8,200] = Total potential activity A.1. costs [\$26,654]

Activity A.2. consists of updating the map of the entire MS4 within each copermittees' jurisdiction in GIS format and submit GIS layers within 365 days of adoption of the permit to the Regional Board.

Activity A.2. actual costs claimed [\$65,621] / the number of filers [9] = average activity A.2. cost per claimant [\$7,291]

Average activity A.2. cost per claimant [\$7,291] x number of non-filers [4] = total estimated non-filer activity A.2. costs [\$29,164]

Activity 2. actual costs claimed [\$65,621] + estimated non-filer activity A.2. costs that could be claimed in late claims [\$29,164] = Total potential activity A.2. costs [\$94,785]

Activity B.1.a. consists of establishing annual assessment measures for reducing discharges into each downstream 303(d) listed water body and downstream environmentally sensitive areas that conform to the six outcome levels developed by CASQA and which target water quality outcomes and the results of municipal enforcement activities, and to annually assess those measures.

Activity B.1.a. actual costs claimed [\$178,620] / the number of filers [9] = average activity B.1.a. cost per claimant [\$19,847]

Average activity B.1.a. cost per claimant [\$19,847] x number of non-filers [4] = total estimated non-filer activity B.1.a. costs [\$79,388]

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<sup>25</sup> Exhibit D (2), Excerpt from fiscal year 2009-2010 claim filed by City of Aliso Viejo, pages 22-23.

Activity B.1.a. actual costs claimed [\$178,620] + estimated non-filer activity B.1.a. costs that could be claimed in late claims [\$79,388] = Total potential activity B.1.a. costs [\$258,008]

Activity B.1.b. consists of including effectiveness assessment information within each annual report, beginning with the 2011 annual report.

Activity B.1.b. actual costs claimed [\$45,394] / the number of filers [9] = average activity B.1.b. cost per claimant [\$5,044]

Average activity B.1.b. cost per claimant [\$5,044] x number of non-filers [4] = total estimated non-filer activity B.1.b. costs [\$20,176]

Activity 3.b. actual costs claimed [\$45,394] + estimated non-filer activity B.1.b. costs that could be claimed in late claims [\$20,176] = Total potential activity B.1.b. costs [\$65,570]

Activity B.2. consists of developing, submitting to the Regional Board within 365 days of the adoption of the test claim permit, annually updating and including in the annual JRMP report a work plan to address high priority water quality problems in an iterative manner over the life of the permit.

Activity B.2. actual costs claimed [\$167,152] / the number of filers [9] = average activity B.2. cost per claimant [\$18,572]

Average activity B.2. cost per claimant [\$18,572] x number of non-filers [4] = total estimated non-filer activity B.2. costs [\$74,288]

Activity B.2. actual costs claimed [\$167,152] + estimated non-filer activity B.2. costs that could be claimed in late claims [\$74,288] = Total potential activity B.2. costs [\$241,440]

Activity B.3.a. consists of notifying the Regional Board in the annual report of all other priority development projects choosing to participate in the Low Impact Development (LID) waiver program excluding the permittee's own municipal priority development projects. No claimant claimed these costs and thus, no projection of future costs claimed is possible.

Activity B.3.b. consists of gathering and reporting specified new information in the annual report checklist.

Activity B.3.b. actual costs claimed [\$6,167] / the number of filers [9] = average activity B.3.b. cost per claimant [\$685]

Average activity B.3.b. cost per claimant [\$685] x number of non-filers [4] = total estimated non-filer activity B.3.b. costs [\$2,740]

Activity B.3.b. actual costs claimed [\$6,167] + estimated non-filer activity B.3.b. costs that could be claimed in late claims [\$2,740] = Total potential activity B.3.b. costs [\$8,907]

Activity B.4. consists of annually noticing and conducting public meetings to review and update the watershed workplan.

Activity B.4. actual costs claimed [\$7,427] / the number of filers [9] = average activity B.4. cost per claimant [\$825]

Average activity B.4. cost per claimant [\$825] x number of non-filers [4] = total estimated non-filer activity B.4. costs [\$3,300]

Activity B.4. actual costs claimed [\$7,427] + estimated non-filer activity B.4. costs that could be claimed in late claims [\$3,300] = Total potential activity B.4. costs [\$10,727]

**Indirect Costs:** The low end of the range for indirect costs is those indirect costs actually claimed. The high end, in addition to indirect costs actually claimed, assumes all eligible claimants who have not yet filed claims will file claims for indirect costs at the same average rate actually claimed, which is calculated by dividing indirect costs claimed by direct costs claimed equals average indirect cost rate (as a percentage). Then multiply the average indirect rate by the estimated direct costs.

Indirect Costs Actually Claimed [\$25,957] / Direct Costs Actually Claimed [\$488,836] = Average Indirect Cost Rate [5.3%].

Indirect Cost Rate [5.3%] x Estimated Direct Costs (sum of all estimated activity costs for the initial claim period) [\$706,092] = High End of the Estimated Indirect Costs [\$37,423].

**Offsetting Revenues:** The low end of the range is total offsetting revenues actually identified, which as stated above is \$0. Since there are no offsetting revenues properly identified, projections cannot be made. Thus, the high end remains the same as the low end of the range; both at \$0 offsetting revenues.

**Late Filing Penalties:** The low end is \$0 because none of the initial claims compiled by the Controller were assessed a late filing penalty. The high end assumes all eligible claimants who have not yet filed claims will file for the initial period of reimbursement, subject to a late filing penalty. Late fees are therefore calculated by adding non-filer direct and indirect costs and subtracting offsets to get net costs and then multiplying the net costs by a ten percent penalty rate to estimate the high-end late filing penalties.

Estimated Non-filer Direct and Indirect Costs [\$228,770] – Estimated Non-filer Offsets [\$0] = Estimated Non-filer Net Costs [\$228,770].

Estimated Non-filer Net Costs [\$228,770] x (10% late filing penalty) = Estimated Non-filer Late Filing Penalties [\$22,877].

Actual Late Filing Penalties [\$0] + Estimated Non-filer Late Filing Penalties [\$22,877] = High End of Estimated Late Filing Penalties [\$22,877].

### **Draft Proposed Statewide Cost Estimate**

On November 27, 2024, Commission staff issued the Draft Proposed Statewide Cost Estimate.<sup>26</sup> No comments were filed on the Draft Proposed Statewide Cost Estimate.

### **Conclusion**

On January 24, 2025, the Commission adopted this Statewide Cost Estimate of \$351,870 to \$557,715 for the Initial Claim Period from December 16, 2009 through December 31, 2017.

**B. California Regional Water Quality Control Board, Santa Ana Region, Order No. R8-2010-0033, Sections IV. A-C; VI.D.1.a.vii; VI.D.1.c.i(8); VI.D.2.c; VI.D.2.d.ii(d); VI.D.2.i; VII.B; VII.D.2; VIII.A; VIII.H; IX.C; IX.D; IX.H; X.D; XII.A.1;**

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<sup>26</sup> Exhibit C, Draft Proposed Statewide Cost Estimate.

***XII.B; XII.H; XIV.D; XV.A; XV.C; XV.F.1; XV.F.4; XV.F.5; XVII.A.3; and Appendix 3, Section III.E.3., 10-TC-07***

Adopted: March 28, 2025

**STATEWIDE COST ESTIMATE**

**\$1,787,743 - \$2,784,272**  
**Claim Period<sup>27</sup>**

(January 29, 2010 to December 31, 2017)

***California Regional Water Quality Control Board, Santa Ana Region, Order No. R8-2010-0033, Sections IV. A-C; VI.D.1.a.vii; VI.D.1.c.i(8); VI.D.2.c; VI.D.2.d.ii(d); VI.D.2.i; VII.B; VII.D.2; VIII.A; VIII.H; IX.C; IX.D; IX.H; X.D; XII.A.1; XII.B; XII.H; XIV.D; XV.A; XV.C; XV.F.1; XV.F.4; XV.F.5; XVII.A.3; and Appendix 3, Section III.E.3.***

10-TC-07

The Commission on State Mandates (Commission) adopted this Statewide Cost Estimate on consent by a vote of 7-0 during a regularly scheduled hearing on March 28, 2025 as follows:

<b>Member</b>	<b>Vote</b>
Lee Adams, County Supervisor	Yes
Deborah Gallegos, Representative of the State Controller, Vice Chairperson	Yes
Karen Greene Ross, Public Member	Yes
Renee Nash, School District Board Member	Yes
William Pahland, Representative of the State Treasurer	Yes
Michele Perrault, Representative of the Director of the Department of Finance, Chairperson	Yes
Matt Read, Representative of the Director of the Office of Land Use and Climate Innovation	Yes

**STAFF ANALYSIS**

**Summary of the Mandate, Eligible Claimants, and Period of Reimbursement**

This Statewide Cost Estimate addresses state-mandated activities arising from National Pollutant Discharge Elimination System (NPDES) Order No. R8-2010-0033, adopted by the Santa Ana Regional Water Quality Control Board on January 29, 2010.

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<sup>27</sup> The entire reimbursement period is within the initial claim period because the Commission found the mandate is not reimbursable beginning January 1, 2018 due to the claimants' fee authority, sufficient as a matter of law, to pay for the reimbursable activities pursuant to Government Code section 17556(d). See Exhibit A, Decision and Parameters and Guidelines, pages 11-12.

The Commission adopted the Test Claim Decision on March 22, 2024,<sup>28</sup> and the Decision and Parameters and Guidelines on May 24, 2024,<sup>29</sup> partially approving reimbursement for the County of Riverside,<sup>30</sup> and the cities of Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, and Wildomar.<sup>31</sup>

The initial reimbursement period, which is also the entire reimbursement period, is January 29, 2010 to December 31, 2017 (except reimbursement for the cities of Murrieta and Wildomar ended on June 6, 2013).<sup>32</sup> Eligible claimants were required to file initial claims with the State Controller's Office (Controller) by January 20, 2025. Late initial reimbursement claims may be filed until January 20, 2026, but will incur a 10 percent late filing penalty of the total amount of the initial claim without limitation.<sup>33</sup>

### **Reimbursable Activities**

The Commission approved the following reimbursable activities for this program:

#### **A. Local Implementation Plans (LIPs)**

1. Within six months of adoption of the test claim permit, the permittees shall develop a LIP template and submit for approval of the executive officer. The LIP template shall be amended as the provisions of the Drainage Area Management Plan (DAMP) are amended to address the requirements of the test claim permit. The LIP template shall facilitate a description of the co-permittee's individual programs to implement the DAMP, including the organizational units responsible for implementation and identify positions responsible for urban runoff program implementation. The description shall specifically address the items enumerated in Sections IV.A.1 through IV.A.12 of the test claim permit (Order No. R8-2010-0033, Section IV.A).
2. Within 12 months of approval of the LIP template, and amendments thereof, by the executive officer, each permittee shall complete a LIP, in conformance with the LIP template. The LIP shall be signed by the principal executive officer or ranking elected official or their duly authorized representative pursuant to Section XX.M of the test claim permit (Order No. R8-2010-0033, Section IV.B).

