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GOVERNOR



# STATE OF CALIFORNIA COMMISSION ON STATE MANDATES

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## REPORT TO THE LEGISLATURE: INCORRECT REDUCTION CLAIMS

January 1, 2014 – December 31, 2014

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## **INTRODUCTION**

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

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

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

This report includes a summary of the 12 IRCs decided by the Commission between January 1, 2014 and December 31, 2014. This report also includes a list of 14 IRCs that were settled and withdrawn as a result of the Commission’s strategic approach to prioritizing for hearing those claims with many cross cutting issues and facilitating the work of the Controller and claimants in reevaluating pending IRCs consistent with the Commission’s decisions and two IRCs that were dismissed due to abandonment by the claimant. As a result of continued work by all of the parties, 28 IRCs were resolved in 2014.

## **SUMMARY OF COMPLETED CLAIMS**

### **A. Decided Incorrect Reduction Claims**

*Collective Bargaining, 05-4425-I-11*

Government Code Sections 3540-3549.9

Statutes 1975, Chapter 961

Fiscal Year 1995-1996

Claimant: Gavilan Joint Community College District

Incorrect Reduction Claim Filed: December 16, 2005

Decision Adopted: December 5, 2014

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This IRC addressed reductions made by the Controller to Gavilan Joint Community College District's reimbursement claim for fiscal year 1995-1996 under the *Collective Bargaining* program.

The threshold issue in dispute was whether the IRC was timely filed in accordance with the Commission's regulations. Because the Commission concluded that it was not, the remaining substantive allegations of the IRC were not addressed and this IRC was denied.

*Collective Bargaining and Collective Bargaining Agreement Disclosure, 08-4425-I-15*

Government Code Sections 3540-3549.9  
Statutes 1975, Chapter 961; Statutes 1991, Chapter 1213  
Fiscal Years 2001-2002, 2002-2003, 2003-2004

Claimant: Contra Costa Community College District

Incorrect Reduction Claim Filed: July 18, 2008

Decision Adopted: December 5, 2014

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This IRC addressed the Controller's reductions to reimbursement claims totaling \$494,564 for fiscal years 2001-2002, 2002-2003 and 2003-2004 filed by Contra Costa Community College District under the consolidated *Collective Bargaining and Collective Bargaining Agreement Disclosure* program.

The threshold issue was whether the Controller's audit of the reimbursement claim was timely completed. Because the Commission concluded that it was not, the remaining substantive allegations of the IRC were not addressed.

In comments filed with the Commission on October 17, 2014, the Controller stated that it supported the finding that the final audit was completed beyond the deadline imposed by Government Code section 17558.5, and indicated it would withdraw the audit. The claimant did not withdraw the IRC. Therefore, this IRC was approved on consent.

*Emergency Procedures, Earthquake, and Disasters, 04-4241-I-01*  
Education Code Sections 35295, 35296, 35297, 40041.5 and 40042;  
Statutes 1984, Chapter 1659  
Fiscal Years 2001-2002 and 2002-2003

Claimant: San Diego Unified School District

Incorrect Reduction Claim Filed: March 24, 2005

Decision Adopted: December 5, 2014

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In this IRC, the Claimant, San Diego Unified School District, challenged the reductions made by the Controller to reimbursement claims filed for fiscal years 2001-2002 and 2002-2003 under the *Emergency Procedures, Earthquake, and Disasters* program.

The Controller reduced the claims by \$1,127,211 because the claimant did not comply with the documentation requirements of the parameters and guidelines to support the vast majority of the employee hours claimed. Instead, the claimant used a “random moment sampling” methodology to determine the average time spent on the program per employee based on time logs submitted by a limited number of employees. The Controller approved the claims for the actual time that schoolsite employees documented on time logs, and reduced the claims that were not supported by adequate source documentation.