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<sup>28</sup> Exhibit C (1), Test Claim Decision, page 198 (Test Claim Permit).

<sup>29</sup> Exhibit A, Decision and Parameters and Guidelines.

<sup>30</sup> The Test Claim was denied as to the Riverside County Flood Control and Water Conservation District because there was no evidence the District incurred costs mandated by the state from its proceeds of taxes, so it is not an eligible claimant. Exhibit A, Decision and Parameters and Guidelines, pages 8, 17.

<sup>31</sup> Exhibit A, Decision and Parameters and Guidelines, pages 17-18.

<sup>32</sup> Exhibit C (1), Test Claim Decision, pages 49-50. The Commission found that "The Cities of Murrieta and Wildomar are eligible claimants under the test claim permit (R8-2010-0033) whose potential period of reimbursement ends June 6, 2013."

<sup>33</sup> Government Code section 17561(d)(3).

3. Revise the LIP as necessary, following an annual review and evaluation of the effectiveness of the urban runoff programs, in compliance with Section VIII.H of the test claim permit (Order No. R8-2010-0033, Section IV.C).
4. Middle Santa Ana River permittees (Riverside County and the Cities of Corona, Norco, and Riverside) shall amend the LIP to be consistent with the revised DAMP and WQMPs to comply with the interim WQBELs for the Middle Santa Ana River Watershed Bacterial Indicator TMDL within 90 days after said revisions are approved by the Regional Board (Order No. R8-2010-0033, Section VI.D.1.a.vii).
5. Middle Santa Ana River permittees (Riverside County and the Cities of Corona, Norco, and Riverside) shall revise the LIPs consistent with the Comprehensive Bacteria Reduction Plan (CBRP) to comply with the final WQBELs during the dry season for the Middle Santa Ana River Watershed Bacterial Indicator TMDL no more than 180 days after the CBRP is approved by the Regional Board (Order No. R8-2010-0033, Section VI.D.1.c.i(8)).
6. Lake Elsinore/Canyon Lake permittees (Riverside County Flood Control and Water Conservation District, County of Riverside and Cities of Beaumont, Canyon Lake, Hemet, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Perris, San Jacinto, Riverside, and Wildomar) shall revise the LIPs as necessary to implement the interim WQBEL compliance plans (Lake Elsinore In-Lake Sediment Nutrient Reduction Plan, Lake Elsinore/Canyon Lake Model Update Plan) to comply with nutrient TMDLs for the Lake Elsinore/Canyon Lake (San Jacinto Watershed) submitted pursuant to Section VI.D.2.a and b of the test claim permit (Order No. R8-2010-0033, Section VI.D.2.c).
7. Lake Elsinore/Canyon Lake Permittees (Riverside County Flood Control and Water Conservation District, County of Riverside and Cities of Beaumont, Canyon Lake, Hemet, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Perris, San Jacinto, Riverside, and Wildomar) shall revise the LIPs consistent with the Comprehensive Nutrient Reduction Plan (CNRP), which describes in detail the specific actions that have been taken or will be taken, including the proposed method for evaluating progress, to achieve final compliance with the WQBELs for the nutrients TMDL in the San Jacinto Watershed, no more than 180 days after the CNRP is approved by the Regional Board (Order No. R8-2010-0033, Section VI.D.2.d.ii(d)).
8. Lake Elsinore/Canyon Lake Permittees (Riverside County Flood Control and Water Conservation District, County of Riverside and Cities of Beaumont, Canyon Lake, Hemet, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Perris, San Jacinto, Riverside, and Wildomar) shall revise the LIPs as necessary to implement the CNRP to comply with the final WQBELs for the nutrients TMDL in the San Jacinto Watershed, including any necessary revisions resulting from updates to the CNRP following a BMP effectiveness analysis as required by Section VI.D.2.f of the test claim permit (Order No. R8-2010-0033, Section VI.D.2.i).
9. The LIPs must be designed to achieve compliance with receiving water limitations associated with discharges of urban runoff to the MEP (Order No. R8-2010-0033, Section VII.B).



10. Within 30 days following approval by the executive officer of the report described in Section VII.D.1 of the test claim permit, the permittees shall revise the applicable LIPs to incorporate the approved modified BMPs that have been and will be implemented, the implementation schedule, and any additional monitoring required (Order No. R8-2010-0033, Section VII.D.2).
11. The permittees shall incorporate their enforcement programs into the LIPs (Order No. R8-2010-0033, Section VIII.A).
12. The permittees shall update the LIPs following an annual evaluation of the effectiveness of implementation and enforcement response procedures with respect to the items discussed in Sections VIII.A through G of the test claim permit (Order No. R8-2010-0033, Section VIII.H).
13. The permittees shall describe their procedures and authorities for managing illegal dumping in the LIPs (Order No. R8-2010-0033, Section IX.C).
14. The permittees shall update the LIPs following their review of and revisions to their IC/ID programs to include a proactive IDDE program, as set forth in Section IX.D of the test claim permit (Order No. R8-2010-0033, Section IX.D).
15. Each co-permittee shall specify in its LIP its procedure for verifying that any map or permit for a new development or significant redevelopment project for which discretionary approval is sought has obtained coverage under the General Construction Permit, where applicable, and any tools utilized for this purpose (Order No. R8-2010-0033, Section XII.A.1).
16. Within 18 months of adoption of the test claim permit, each permittee shall include in its LIP standard procedures and tools pertaining to the following:
  - a. The process for review and approval of WQMPs, including a checklist that incorporates the minimum requirements of the model WQMP.
  - b. A database to track structural post-construction BMPs, consistent with Section XII.K.4 of the test claim permit.
  - c. Ensuring that the entity or entities responsible for BMP maintenance and the mechanism for BMP funding are identified prior to WQMP approval.
  - d. Training for those involved with WQMP reviews in accordance with Section XV of the test claim permit (Training Requirements) (Order No. R8-2010-0033, Section XII.H).
17. Each permittee shall include in its LIP the inspection and cleaning frequency for all portions of its MS4 (Order No. R8-2010-0033, Section XIV.D).
18. Within 24 months of adoption of the test claim permit, each permittee shall update their LIP to include a program to provide formal and where necessary, informal training to permittee staff that implement the provisions of the test claim permit (Order No. R8-2010-0033, Section XV.A).

**B. Proactive Illicit Discharge Detection and Elimination Program**

1. Within 18 months of adoption of this test claim permit, review and revise the IC/ID program to include a proactive illicit discharge detection and elimination program, using the Guidance Manual for Illicit Discharge Detection and Elimination by the Center for Watershed Protection or any other equivalent

program, consistent with Section IX.E of the test claim permit (Order No. R8-2010-0033, Section IX.D).

2. Report the result of the review required by Section IX.D of the test claim permit in the annual report and include a description of the permittees' revised proactive illicit discharge detection and elimination program, procedures and schedules (Order No. R8-2010-0033, Section IX.D).
3. *Except* for those responses that result in an enforcement action, maintain a database summarizing IC/ID incident response, including IC/IDs detected as part of field monitoring activities (Order No. R8-2010-0033, Section IX.H).
4. Review and update the dry weather and wet weather reconnaissance strategies to identify and eliminate IC/IDs using the Guidance Manual for Illicit Discharge Detection and Elimination by the Center for Watershed Protection or any other equivalent program (Order No. R8-2010-0033, Appendix 3, Section III.E).
5. Establish a baseline dry weather flow concentration for total dissolved solids and total inorganic nitrogen at each core monitoring location using dry weather monitoring for nitrogen and total dissolved solids (Order No. R8-2010-0033, Appendix 3, Section III.E). *Monitoring for total dissolved solids and total inorganic nitrogen is not a new requirement and is not eligible for reimbursement.*

#### C. Septic System Database

The County of Riverside shall maintain updates to a database of new septic systems in the permittees' jurisdictions approved since 2008 (Order No. R8-2010-0033, Section X.D).

#### D. Watershed Action Plan

1. Within three years of adoption of the test claim permit, the permittees shall develop and submit to the Executive Officer for approval a Watershed Action Plan and implementation tools that describes and implements the permittees' approach to coordinated watershed management (Order No. R8-2010-0033, Sections XII.B.1, 2, and 3). At a minimum, the Watershed Action Plan shall include the following:
  - a. Description of proposed regional BMP approaches that will be used to address urban TMDL WLAs.
  - b. Development of recommendations for specific retrofit studies of MS4, parks and recreational areas that incorporate opportunities for addressing TMDL implementation plans, hydromodification from urban runoff and LID implementation.
  - c. Description of regional efforts that benefit water quality (e.g. Western Riverside County Multiple Species Habitat Conservation Plan, TMDL Task Forces, Water Conservation Task Forces, Integrated Regional Watershed Management Plans) and their role in the Watershed Action Plan. The permittees shall describe how these efforts link to their urban runoff programs and identify any further coordination that should be promoted to address urban WLA or hydromodification from urban runoff to the MEP (Section XII.B.3).
2. Within two years of adoption of the test claim permit, the permittees shall delineate existing unarmored or soft-armored stream channels in the permit area

that are vulnerable to hydromodification from new development and significant redevelopment projects (Order No. R8-2010-0033, Section XII.B.4).

3. Within two years of completion of the channel delineation in Section XII.B.4 of the test claim permit, develop a Hydromodification Management Plan (HMP) describing how the delineation will be used on a per project, sub-watershed, and watershed basis to manage Hydromodification caused by urban runoff. The HMP shall prioritize actions based on drainage feature/susceptibility/risk assessments and opportunities for restoration.
  - a. The HMP shall identify potential causes of identified stream degradation including a consideration of sediment yield and balance on a watershed or subwatershed basis.
  - b. Develop and implement a HMP to evaluate Hydromodification impacts for the drainage channels deemed most susceptible to degradation. The HMP will identify sites to be monitored, include an assessment methodology, and required follow-up actions based on monitoring results. Where applicable, monitoring sites may be used to evaluate the effectiveness of BMPs in preventing or reducing impacts from Hydromodification (Order No. R8-2010-0033, Section XII.B.5).
4. Identify impaired waters [CWA § 303(d) listed] with identified urban runoff pollutant sources causing impairment, existing monitoring programs addressing those pollutants, any BMPs that the permittees are currently implementing, and any BMPs the permittees are proposing to implement consistent with the other requirements of this Order. Upon completion of the channel delineation, develop a schedule to implement an integrated, world-wide-web available, regional geodatabase of the impaired waters, MS4 facilities, critical habitat preserves defined in the Multiple Species Habitat Conservation Plan and stream channels in the permit area that are vulnerable to hydromodification from urban runoff (Order No. R8-2010-0033, Section XII.B.6).
5. Develop a schedule to maintain the watershed geodatabase and other available and relevant regulatory and technical documents associated with the Watershed Action Plan (Order No. R8-2010-0033, Section XII.B.7).
6. Within three years of adoption of the test claim permit, the permittees shall submit the Watershed Action Plan to the Executive Officer for approval and incorporation into the DAMP. Within six months of approval, each permittee shall implement applicable provisions of the approved revised DAMP and incorporate applicable provisions of the revised DAMP into the LIPs for watershed wide coordination of the Watershed Action Plan (Order No. R8-2010-0033, Section XII.B.8).
7. The permittees shall also incorporate Watershed Action Plan training, as appropriate, including training for upper-level managers and directors into the training programs described in Section XV of the test claim permit. The co-permittees shall also provide outreach and education to the development community regarding the availability and function of appropriate web-enabled components of the Watershed Action Plan (Order No. R8-2010-0033, Section XII.B.9).

8. Invite participation and comments from resource conservation districts, water and utility agencies, state and federal agencies, non-governmental agencies and other interested parties in the development and use of the watershed geodatabase (Order No. R8-2010-0033, Section XII.B.10).

#### E. Employee Training

1. Provide formal training to permittee employees responsible for implementing the requirements of the test claim order related to project-specific WQMP review on the following:
  - a. Review and approval of project-specific WQMPs
  - b. Potential effects that permittee or public activities related to the employee trainee's duties can have on water quality
  - c. Principal applicable water quality laws and regulations that are the basis for the requirements in the DAMP
  - d. Provisions of the DAMP that relate to the duties of the employee trainee, including an overview of the CEQA requirements contained in Section XII.C of the test claim permit (Order No. R8-2010-0033, Section XV.C).
2. Formal training (training conducted in classrooms or using videos, DVDs or other multimedia) shall: consider all applicable permittee staff responsible for implementing the requirements of the test claim order related to project-specific WQMP review (including but not limited to planners, plan reviewers, and engineers); define the required knowledge and competencies for each permittee activity; outline the curriculum; include testing or other procedures to determine that the trainees have acquired the requisite knowledge to carry out their duties, and provide proof of completion of training such as certificate of completion, and/or attendance sheets (Order No. R8-2010-0033, Section XV.C).
3. New Permittee employees responsible for implementing requirements of the test claim permit relating to project-specific WQMP review must receive formal training within one year of hire (Order No. R8-2010-0033, Section XV.F.1).
4. Existing permittee employees responsible for implementing the requirements of the test claim permit relating to project-specific WQMP review must receive formal training at least once during the term of the test claim permit (Order No. R8-2010-0033, Section XV.F.4).
5. Include the start date for formal training of permittee employees responsible for implementing the requirements of the test claim permit relating to project-specific WQMP review in the schedule of DAMP revisions required in Section III.A.1.s of the test claim permit, which shall be no later than six months after Executive Officer approval of DAMP updates applicable to the permittee activities described in Section XIV of the test claim permit (Order No. R8-2010-0033, Section XV.F.5).

#### F. Urban Runoff Management Program Effectiveness Assessment

1. Develop and include in the first annual report (November 2010) after the adoption of the test claim permit a proposal for assessment of urban runoff management program effectiveness on an area-wide and jurisdiction-specific basis at the six outcome levels, utilizing the California Storm Water Quality Association (CASQA) Municipal Storm Water Program Effectiveness Assessment Guidance. The

assessment measures are required to target both water quality outcomes and the results of municipal enforcement activities, consistent with the requirements of Appendix 3, Section IV.B (Order No. R8-2010-0033, Section XVII.A.3).

### **Offsetting Revenues and Reimbursements**

The Parameters and Guidelines specify any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any other funds that are not the claimant's proceeds of taxes shall be identified and deducted from any claim submitted for reimbursement.<sup>34</sup>

### **Statewide Cost Estimate**

Staff reviewed 54 unaudited reimbursement claims submitted by 10 municipal claimants (of the 15 eligible claimants), as compiled by the Controller. The Statewide Cost Estimate based on the assumptions and methodology discussed herein.

**Table 1. Reimbursement Period Cost Estimate**

Activity A.1. Within six months of adoption of the test claim permit, the permittees shall develop a LIP template and submit it for approval of the executive officer. The LIP template shall be amended as the provisions of the Drainage Area Management Plan (DAMP) are amended to address the requirements of the test claim permit. The LIP template shall facilitate a description of the co-permittee's individual programs to implement the DAMP, including the organizational units responsible for implementation and identify positions responsible for urban runoff program implementation. The description shall specifically address the items enumerated in Sections IV.A.1 through IV.A.12 of the test claim permit (Order No. R8-2010-0033, Section IV.A).	\$37,833 - \$52,966
Activity A.2. Within 12 months of approval of the LIP template, and amendments thereof, by the executive officer, each permittee shall complete a LIP, in conformance with the LIP template. The LIP shall be signed by the principal executive officer or ranking elected official or their duly authorized representative pursuant to Section XX.M of the test claim permit (Order No. R8-2010-0033, Section IV.B).	\$10,237 - \$51,185
Activity A.3. Revise the LIP as necessary, following an annual review and evaluation of the effectiveness of the urban runoff programs, in compliance with Section VIII.H of the test claim permit (Order No. R8-2010-0033, Section IV.C).	\$35,264 - \$70,528

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<sup>34</sup> Exhibit A, Decision and Parameters and Guidelines, page 16.

Activity A.4. Middle Santa Ana River permittees (Riverside County and the Cities of Corona, Norco, and Riverside) shall amend the LIP to be consistent with the revised DAMP and WQMPs to comply with the interim WQBELs for the Middle Santa Ana River Watershed Bacterial Indicator TMDL within 90 days after said revisions are approved by the Regional Board (Order No. R8-2010-0033, Section VI.D.1.a.vii).	\$0 - \$0
Activity A.5. Middle Santa Ana River permittees shall revise the LIPs consistent with the Comprehensive Bacteria Reduction Plan (CBRP) to comply with the final WQBELs during the dry season for the Middle Santa Ana River Watershed Bacterial Indicator TMDL no more than 180 days after the CBRP is approved by the Regional Board (Order No. R8-2010-0033, Section VI.D.1.c.i(8)).	\$0 - \$0
Activity A.6. Lake Elsinore/Canyon Lake permittees (Riverside County Flood Control and Water Conservation District, County of Riverside and Cities of Beaumont, Canyon Lake, Hemet, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Perris, San Jacinto, Riverside, and Wildomar) shall revise the LIPs as necessary to implement the interim WQBEL compliance plans (Lake Elsinore In-Lake Sediment Nutrient Reduction Plan, Lake Elsinore/Canyon Lake Model Update Plan) to comply with nutrient TMDLs for the Lake Elsinore/Canyon Lake (San Jacinto Watershed) submitted pursuant to Section VI.D.2.a and b of the test claim permit (Order No. R8-2010-0033, Section VI.D.2.c).	\$0 - \$0
Activity A.7. Lake Elsinore/Canyon Lake Permittees shall revise the LIPs consistent with the Comprehensive Nutrient Reduction Plan (CNRP), which describes in detail the specific actions that have been taken or will be taken, including the proposed method for evaluating progress, to achieve final compliance with the WQBELs for the nutrients TMDL in the San Jacinto Watershed, no more than 180 days after the CNRP is approved by the Regional Board (Order No. R8-2010-0033, Section VI.D.2.d.ii(d)).	\$0 - \$0
Activity A.8. Lake Elsinore/Canyon Lake Permittees shall revise the LIPs as necessary to implement the CNRP to comply with the final WQBELs for the nutrients TMDL in the San Jacinto Watershed, including any necessary revisions resulting from updates to the CNRP following a BMP effectiveness analysis as required by Section VI.D.2.f of the test claim permit (Order No. R8-2010-0033, Section VI.D.2.i).	\$0 - \$0
Activity A.9. The LIPs must be designed to achieve compliance with receiving water limitations associated	\$0 - \$0

with discharges of urban runoff to the MEP (Order No. R8-2010-0033, Section VII.B).	
Activity A.10. Within 30 days following approval by the executive officer of the report described in Section VII.D.1 of the test claim permit, the permittees shall revise the applicable LIPs to incorporate the approved modified BMPs that have been and will be implemented, the implementation schedule, and any additional monitoring required (Order No. R8-2010-0033, Section VII.D.2).	\$0 - \$0
Activity A.11. The permittees shall incorporate their enforcement programs into the LIPs (Order No. R8-2010-0033, Section VIII.A).	\$11,946 - \$59,730
Activity A.12. The permittees shall update the LIPs following an annual evaluation of the effectiveness of implementation and enforcement response procedures with respect to the items discussed in Sections VIII.A through G of the test claim permit (Order No. R8-2010-0033, Section VIII.H).	\$0 - \$0
Activity A.13. The permittees shall describe their procedures and authorities for managing illegal dumping in the LIPs (Order No. R8-2010-0033, Section IX.C).	\$0 - \$0
Activity A.14. The permittees shall update the LIPs following their review of and revisions to their IC/ID programs to include a proactive IDDE program, as set forth in Section IX.D of the test claim permit (Order No. R8-2010-0033, Section IX.D).	\$9,938 - \$49,690
Activity A.15. Each co-permittee shall specify in its LIP its procedure for verifying that any map or permit for a new development or significant redevelopment project for which discretionary approval is sought has obtained coverage under the General Construction Permit, where applicable, and any tools utilized for this purpose (Order No. R8-2010-0033, Section XII.A.1).	\$0 - \$0
Activity A.16. Within 18 months of adoption of the test claim permit, each permittee shall include in its LIP standard procedures and tools pertaining to the following: <ul style="list-style-type: none"> <li>a. The process for review and approval of WQMPs, including a checklist that incorporates the minimum requirements of the model WQMP.</li> <li>b. A database to track structural post-construction BMPs, consistent with Section XII.K.4 of the test claim permit.</li> <li>c. Ensuring that the entity or entities responsible for BMP maintenance and the mechanism for BMP funding are identified prior to WQMP approval.</li> <li>d. Training for those involved with WQMP reviews in accordance with Section XV of the test claim permit (Training Requirements) (Order No. R8-2010-0033, Section XII.H).</li> </ul>	\$4,315 - \$21,575