The Commission found that the claimant did not comply with the documentation requirements of the parameters and guidelines. There is no authorization in the 1991 parameters and guidelines for a statistical sampling, a unit cost, or any other reimbursement method that estimates or averages time or costs. The parameters and guidelines require actual costs to be claimed, supported by a statement and documentation listing “each employee, describ[ing] their function, their hourly rate of pay and related employee benefit cost *and the number of hours devoted to their function as they relate to this mandate.*”

Therefore, the Commission found that the Controller’s reduction of salaries and benefits claimed in fiscal years 2001-2002 and 2002-2003 is correct as a matter of law and the IRC was denied.

*Graduation Requirements, 05-4435-I-50 and 08-4435-I-52*

Education Code Section 51225.3, as Added by Statutes 1983, Chapter 498  
Fiscal Years 1998-1999, 1999-2000, 2000-2001, and 2001-2002

Claimant: Clovis Unified School District

Incorrect Reduction Claim Filed: September 6, 2005 and August 4, 2008  
Statement of Decision Adopted: May 30, 2014

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These consolidated IRCs challenged reductions made by the Controller to reimbursement claims filed for fiscal years 1998-1999, 1999-2000, 2000-2001, and 2001-2002 under the *Graduation Requirements* program.

Reductions were made to costs claimed teacher salary, benefits, and related indirect costs totaling \$216,502; and to costs claimed for materials, supplies, and related indirect costs totaling \$317,955.

The Commission found that the claimant did not provide documentation to demonstrate that the amounts claimed reflect the actual “increased units of science course enrollment due to the enactment of” the test claim statute, as required by the parameters and guidelines. Thus, the Controller’s decision to reject the methodology used by the claimant was reasonable and based on the plain language of the parameters and guidelines.

The Commission further found that the Controller’s application of the quarter load method to recalculate the costs for teacher salaries and benefits, and for materials and supplies, in each fiscal year claimed was reasonable. The Controller’s audit decisions are entitled to deference, since it is the agency with the delegated authority and expertise to audit reimbursement claims.

Although the quarter load methodology was not identified in the governing parameters and guidelines for these reimbursement claims, the Controller properly determined that claimant did not comply with the parameters and guidelines by providing documentation sufficient to show the actual increased costs incurred as a direct result of the second science course mandated by the test claim statute. Claimant has still not filed documentation, either with the Controller or with the Commission as a part of this claim, to properly support its claim for reimbursement. Instead of reducing the claims to \$0, the Controller used a reasonable methodology to provide reimbursement to claimant; a methodology that claimant used for claiming reimbursement for teacher salaries and benefits in fiscal years 2000-2001 and 2001-2002.

Accordingly, the Commission found that the reduction of claimed costs, totaling \$534,457, was reasonable; not arbitrary, capricious, or entirely lacking in evidentiary support; and, was therefore correct. Thus these consolidated IRCs were denied.

*Health Fee Elimination, 05-4206-I-03*

Education Code Section 72246 (Renumbered as Section 76355)  
Statutes 1984, Chapter 1 (1983-1984 2<sup>nd</sup> Ex. Sess.); Statutes 1987 Chapter 1118  
Fiscal Years 2001-2002 and 2002-2003

Claimant: Long Beach Community College District

Incorrect Reduction Claim Filed: September 1, 2005

Decision Adopted: December 5, 2014

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In this IRC, Long Beach Community College District, challenged reductions made by the Controller to reimbursement claims for costs incurred during fiscal years 2001-2002 and 2002-2003 under the *Health Fee Elimination* program. The following issues were in dispute:

- The statutory deadlines applicable to audit of the 2001-2002 reimbursement claim by the Controller;
- Reduction of costs for athletic insurance premiums based on the scope of the reimbursable activities under the parameters and guidelines;
- Reduction of indirect costs based on asserted faults in the development and application of indirect cost rates; and
- The amount of offsetting revenue to be applied from health service fee authority

The Commission found that the Controller's audit of the 2001-2002 reimbursement claim was timely pursuant to Government Code section 17558.5.