Activity A.17. Each permittee shall include in its LIP the inspection and cleaning frequency for all portions of its MS4 (Order No. R8-2010-0033, Section XIV.D).	\$40,713 - \$203,565
Activity A.18. Within 24 months of adoption of the test claim permit, each permittee shall update their LIP to include a program to provide formal and where necessary, informal training to permittee staff that implement the provisions of the test claim permit (Order No. R8-2010-0033, Section XV.A).	\$6,328 - \$31,640
Activity B.1. Within 18 months of adoption of this test claim permit, review and revise the IC/ID program to include a proactive illicit discharge detection and elimination program, using the Guidance Manual for Illicit Discharge Detection and Elimination by the Center for Watershed Protection or any other equivalent program, consistent with Section IX.E of the test claim permit (Order No. R8-2010-0033, Section IX.D).	\$40,635 - \$56,889
Activity B.2. Report the result of the review required by Section IX.D of the test claim permit in the annual report and include a description of the permittees' revised proactive illicit discharge detection and elimination program, procedures and schedules (Order No. R8-2010-0033, Section IX.D).	\$0 - \$0
Activity B.3. <i>Except</i> for those responses that result in an enforcement action, maintain a database summarizing IC/ID incident responses, including IC/IDs detected as part of field monitoring activities (Order No. R8-2010-0033, Section IX.H).	\$1,079 - \$5,395
Activity B.4. Review and update the dry weather and wet weather reconnaissance strategies to identify and eliminate IC/IDs using the Guidance Manual for Illicit Discharge Detection and Elimination by the Center for Watershed Protection or any other equivalent program (Order No. R8-2010-0033, Appendix 3, Section III.E).	\$0 - \$0
Activity B.5. Establish a baseline dry weather flow concentration for total dissolved solids and total inorganic nitrogen at each core monitoring location using dry weather monitoring for nitrogen and total dissolved solids (Order No. R8-2010-0033, Appendix 3, Section III.E). <i>Monitoring for total dissolved solids and total inorganic nitrogen is not eligible for reimbursement.</i>	\$12,322 - \$61,610
Activity C.1. The County of Riverside shall maintain updates to a database of new septic systems in the permittees' jurisdictions approved since 2008 (Order No. R8-2010-0033, Section X.D).	\$1,290 - \$1,290
Activity D.1. Within three years of adoption of the test claim permit, the permittees shall develop and submit to the Executive Officer for approval a Watershed Action Plan and implementation tools that describes and	\$33,471 - \$46,859



<p>implements the permittees' approach to coordinated watershed management (Order No. R8-2010-0033, Sections XII.B.1, 2, and 3). At a minimum, the Watershed Action Plan shall include the following:</p> <ul style="list-style-type: none"> <li>a. Description of proposed regional BMP approaches that will be used to address urban TMDL WLAs.</li> <li>b. Development of recommendations for specific retrofit studies of MS4, parks and recreational areas that incorporate opportunities for addressing TMDL implementation plans, hydromodification from urban runoff and LID implementation.</li> <li>c. Description of regional efforts that benefit water quality (e.g. Western Riverside County Multiple Species Habitat Conservation Plan, TMDL Task Forces, Water Conservation Task Forces, Integrated Regional Watershed Management Plans) and their role in the Watershed Action Plan. The permittees shall describe how these efforts link to their urban runoff programs and identify any further coordination that should be promoted to address urban WLA or hydromodification from urban runoff to the MEP (Section XII.B.3).</li> </ul>	
<p>Activity D.2. Within two years of adoption of the test claim permit, the permittees shall delineate existing unarmored or soft-armored stream channels in the permit area that are vulnerable to hydromodification from new development and significant redevelopment projects (Order No. R8-2010-0033, Section XII.B.4).</p>	<p>\$28,025 - \$39,235</p>
<p>Activity D.3. Within two years of completion of the channel delineation in Section XII.B.4 of the test claim permit, develop a Hydromodification Management Plan (HMP) describing how the delineation will be used on a per project, sub-watershed, and watershed basis to manage Hydromodification caused by urban runoff. The HMP shall prioritize actions based on drainage feature/susceptibility/risk assessments and opportunities for restoration.</p> <ul style="list-style-type: none"> <li>a. The HMP shall identify potential causes of identified stream degradation including a consideration of sediment yield and balance on a watershed or subwatershed basis.</li> <li>b. Develop and implement a HMP to evaluate Hydromodification impacts for the drainage channels deemed most susceptible to degradation. The HMP will identify sites to be monitored, include an assessment methodology, and required follow-up actions based on monitoring results. Where applicable, monitoring sites may be used to evaluate the effectiveness of BMPs in preventing</li> </ul>	<p>\$30,890 - \$44,618</p>

or reducing impacts from Hydromodification (Order No. R8-2010-0033, Section XII.B.5).	
Activity D.4. Identify impaired waters [CWA § 303(d) listed] with identified urban runoff pollutant sources causing impairment, existing monitoring programs addressing those pollutants, any BMPs that the permittees are currently implementing, and any BMPs the permittees are proposing to implement consistent with the other requirements of this Order. Upon completion of the channel delineation, develop a schedule to implement an integrated, world-wide-web available, regional geodatabase of the impaired waters, MS4 facilities, critical habitat preserves defined in the Multiple Species Habitat Conservation Plan and stream channels in the permit area that are vulnerable to hydromodification from urban runoff (Order No. R8-2010-0033, Section XII.B.6).	\$1,394,299 - \$1,952,019
Activity D.5. Develop a schedule to maintain the watershed geodatabase and other available and relevant regulatory and technical documents associated with the Watershed Action Plan (Order No. R8-2010-0033, Section XII.B.7).	\$0 - \$0
Activity D.6. Within three years of adoption of the test claim permit, the permittees shall submit the Watershed Action Plan to the Executive Officer for approval and incorporation into the DAMP. Within six months of approval, each permittee shall implement applicable provisions of the approved revised DAMP and incorporate applicable provisions of the revised DAMP into the LIPs for watershed wide coordination of the Watershed Action Plan (Order No. R8-2010-0033, Section XII.B.8).	\$0 - \$0
Activity D.7. The permittees shall also incorporate Watershed Action Plan training, as appropriate, including training for upper-level managers and directors into the training programs described in Section XV of the test claim permit. The co-permittees shall also provide outreach and education to the development community regarding the availability and function of appropriate web-enabled components of the Watershed Action Plan (Order No. R8-2010-0033, Section XII.B.9).	\$4,555 - \$6,579
Activity D.8. Invite participation and comments from resource conservation districts, water and utility agencies, state and federal agencies, non-governmental agencies and other interested parties in the development and use of the watershed geodatabase (Order No. R8-2010-0033, Section XII.B.10).	\$0 - \$0
Activity E.1. Provide formal training to permittee employees responsible for implementing the requirements of the test claim order related to project-specific WQMP review on the following:	\$63,877 - \$92,267

<ul style="list-style-type: none"> <li>a. Review and approval of project-specific WQMPs</li> <li>b. Potential effects that permittee or public activities related to the employee trainee's duties can have on water quality</li> <li>c. Principal applicable water quality laws and regulations that are the basis for the requirements in the DAMP</li> <li>d. Provisions of the DAMP that relate to the duties of the employee trainee, including an overview of the CEQA requirements contained in Section XII.C of the test claim permit (Order No. R8-2010-0033, Section XV.C).</li> </ul>	
Activity E.2. Formal training (training conducted in classrooms or using videos, DVDs or other multimedia) shall: consider all applicable permittee staff responsible for implementing the requirements of the test claim order related to project-specific WQMP review (including but not limited to planners, plan reviewers, and engineers); define the required knowledge and competencies for each permittee activity; outline the curriculum; include testing or other procedures to determine that the trainees have acquired the requisite knowledge to carry out their duties, and provide proof of completion of training such as certificate of completion, and/or attendance sheets (Order No. R8-2010-0033, Section XV.C).	\$319 - \$1,595
Activity E.3. New Permittee employees responsible for implementing requirements of the test claim permit relating to project-specific WQMP review must receive formal training within one year of hire (Order No. R8-2010-0033, Section XV.F.1).	\$0 - \$0
Activity E.4. Existing permittee employees responsible for implementing the requirements of the test claim permit relating to project-specific WQMP review must receive formal training at least once during the term of the test claim permit (Order No. R8-2010-0033, Section XV.F.4).	\$3,761 - \$18,805
Activity E.5. Include the start date for formal training of permittee employees responsible for implementing the requirements of the test claim permit relating to project-specific WQMP review in the schedule of DAMP revisions required in Section III.A.1.s of the test claim permit, which shall be no later than six months after Executive Officer approval of DAMP updates applicable to the permittee activities described in Section XIV of the test claim permit (Order No. R8-2010-0033, Section XV.F.5).	\$0 - \$0
Activity F.1. Develop and include in the first annual report (November 2010) after the adoption of the test claim permit a proposal for assessment of urban runoff management program effectiveness on an area-wide and jurisdiction-specific basis at the six outcome levels,	\$0 - \$0

utilizing the California Storm Water Quality Association (CASQA) Municipal Storm Water Program Effectiveness Assessment Guidance. The assessment measures are required to target both water quality outcomes and the results of municipal enforcement activities, consistent with the requirements of Appendix 3, Section IV.B (Order No. R8-2010-0033, Section XVII.A.3).	
Indirect Costs Identified	\$16,646 - \$26,957
Less Offsetting Revenues or Other Reimbursements	(\$0 - \$0)
Less a 10 Percent Late Filing Penalty from the High Estimate	(\$0 - \$110,725)
<b>Total Costs</b>	<b>\$1,787,743 - \$2,784,272</b>

### **Assumptions**

Except for Activities A.3., A.12., A.15., B.3., C.1., D.7., E.1., E.2., and E.3., all of the activities approved for reimbursement are one-time activities and so most costs are expected to be claimed only in the first few years of reimbursement (except for the activities for which no initial claims were filed).

2. Ongoing costs for Activities A.3., A.12., A.15., B.3., C.1., D.7, E.1., E.2., and E.3., will continue to be claimed for the entire reimbursement period, ending December 31, 2017, except for Activity C.1. for which all costs are presumed claimed, and except for activities for which no claims were filed (see #7 below).
3. The amount claimed for the period of reimbursement may be higher if late or amended claims are filed. Only 10 of 15 eligible claimants (67 percent) filed initial claims for the reimbursement period.<sup>35</sup> The remaining five eligible claimants (Beaumont, Canyon Lake, Lake Elsinore, Norco, Wildomar) may still file late claims, and the 10 claimants who timely filed may file amended claims for additional costs. As explained below, the five eligible claimants that have not filed claims are calculated as four in the estimates below because two claimants may only file claims for half of the period of reimbursement, or until June 6, 2013.
4. Wildomar and Murrieta can only claim until June 6, 2013, or half of the seven fiscal years in this claiming period (which is January 29, 2010 to December 31, 2017, consisting of about half of fiscal year 2009-2010, and fiscal years 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, and half of 2016-2017). Thus, to calculate the high estimate, potential claims (assuming one filed annually) for the five non-filing eligible claimants are three non-filing claimants who can claim for the entire claiming period: ((3 claimants \* 7 years = 21 claims) plus two non-filing claimants who can claim for half of the claiming period: (2 claimants \* 3.5 years = 7 claims) = 28 potential claims). For simplicity, we average this to four non-filers (average of 4 claimants \* 7 years = 28 potential claims).

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<sup>35</sup> Exhibit C (2), Spreadsheet of Claims Data. The claimants that filed initial claims are the County of Riverside and the Cities of Calimesa, Corona, Hemet, Menifee, Moreno Valley, Murrieta, Perris, Riverside, San Jacinto.

5. Some of the claimants' costs are for contracted services because the permit designated the Riverside County Flood Control and Water Conservation District as the principal permittee,<sup>36</sup> and the claimants paid the principal permittee for services under a cost sharing agreement.
6. In the Test Claim Decision, the Commission recognized the following potential offsetting revenue:

The County and cities have constitutional and statutory authority to charge property-related fees for the new state-mandated requirements related to Local Implementation Plans (Sections IV, VI.D.1.a.vii, VI.D.1.c.i(8), VI.D.2.c, VI.D.2.d.ii(d), VI.D.2.i, VII.B, VII.D.2, VIII.A, VIII.H, IX.C, IX.D, XII.A.1, XII.H, XIV.D, and XV.A); the proactive illicit discharge detection and elimination program (Sections IX.D, IX.E, IX.H, and Appendix 3, Section III.E.3); the septic system database (Section X.D); the Watershed Action Plan (Section XII.B); employee training (Sections XV.C, XV.F.1, XV.F.4, and XV.F.5), and urban runoff management program assessment (Section XVII.A.3).<sup>37</sup>

However, no claimants identified offsetting revenues in their reimbursement claims, so the Commission estimates \$0 offsetting revenue.

7. If no claims were filed for a particular activity, the Commission assumes that no late or amended claims will be filed for that activity.
8. Costs may be lower if the Controller audits the claims and determines that other offsetting revenues (i.e., funds that are not the claimant's proceeds of taxes, including grant funds, or fee and assessment revenues) were used by a claimant to pay for the reimbursable activities.
9. Actual costs may be lower if the Controller reduces any reimbursement claim for this program following an audit deeming the claim to be excessive, unreasonable, or not eligible for reimbursement.

## **Methodology**

For most activities, the low-end statewide cost estimates are only for the costs actually claimed. The high-end estimates (except C.1., and activities for which \$0 was claimed) assume all eligible claimants will claim reimbursement for the activity and represents the costs actually claimed plus the costs that could be claimed in late claims.

### **A. Reimbursement Period Cost Estimate**

Activity A.1. requires the permittees to develop a LIP template and submit it for approval of the executive officer. The high estimate for activity A.1. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs actually claimed.

Activity A.1. actual costs claimed [\$37,833] / the number of filers [10] = average  
Activity A.1. cost per filer [\$3,783]

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<sup>36</sup> Exhibit C (1), Test Claim Decision, pages 39, 273-274.

<sup>37</sup> Exhibit C (1), Test Claim Decision, page 271,

Average activity A.1. cost per filer [\$3,783] x number of non-filers [4]<sup>38</sup> = total estimated non-filer Activity A.1. costs [\$15,133]

Activity A.1. actual costs claimed [\$37,833] + estimated non-filer Activity A.1. costs that could be claimed in late claims [\$15,133] = Total potential Activity A.1. costs [\$52,966]

Activity A.2. requires each permittee to complete a LIP, in conformance with the LIP template. The high estimate for activity A.2. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity A.2. actual costs claimed [\$10,237] / the number of filers [1] = average Activity A.2. cost per filer [\$10,237]

Average activity A.2. cost per filer [\$10,237] x number of non-filers [4] = total estimated non-filer Activity A.2. costs [\$40,948]

Activity A.2. actual costs claimed [\$10,237] + estimated non-filer Activity A.2. costs that could be claimed in late claims [\$40,948] = Total potential Activity A.2. costs [\$51,185]

Activity A.3. requires revising the LIP as necessary following an annual review and evaluation of the effectiveness of the urban runoff programs. The high estimate for activity A.3. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity A.3. actual costs claimed [\$35,264] / the number of filers [4] = average Activity A.3. cost per filer [\$8,816]

Average activity A.3. cost per filer [\$8,816] x number of non-filers [4] = total estimated non-filer Activity A.3. costs [\$35,264]

Activity A.3. actual costs claimed [\$35,264] + estimated non-filer Activity A.3. costs that could be claimed in late claims [\$35,264] = Total potential Activity A.3. costs [\$70,528]

Activity A.4. requires the Middle Santa Ana River permittees to amend the LIP to be consistent with the revised DAMP and WQMPs. Because no initial claims were filed for activity A.4., which is a one-time activity, the Commission assumes none will be filed and estimates costs at \$0.

Activity A.5. requires the Middle Santa Ana River permittees to revise the LIPs consistent with the Comprehensive Bacteria Reduction Plan (CBRP) to comply with the final WQBELs. Because no initial claims were filed for activity A.5., a one-time activity, the Commission assumes none will be filed and estimates costs at \$0.

Activity A.6. requires the Lake Elsinore/Canyon Lake permittees to revise the LIPs as necessary to implement the interim WQBEL compliance plans. Because no initial claims were filed for activity A.6., a one-time activity, the Commission assumes none will be filed and estimates costs at \$0.

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<sup>38</sup> Although there were five non-filing municipalities, four is the average of three non-filing claimants and the two claimants only eligible to claim for half of the claiming period. See assumption #4 above.

Activity A.7. requires the Lake Elsinore/Canyon Lake Permittees to revise the LIPs consistent with the Comprehensive Nutrient Reduction Plan (CNRP). Because no initial claims were filed for activity A.7., a one-time activity, the Commission assumes none will be filed and estimates costs at \$0.

Activity A.8. requires the Lake Elsinore/Canyon Lake Permittees to revise the LIPs as necessary to implement the CNRP. Because no initial claims were filed for activity A.8., a one-time activity, the Commission assumes none will be filed and estimates costs at \$0.

Activity A.9. states the LIPs must be designed to achieve compliance with receiving water limitations associated with discharges of urban runoff to the MEP. Because no initial claims were filed for activity A.9., the Commission assumes none will be filed and estimates costs at \$0.

Activity A.10. requires the permittees to revise the applicable LIPs to incorporate the approved modified BMPs. Because no initial claims were filed for activity A.10., the Commission assumes none will be filed and estimates costs at \$0.

Activity A.11. states the permittees shall incorporate their enforcement programs into the LIPs. The high estimate for activity A.11. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity A.11. actual costs claimed [\$11,946] / the number of filers [1] = average Activity A.11. cost per filer [\$11,946]

Average activity A.11. cost per filer [\$11,946] x number of non-filers [4] = total estimated non-filer Activity A.11. costs [\$47,784]

Activity A.11. actual costs claimed [\$11,946] + estimated non-filer Activity A.11. costs that could be claimed in late claims [\$47,784] = Total potential Activity A.11. costs [\$59,730]

Activity A.12. requires the permittees to update the LIPs following an annual evaluation. Because no initial claims were filed for activity A.12., the Commission assumes none will be filed and estimates costs at \$0.

Activity A.13. requires the permittees to describe their procedures and authorities for managing illegal dumping in the LIPs. Because no initial claims were filed for activity A.13., the Commission assumes none will be filed and estimates costs at \$0.

Activity A.14. requires the permittees to update the LIPs following their review of and revisions to their IC/ID programs. The high estimate for activity A.14. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity A.14. actual costs claimed [\$9,938] / the number of filers [1] = average Activity A.14. cost per filer [\$9,938]

Average activity A.14. cost per filer [\$9,938] x number of non-filers [4] = total estimated non-filer Activity A.14. costs [\$39,752]

Activity A.14. actual costs claimed [\$9,938] + estimated non-filer Activity A.14. costs that could be claimed in late claims [\$39,752] = Total potential Activity A.14. costs [\$49,690]

Activity A.15. requires each co-permittee to specify in its LIP its procedure for verifying coverage under the General Construction Permit. Because no initial claims were filed for activity A.15., the Commission assumes none will be filed and estimates costs at \$0.

Activity A.16. requires each permittee to include in its LIP standard procedures and tools pertaining to WQMPs. The high estimate for activity A.16. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity A.16. actual costs claimed [\$4,315] / the number of filers [1] = average Activity A.16. cost per filer [\$4,315]

Average activity A.16. cost per filer [\$4,315] x number of non-filers [4] = total estimated non-filer Activity A.16. costs [\$17,260]

Activity A.16. actual costs claimed [\$4,315] + estimated non-filer Activity A.16. costs that could be claimed in late claims [\$17,260] = Total potential Activity A.16. costs [\$21,575]

Activity A.17. requires each permittee to include in its LIP the inspection and cleaning frequency for all portions of its MS4. The high estimate for activity A.17. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity A.17. actual costs claimed [\$40,713] / the number of filers [1] = average Activity A.17. cost per filer [\$40,713]

Average activity A.17. cost per filer [\$40,713] x number of non-filers [4] = total estimated non-filer Activity A.17. costs [\$162,852]

Activity A.17. actual costs claimed [\$40,713] + estimated non-filer Activity A.17. costs that could be claimed in late claims [\$162,852] = Total potential Activity A.17. costs [\$203,565]

Activity A.18. requires each permittee to update their LIP to include a program to provide training to permittee staff. The high estimate for activity A.18. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity A.18. actual costs claimed [\$6,328] / the number of filers [1] = average Activity A.18. cost per filer [\$6,328]

Average activity A.18. cost per filer [\$6,328] x number of non-filers [4] = total estimated non-filer Activity A.18. costs [\$25,312]

Activity A.18. actual costs claimed [\$6,328] + estimated non-filer Activity A.18. costs that could be claimed in late claims [\$25,312] = Total potential Activity A.18. costs [\$31,640].

Activity B.1. requires reviewing and revising the IC/ID program to include a proactive illicit discharge detection and elimination program. The high estimate for activity B.1. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity B.1. actual costs claimed [\$40,635] / the number of filers [10] = average Activity B.1. cost per filer [\$4,064]



Average activity B.1. cost per filer [\$4,064] x number of non-filers [4] = total estimated non-filer Activity B.1. costs [\$16,254]

Activity B.1. actual costs claimed [\$40,635] + estimated non-filer Activity B.1. costs that could be claimed in late claims [\$16,254] = Total potential Activity B.1. costs [\$56,889].

Activity B.2. requires reporting the result of the review required by Section IX.D of the test claim permit in the annual report. Because no initial claims were filed for activity B.2., the Commission assumes none will be filed and estimates costs at \$0.

Activity B.3., except for those responses that result in an enforcement action, requires maintaining a database summarizing IC/ID incident responses. The high estimate for activity B.3. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity B.3. actual costs claimed [\$1,079] / the number of filers [1] = average Activity B.3. cost per filer [\$1,079]

Average activity B.3. cost per filer [\$1,079] x number of non-filers [4] = total estimated non-filer Activity B.3. costs [\$4,316]

Activity B.3. actual costs claimed [\$1,079] + estimated non-filer Activity B.3. costs that could be claimed in late claims [\$4,316] = Total potential Activity B.3. costs [\$5,395].

Activity B.4. requires reviewing and updating the dry weather and wet weather reconnaissance strategies. Because no initial claims were filed for activity B.4., the Commission assumes none will be filed and estimates costs at \$0.

Activity B.5. requires establishing a baseline dry weather flow concentration for total dissolved solids and total inorganic nitrogen. *Monitoring for total dissolved solids and total inorganic nitrogen is not eligible for reimbursement.* The high estimate for activity B.5. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity B.5. actual costs claimed [\$12,322] / the number of filers [1] = average Activity B.5. cost per filer [\$12,322]

Average activity B.5. cost per filer [\$12,322] x number of non-filers [4] = total estimated non-filer Activity B.5. costs [\$49,288]

Activity B.5. actual costs claimed [\$12,322] + estimated non-filer Activity B.5. costs that could be claimed in late claims [\$49,288] = Total potential Activity B.5. costs [\$61,610].

Activity C.1. requires the County of Riverside to maintain updates to a database of new septic systems in the permittees' jurisdictions approved since 2008. Because the County of Riverside is the sole eligible claimant for this activity, and the County filed initial reimbursement claims every fiscal year except for 2016-2017, the Commission assumes that all the claims for activity C.1. have been filed and estimates costs at actual costs claimed \$1,290.

Activity D.1. requires the permittees to develop and submit a Watershed Action Plan and implementation tools. The high estimate for activity D.1. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity D.1. actual costs claimed [\$33,471] / the number of filers [10] = average Activity D.1. cost per filer [\$3,347]

Average activity D.1. cost per filer [\$3,347] x number of non-filers [4] = total estimated non-filer Activity D.1. costs [\$13,388]

Activity D.1. actual costs claimed [\$33,471] + estimated non-filer Activity D.1. costs that could be claimed in late claims [\$13,388] = Total potential Activity D.1. costs [\$46,859].

Activity D.2. requires the permittees to delineate existing unarmored or soft-armored stream channels. The high estimate for activity D.2. is calculated by multiplying the average costs claimed by the [4] of eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity D.2. actual costs claimed [\$28,025] / the number of filers [10] = average Activity D.2. cost per filer [\$2,803]

Average activity D.2. cost per filer [\$2,803] x number of non-filers [4] = total estimated non-filer Activity D.2. costs [\$11,210]

Activity D.2. actual costs claimed [\$28,025] + estimated non-filer Activity D.2. costs that could be claimed in late claims [\$11,210] = Total potential Activity D.2. costs [\$39,235].

Activity D.3. requires developing a Hydromodification Management Plan (HMP). The high estimate for activity D.3. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity D.3. actual costs claimed [\$30,890] / the number of filers [9] = average Activity D.3. cost per filer [\$3,432]

Average activity D.3. cost per filer [\$3,432] x number of non-filers [4] = total estimated non-filer Activity D.3. costs [\$13,728]

Activity D.3. actual costs claimed [\$30,890] + estimated non-filer Activity D.3. costs that could be claimed in late claims [\$13,728] = Total potential Activity D.3. costs [\$44,618].

Activity D.4. requires identifying impaired waters with identified urban runoff pollutant sources, existing monitoring programs, and BMPs. The high estimate for activity D.4. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity D.4. actual costs claimed [\$1,394,299] / the number of filers [10] = average Activity D.4. cost per filer [\$139,430]

Average activity D.4. cost per filer [\$139,430] x number of non-filers [4] = total estimated non-filer Activity D.4. costs [\$557,720]

Activity D.4. actual costs claimed [\$1,394,299] + estimated non-filer Activity D.4. costs that could be claimed in late claims [\$557,720] = Total potential Activity D.4. costs [\$1,952,019].

Activity D.5. requires developing a schedule to maintain the watershed geodatabase. Because no initial claims were filed for activity D.5., the Commission assumes none will be filed and estimates costs at \$0.

Activity D.6. requires the permittees to submit the Watershed Action Plan to the Executive Officer for approval and incorporation into the DAMP. Because no initial claims were filed for activity D.6., the Commission assumes none will be filed and estimates costs at \$0.

Activity D.7. requires the permittees to also incorporate Watershed Action Plan training, into the training programs. The high estimate for activity D.7. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity D.7. actual costs claimed [\$4,555] / the number of filers [9] = average Activity D.7. cost per filer [\$506]

Average activity D.7. cost per filer [\$506] x number of non-filers [4] = total estimated non-filer Activity D.7. costs [\$2,024]

Activity D.7. actual costs claimed [\$4,555] + estimated non-filer Activity D.7. costs that could be claimed in late claims [\$2,024] = Total potential Activity D.7. costs [\$6,579].

Activity D.8. requires inviting participation and comments in the development and use of the watershed geodatabase. Because no initial claims were filed for activity D.8., the Commission assumes none will be filed and estimates costs at \$0.

Activity E.1. requires providing formal training to permittee employees related to project-specific WQMP review. The high estimate for activity E.1. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity E.1. actual costs claimed [\$63,877] / the number of filers [9] = average Activity E.1. cost per filer [\$7,097]

Average activity E.1. cost per filer [\$7,097] x number of non-filers [4] = total estimated non-filer Activity E.1. costs [\$28,390]

Activity E.1. actual costs claimed [\$63,877] + estimated non-filer Activity E.1. costs that could be claimed in late claims [\$28,390] = Total potential Activity E.1. costs [\$92,267].

Activity E.2. consists of formal training to: consider permittee staff responsible for implementing the requirements of project-specific WQMP review; define the required knowledge and competencies; outline the curriculum; include testing; and provide proof of completion of training. The high estimate for activity E.2. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity E.2. actual costs claimed [\$319] / the number of filers [1] = average Activity E.2. cost per filer [\$319]

Average activity E.2. cost per filer [\$319] x number of non-filers [4] = total estimated non-filer Activity E.2. costs [\$1,276]

Activity E.2. actual costs claimed [\$319] + estimated non-filer Activity E.2. costs that could be claimed in late claims [\$1,276] = Total potential Activity E.2. costs [\$1,595].

Activity E.3. requires new Permittee employees responsible for implementing requirements of project-specific WQMP review to receive formal training within one year

of hire. Because there were no initial claimants for activity E.3., costs are assumed to be \$0.

Activity E.4. requires existing permittee employees responsible for implementing the requirements of the test claim permit relating to project-specific WQMP review to receive formal training at least once during the term of the test claim permit. The high estimate for activity E.4. is calculated by multiplying the average costs claimed by the [4] eligible claimants that have not yet filed claims and adding it to the costs claimed.

Activity E.4. actual costs claimed [\$3,761] / the number of filers [1] = average Activity E.4. cost per filer [\$3,761]

Average activity E.4. cost per filer [\$3,761] x number of non-filers [4] = total estimated non-filer Activity E.4. costs [\$15,044]

Activity E.4. actual costs claimed [\$3,761] + estimated non-filer Activity E.4. costs that could be claimed in late claims [\$15,044] = Total potential Activity E.4. costs [\$18,805].

Activity E.5. consists of including the start date for formal training of permittee employees responsible for implementing the requirements of project-specific WQMP review in the schedule of DAMP revisions. Because there were no initial claimants for activity E.5., costs are assumed to be zero.

Activity F.1. consists of developing and including in the first annual report (November 2010) after the adoption of the test claim permit a proposal for assessment of urban runoff management program effectiveness. Because there were no initial claimants for activity F.1., costs are assumed to be zero.

**Indirect Costs:** The low estimate for indirect costs is those indirect costs actually claimed. The high estimate, in addition to indirect costs actually claimed, assumes all eligible claimants who have not yet filed claims will file claims for indirect costs at the same average rate actually claimed, which is calculated by dividing indirect costs claimed by direct costs claimed equals average indirect cost rate (as a percentage). Then multiply the average indirect cost rate by the estimated direct costs.

Indirect Costs Actually Claimed [\$16,646] / Direct Costs Actually Claimed [\$1,771,097] = Average Indirect Cost Rate [0.94%].

Indirect Cost Rate [0.94%] x Estimated Direct Costs (sum of all estimated non-filer activity costs for the initial claim period) [\$1,096,943] = [\$10,311] + Indirect Costs Actually Claimed [\$16,646] = High Estimated Indirect Costs [\$26,957].

**Offsetting Revenues:** The low estimate is \$0 because none of the initial claims compiled by the Controller reported offsetting revenues. The high estimate is also \$0 because there is no data upon which to make a projection.

**Late Filing Penalties:** The low estimate is \$0 because none of the initial claims compiled by the Controller were assessed a late filing penalty. The high estimate assumes that all non-filers will file claims for the initial period of reimbursement, which will be subject to a late filing penalty, and that penalty is calculated by adding non-filer direct and indirect costs and subtracting offsets to get non-filer net costs. Then, multiply the net costs by a ten percent late filing penalty to calculate estimated non-filer late filing penalties, which are added to the actual late-filing penalties (as reported) to estimate the high late filing penalties.

Estimated Non-filer Direct [\$1,096,943] and Indirect Costs [\$10,311] – Estimated Non-filer Offsets [\$0] = Estimated Non-filer Net Costs [\$1,107,254].

Estimated Non-filer Net Costs [\$1,107,254] x (10% late filing penalty) = Estimated Non-filer Late Filing Penalties [\$110,725].

Actual Late Filing Penalties [\$0] + Estimated Non-filer Late Filing Penalties [\$110,725] = High Estimated Late Filing Penalties [\$110,725].

### **Draft Proposed Statewide Cost Estimate**

On February 20, 2025, Commission staff issued the Draft Proposed Statewide Cost Estimate.<sup>39</sup> No comments were filed on the Draft Proposed Statewide Cost Estimate.

### **Conclusion**

On March 28, 2025, the Commission adopted this Statewide Cost Estimate of \$1,787,743 - \$2,784,272 for the claim period from January 29, 2010 through December 31, 2017.

### **C. *Free Application for Federal Student Aid (FAFSA), 22-TC-05***

Adopted: May 23, 2025

## **STATEWIDE COST ESTIMATE**

**\$880,067 - \$8,222,922**

**Initial Claim Period, July 27, 2021 to July 1, 2022 and Fiscal Year 2022-2023**

**\$1,066,886 - \$ 9,098,707**

**Fiscal Year 2023-2024 and Following (Plus the Implicit Price Deflator)**

Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144  
(AB 132, Section 10)

***Free Application for Federal Student Aid (FAFSA)***

**22-TC-05**

The Commission on State Mandates (Commission) adopted this Statewide Cost Estimate on consent by a vote of 5-0 during a regularly scheduled hearing on May 23, 2025 as follows:

<b>Member</b>	<b>Vote</b>
Lee Adams, County Supervisor	Yes
Deborah Gallegos, Representative of the State Controller, Vice Chairperson	Yes
Karen Greene Ross, Public Member	Yes
Renee Nash, School District Board Member	Absent
William Pahland, Representative of the State Treasurer	Yes

<sup>39</sup> Exhibit B, Draft Proposed Statewide Cost Estimate.

Michele Perrault, Representative of the Director of the Department of Finance, Chairperson	Absent
Alexander Powell, Representative of the Director of the Office of Land Use and Climate Innovation	Yes

## STAFF ANALYSIS

### **Summary of the Mandate, Eligible Claimants, and Period of Reimbursement**

This Statewide Cost Estimate addresses statewide increased costs arising from Education Code section 51225.7 (Stats. 2021, ch. 144), which requires school districts, including county offices of education, to confirm that each pupil in grade 12 complete at least one of two specified financial aid applications, unless the pupil opts out of the requirement or is deemed exempt by the school district, and to direct pupils in grade 12 to services necessary to assist them in completing the appropriate financial aid application.

On May 24, 2024, the Commission on State Mandates (Commission) adopted a Decision finding that the test claim statute (Ed. Code, § 51225.7, Stats. 2021, ch. 144) imposes a reimbursable state-mandated program on school districts, including county offices of education, within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission partially approved this Test Claim for the following reimbursable activities beginning July 27, 2021:

- Commencing with the 2022-23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application or CDAA), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Ed. Code, § 51225.7(b)).
- If it is determined that a pupil is unable to complete and submit the FAFSA or CDAA, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Ed. Code, § 51225.7(d)).
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations,

community-based organizations, and legal resource organizations (Ed. Code, § 51225.7(e)(1)).<sup>40</sup>

The Commission found that developing and implementing internal policies, training, and procedures, training staff on how to assist pupils in grade 12 with completing and submitting the FAFSA and CDAA, and providing “support and assistance” to pupils in completing the appropriate financial aid application through school counseling sessions and in-person “parent night” workshops are not required by the plain language of Education Code section 51225.7 and are not eligible for reimbursement.<sup>41</sup> The Commission also found that the test claim statute does not require school districts to adopt an acceptable use policy that provides guidance on how to handle pupil and parent data shared under the test claim statute. Therefore, the language in the model acceptable use policy adopted by the California Student Aid Commission (Appendix B) stating that the local educational agency designate an individual responsible for implementing and ensuring compliance with the policy, is not a requirement imposed on school districts by the test claim statute or regulation.<sup>42</sup> Furthermore, school districts have a preexisting duty under other state laws to establish written policies and procedures governing access to, and the confidentiality of, all pupil records and are required to designate an individual to oversee the implementation of such policies. Thus, these activities are not eligible for reimbursement.<sup>43</sup> Finally, the Commission found that California Code of Regulations, title 5, section 30035, Appendices A and B, as added by the test claim regulation (Reg. 2022, No. 19), do not impose any requirements on school districts, and therefore do not constitute a reimbursable state-mandated program.<sup>44</sup>

The Commission adopted the Test Claim Decision on May 24, 2024,<sup>45</sup> and the Decision and Parameters and Guidelines on July 26, 2024,<sup>46</sup> approving reimbursement for any “school district” as defined in Government Code section 17519, except for community colleges, that incurs increased costs as a result of this mandate.

The initial reimbursement period is July 27, 2021 to July 1, 2023 and fiscal year 2023-2024. Eligible claimants were required to file initial claims with the State Controller’s Office (Controller) by February 27, 2025. Late initial reimbursement claims may be filed until February 27, 2026, but will incur a 10 percent late filing penalty of the total amount of the initial claim without limitation.<sup>47</sup>

### **Reimbursable Activities**

The Commission approved the following reimbursable activities for this program:

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<sup>40</sup> Exhibit A, Test Claim Decision, page 38.

<sup>41</sup> Exhibit A, Test Claim Decision, page 27.

<sup>42</sup> Exhibit A, Test Claim Decision, page 25.

<sup>43</sup> Exhibit A, Test Claim Decision, page 25.

<sup>44</sup> Exhibit A, Test Claim Decision, pages 33-34.

<sup>45</sup> Exhibit A, Test Claim Decision.

<sup>46</sup> Exhibit B, Decision and Parameters and Guidelines.

<sup>47</sup> Government Code section 17561(d)(3).

- Commencing with the 2022-23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the CDAA), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Ed. Code, § 51225.7(b)).
- If it is determined that a pupil is unable to complete and submit the FAFSA or CDAA, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Ed. Code, § 51225.7(d)).
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Ed. Code, § 51225.7(e)(1)).<sup>48</sup>

### **Offsetting Revenues and Reimbursements**

According to the Parameters and Guidelines:

Any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any other funds, shall be identified and deducted from any claim submitted for reimbursement.<sup>49</sup>

This is standard boilerplate language. No specific offsetting revenue was identified.

### **Statewide Cost Estimate**

Staff reviewed 50 unaudited reimbursement claims submitted by 26 school districts, as compiled by the Controller. Staff developed the Statewide Cost Estimate based on the assumptions and methodology discussed herein.

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<sup>48</sup> Exhibit B, Decision and Parameters and Guidelines, pages 8-9.

<sup>49</sup> Exhibit B, Decision and Parameters and Guidelines, page 10.



**Table 1. Initial Reimbursement Period Cost Estimate**

Commencing with the 2022-23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a FAFSA; or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (CDAA), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Ed. Code, § 51225.7(b)).	\$674,131 - \$6,784,735
If it is determined that a pupil is unable to complete and submit the FAFSA or CDAA, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Ed. Code, § 51225.7(d)).	\$76,743 – \$1,048,728
Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Ed. Code, § 51225.7(e)(1)).	\$81,438 - \$1,731,521
Indirect Costs identified	\$47,755 - \$501,332
Offsetting Revenues or Other Reimbursements	(\$0)
10 Percent Late Filing Penalty	(\$0 - \$1,843,394)
<b>Total Costs</b>	<b>\$880,067 - \$8,222,922</b>

**Table 2. Estimated Annual Costs for 2023-2024 and Following**

Commencing with the 2022-23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a FAFSA; or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (the CDAA), unless the parent or legal guardian of the pupil, or	\$766,668 - \$6,816,681
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the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Ed. Code, § 51225.7(b)).	
If it is determined that a pupil is unable to complete and submit the FAFSA or CDAA, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Ed. Code, § 51225.7(d)).	\$99,098 - \$980,820
Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Ed. Code, § 51225.7(e)(1)).	\$144,809 - \$2,625,639
Indirect Costs identified	\$56,311 - \$524,258
Offsetting Revenue	(\$0)
Late Filing Penalty	(\$0 - \$1,848,691)
<b>Total Costs</b>	<b>\$1,066,886 - \$9,098,707</b>

### **Assumptions**

1. There are fewer claims in the first two years of the reimbursement period because the requirement to confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a FAFSA, a CDAA, or an opt out form does not start until the 2022-2023 school year (more than a year after the beginning of the period of reimbursement), and no one-time activities were approved or requested by school districts as reasonably necessary activities to comply with the mandate. There are six claims filed for 2021-2022, 18 claims filed for 2022-2023, and 26 claims filed for 2023-2024. Since six school districts filed reimbursement claims for fiscal year 2021-2022, and reimbursement does not begin until the 2022-2023 school year (which typically runs from August 2022 through June 2023, with costs beginning in fiscal year 2022-2023), the Commission does not count those six 2021-2022 claims in the calculation of this Statewide Cost Estimate.<sup>50</sup>

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<sup>50</sup> The following school districts filed reimbursement claims for fiscal year 2021-2022: Anaheim Union High School District, Fremont Union High School District, Gateway Unified, Hemet Unified, Santa Clara Unified, Twin Rivers Unified.

2. The Fresno Unified School District (FUSD) is removed from the estimated calculations because it claimed over \$2.2 million for Activity A in 2022-2023, or \$449.28 per pupil for 4,903 seniors for all three activities. This amount is over three times the next highest district that claimed for the initial claiming period (ABC Unified at \$140.13 per pupil).
3. Offsetting revenue will be \$0 because that was the amount identified in all the reimbursement claims filed, and no specific offsetting revenue was identified in the Decision and Parameters and Guidelines.
4. The Public Policy Institute of California calculated 57.6 percent of 472,751 seniors filed a FAFSA or CDAA in 2022-2023, and 74.9 percent of 466,682 seniors filed either of these applications in 2023-2024.<sup>51</sup> The PPIC article also mentions a drop in financial aid applications in 2023-2024 because of the new federal FAFSA Simplification Act late rollout and problems with the form.
5. The total amount for this program may be lower than the Statewide Cost Estimate based on the Controller's audit findings. Pursuant to Government Code section 17561, the Controller may conduct audits and reduce any claim it deems to be excessive or unreasonable.
6. Only 26 school districts filed 2023-2024 reimbursement claims out of 421 eligible public-school districts that include grade 12 pupils.<sup>52</sup> The low filing rate is likely due to the number of districts that will choose to opt into the K-12 Mandate Block Grant rather than filing claims (see #7 below).
7. The future annual costs for this program may be lower than the Statewide Cost Estimate if this program is added to the K-12 Mandate Block Grant and school districts voluntarily participate in the Block Grant. School districts that voluntarily participate in a program added to the block grant cannot claim through the State's reimbursement process.<sup>53</sup> The block grant allows school districts to receive a per pupil allocation to carry out reimbursable state-mandated activities.

## **Methodology**

### **A. Initial Reimbursement Period (2022-2023) Cost Estimate**

The low estimates for the initial reimbursement period (fiscal year 2022-2023) are the amounts claimed, based on 17 actual unaudited reimbursement claims filed for 2022-2023 (all except Fresno Unified as explained below).<sup>54</sup> The high estimate of potential costs multiplies the amount calculated per pupil by all seniors statewide in 2022-2023,

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<sup>51</sup> Exhibit D (3), Public Policy Institute of California, Implementing California's Universal Financial Aid Application Policy, <https://www.ppic.org/publication/implementing-californias-universal-financial-aid-application-policy/> (accessed on April 22, 2025), Table 3, pages 8, 14.

<sup>52</sup> Exhibit D (1), California Department of Education, List of School Districts, <https://www.cde.ca.gov/re/lr/do/schooldistrictlist.asp> (accessed on Feb. 19, 2025). Elementary school districts were subtracted from the total.

<sup>53</sup> Government Code section 17581.6(c)(3).

<sup>54</sup> Exhibit D (4) Spreadsheet of Claims Data.

multiplied by the percentage of seniors that filed a FAFSA or CDAA (for Activity A), or the percentage that opted out (for Activity B).<sup>55</sup>

Activity A., requires the school district to confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a FAFSA; or, if the pupil is exempt from paying nonresident tuition, the pupil completes and submits to the Student Aid Commission a CDAA, unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements.

For Activity A., the high estimate is calculated on a per-pupil basis by dividing the costs claimed by the number of seniors in the 17 claiming school districts.<sup>56</sup> The cost per pupil is multiplied by the number of seniors statewide, multiplied by the percentage who filed a FAFSA or CDAA. All claiming districts are used in the calculation except for Fresno Unified School District (FUSD), which claimed over \$2.2 million for Activity A. in 2022-2023, or \$449.28 per pupil for 4,903 seniors for all three activities. This amount is over three times the next highest district that claimed for the initial claiming period (ABC Unified at \$140.13 per pupil).

Activity A. actual costs claimed [\$674,130.70] / the number of pupils [26,707] =  
**Activity A. cost per pupil [\$25.24]**

Activity A., high estimate, cost per pupil [\$25.24] \* the number of seniors statewide (466,682) = [\$11,779,053.68] \* the percentage who filed a FAFSA or CDAA [57.6%] = **Activity A. cost [\$6,784,735]**

Activity B., requires school districts, if they determine that a pupil is unable to complete and submit the FAFSA or CDAA, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.

For Activity B., the high estimate is calculated by dividing the costs claimed by the number of seniors in the 11 school districts that filed for reimbursement for Activity B., not including FUSD for the same reasons stated above for Activity A. The cost per pupil is multiplied by the number of seniors statewide, multiplied by the percentage who opted out of filing a FAFSA or CDAA.

Activity B. actual costs claimed [\$76,742.99] / the number of pupils [14,463] =  
**Activity B. cost per pupil [\$5.30]**

Activity B. high estimate, cost per pupil (\$5.30) \* the number of seniors statewide (466,682) = [\$2,473,414.60] \* the percentage who opted out of filing a FAFSA or CDAA (42.4%) = **Activity B. cost [\$1,048,728]**

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<sup>55</sup> Exhibit D (3), Public Policy Institute of California, Implementing California's Universal Financial Aid Application Policy, <https://www.ppic.org/publication/implementing-californias-universal-financial-aid-application-policy/> (accessed on April 22, 2025), Table 3, page 8.

<sup>56</sup> District data was obtained from <https://www.ed-data.org/>. Only schools that include grade 12 pupils were counted. Exhibit D (2), Ed Data, Education Data Partnership, Fiscal, Demographic, and Performance Data on California's K-12 Schools, <https://www.ed-data.org/> (accessed on April 18, 2025).

Activity C., requires school districts to ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.

For Activity C., the high estimate is calculated by dividing the costs claimed by the number of seniors in the 10 school districts that filed for reimbursement for Activity C., except for FUSD for the same reasons stated above for Activity A. The cost per pupil is multiplied by the number of seniors statewide, multiplied by the percentage of districts that filed reimbursement for Activity C. in 2022-2023.

Activity C. actual costs claimed [\$81,437.95] / the number of pupils [12,916] =  
**Activity C. cost per pupil [\$6.31]**

Activity C. high estimate, cost per pupil (\$6.31) \* the number of seniors statewide (466,682) = [\$2,944,763.42] \* the percentage of districts that filed for Activity C (58.8%) = **Activity C. cost [\$1,731,521]**

**Indirect Costs:** The low estimate for indirect costs is those indirect costs actually claimed for 2022-2023, except for FUSD for the reasons stated above under Activity A. The high estimate is the combined cost for all activities multiplied by the average indirect cost rate for all claims, less indirect costs claimed.

Indirect Costs Actually Claimed [\$47,755.43]

**Indirect cost high estimate**, Sum of high estimate for Activities A., B., and C. [\$9,565,984] \* average indirect cost rate for all claims [5.74%] = [\$549,087.48] – indirect costs claimed [\$47,755.43] = **[\$501,332]**

**Offsetting Revenues:** The low estimate is \$0 because none of the initial claims compiled by the Controller reported offsetting revenues. The high estimate is also \$0 because there is no data upon which to make an estimate.

**Late Filing Penalties:** The low estimate is \$0 because none of the initial claims compiled by the Controller were assessed a late filing penalty. The high estimate is the direct and indirect combined cost per pupil for Activities A., B., and C. (calculated by adding the cost per pupil for Activities A., B., and C. to the average indirect cost per pupil (indirect costs per pupil calculated by dividing the indirect costs by the average of pupils in the districts that claimed), multiplied by the number of seniors statewide, less penalties imposed for 2022-2023, multiplied by the 10 percent late-filing penalty.

**Late Filing Penalty high estimate**, combined cost per pupil (\$39.50) \* number of seniors statewide (466,682) = [\$18,433,939] – penalties [\$0] \* 10% late filing penalty = **[\$1,843,394]**

## **B. Projected Annual Costs for Fiscal Year 2023-2024 and Following**

Beginning in fiscal year 2023-2024, future statewide costs are estimated at \$1,066,886 - \$9,098,707 annually for all direct and indirect costs. The low estimate is the costs claimed. The high estimate of potential costs is based on the 25 claimants (all except FUSD as explained below) that filed for reimbursement for 2023-2024, multiplying the amount calculated per pupil by all seniors statewide in 2023-2024, by the percentage of

seniors that filed a FAFSA or CDAA (for Activity A.), or the percentage that opted out (for Activity B.).<sup>57</sup>

Activity A., requires the school district to confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a FAFSA; or, if the pupil is exempt from paying nonresident tuition, the pupil completes and submits to the Student Aid Commission a CDAA, unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements.

For Activity A., the high estimate is calculated on a per-pupil basis by dividing the costs claimed by the number of seniors in the 24 claiming school districts (Hanford Joint Union did not claim for Activity A.). The cost per pupil is multiplied by the number of seniors statewide, multiplied by the percentage of seniors who filed a FAFSA or CDAA. All claiming districts are used in the calculation except for FUSD, which claimed over \$2.2 million for Activity A. in 2023-2024, or \$472.96 per pupil for 4,997 seniors for all three activities. This amount is over three times the next highest district that claimed for the initial claiming period (ABC Unified at \$137.41 per pupil).

Activity A. actual costs claimed [\$766,667.96] / the number of pupils [34,839] =  
**Activity A. average cost per pupil [\$22.01]**

Activity A. high estimate, cost per pupil [\$22.01] \* the number of seniors statewide (477,945) = [\$10,519,569.45] \* the percentage who filed a FAFSA or CDAA [64.8%] = **Activity A. cost [\$6,816,681]**

Activity B., requires school districts, if they determine that a pupil is unable to complete and submit the FAFSA or CDAA, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.

For Activity B., the high estimate is calculated by dividing the costs claimed by the number of seniors in the 14 school districts that filed for reimbursement for Activity B., not including FUSD for the same reasons stated above for Activity A. The high estimate is the cost per pupil multiplied by the number of seniors statewide, multiplied by the percentage who opted out of filing a FAFSA or CDAA.

Activity B. actual costs claimed [\$99,098.28] / the number of pupils [16,990] =  
**Activity B. average cost per pupil [\$5.83]**

Activity B. high estimate, cost per pupil [\$5.83] \* the number of seniors statewide (477,945) = [\$2,786,419.35] \* the percentage who opted out of filing a FAFSA or CDAA (35.2%) = **Activity B cost [\$980,820]**

Activity C., requires school districts to ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach

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<sup>57</sup> Exhibit D (3), Public Policy Institute of California, Implementing California's Universal Financial Aid Application Policy, <https://www.ppic.org/publication/implementing-californias-universal-financial-aid-application-policy/> (accessed on April 22, 2025), Table 3, page 8.

programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.

For Activity C., the high estimate is calculated by dividing the costs claimed by the number of seniors in the 17 school districts that filed for reimbursement for Activity C., except for FUSD for the same reasons stated above for Activity A. The cost per pupil is multiplied by the number of seniors statewide, multiplied by the percentage of districts that filed reimbursement for Activity C in 2022-2023.

Activity C. actual costs claimed [\$144,809.11] / the number of pupils [17,242] = **Activity C. average cost per pupil [\$8.40]**

Activity C. high estimate, cost per pupil (\$8.40) \* the number of seniors statewide (477,945) = [\$4,014,738] \* the percentage of districts that filed for Activity C (65.4%) = **Activity C. cost [\$2,625,639]**

**Indirect Costs:** The low estimate for indirect costs is those indirect costs actually claimed for 2023-2024 except for FUSD for the reasons stated above under Activity A. The high estimate is the combined cost for all activities multiplied by the average indirect cost rate for all claims, less indirect costs claimed.

Indirect Costs Actually Claimed [\$56,311.33]

**Indirect cost high estimate,** Sum of high estimate for Activities A., B., and C. [\$10,423,140] \* average indirect cost rate for all claims [5.57%] = [\$580,568.89] – indirect costs claimed [\$56,311.33] = **[\$524,258]**

**Offsetting Revenues:** The low estimate is \$0 because none of the initial claims compiled by the Controller reported offsetting revenues. The high estimate is also \$0 because there is no data upon which to make an estimate.

**Late Filing Penalties:** The low estimate is \$0 because none of the initial claims compiled by the Controller were assessed a late filing penalty. The high estimate is the direct and indirect combined cost per pupil for Activities A., B., and C. (calculated by adding the cost per pupil for Activities A., B., and C. to the average indirect cost per pupil (indirect costs per pupil calculated by dividing the indirect costs by the average of pupils in the districts that claimed), multiplied by the number of seniors statewide, less penalties imposed for 2022-2023, multiplied by the 10 percent late-filing penalty.

Late Filing Penalty high estimate, combined cost per pupil (\$38.68) \* number of seniors statewide (477,945) = [\$18,486,912.60] – penalties [\$0] \* 10% late filing penalty = [\$1,848,691]

### **Draft Proposed Statewide Cost Estimate**

On April 25, 2025, Commission staff issued the Draft Proposed Statewide Cost Estimate.<sup>58</sup> No comments were filed on the Draft Proposed Statewide Cost Estimate.

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<sup>58</sup> Exhibit C, Draft Proposed Statewide Cost Estimate, issued April 25, 2025.

**Conclusion**

On May 23, 2025, the Commission adopted this Statewide Cost Estimate of \$880,067 - \$8,222,922 for the Initial Claim Period that began on July 27, 2021 and ends on June 30, 2023.