Over the two fiscal years in question, reductions totaling \$217,409 were made based on alleged understated offsetting health fees authorized to be collected, and additional reductions totaling \$156,987 were made based on disallowed indirect cost rates and unallowable services and supplies.

The Commission denied this IRC, finding that the Controller's audit of the 2001-2002 reimbursement claim was timely pursuant to Government Code section 17558.5; and that the Controller's reduction of costs for athletic insurance premiums that were beyond the scope of the mandate, the reduction of indirect costs based on the claimant's failure to obtain federal approval for its indirect cost rate proposals, and the reduction in reimbursement based on the claimant's underreporting of health service fee revenue authorized by statute, are correct as a matter of law and are not arbitrary, capricious, or entirely lacking in evidentiary support.



*Health Fee Elimination, 05-4206-I-04 and 05-4206-I-08*

Education Code Section 72246 (Renumbered as Section 76355)  
Statutes 1984, Chapter 1 (1983-1984 2<sup>nd</sup> Ex. Sess.); Statutes 1987 Chapter 1118  
Fiscal Years 1999-2000, 2000-2001, 2001-2002 and 2002-2003

Claimant: San Mateo Community College District and San Bernardino Community College Districts

Incorrect Reduction Claims Filed: September 1, 2005 and September 13, 2005  
Statement of Decision Adopted: January 24, 2014

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In these consolidated IRCs, the Claimants, San Mateo Community College District and San Bernardino Community College District, challenged reductions made by the Controller to reimbursement claims for costs incurred during fiscal years 1999-2000, 2000-2001, 2001-2002 and 2002-2003 under the *Health Fee Elimination* program. The Commission partially approved these IRCs, finding that some of the reductions were correct, and some were incorrect. Specifically, the Commission found that the following reductions were incorrect and should be reinstated:

- Reduction of San Bernardino's reimbursement claims based on understated health fee revenues, in the amount of \$150,031, should be reinstated pending reevaluation of the total number of students enrolled less those exempt from the fee. On remand, the Controller should reexamine the health fees authorized based on the total number of *enrolled students less those exempt from the fee*. If the District is unable to assist the Controller and provide documentation of the number of exempt students for whom fees cannot legally be charged, the Controller may apply the Health Fee Rule using any reasonable source available to obtain enrollment and exemption information.
- Disallowance of costs for hepatitis and influenza immunizations, and outside lab services was arbitrary, capricious, or entirely lacking in evidentiary support; costs claimed for these services should be reinstated in the full amount reduced.

The Commission further found that the following reductions were supported by the law, the parameters and guidelines, the claiming instructions, and the record:

- Reduction of San Mateo's reimbursement claims, based on understated health fee revenues of \$70,603.
- The reduction of indirect costs claimed by San Mateo, of \$112,243, based on the district's incorrect application of its approved 30 percent indirect cost rate to direct costs other than the distribution base of salaries and benefits.
- The reduction of indirect costs claimed by San Bernardino, of \$281,494, based on the district's failure to comply with the claiming instructions in the development of its indirect cost rate, and the Controller's reasonable use of an alternative method to calculate indirect costs.
- The disallowance of salaries and benefits for Ernest Rodriguez and Dee Howard, based on an absence of employee time records or other documentation as required by the parameters and guidelines.
- The reduction of benefits claimed by San Mateo, of \$88,633, based on the district's failure to support its claimed benefit amounts.

- The reduction of costs claimed for “other outgoing expenses” by San Mateo, of \$41,375, based on the district’s failure to support claimed expenses.
- The reduction of health insurance costs and other overstated services and supplies in San Bernardino’s reimbursement claims, totaling \$37,348 for 2001-2001, and \$38,322 for 2002-2003, based on the documentation submitted by the Controller.
- The reduction of health services costs for pap smears and marriage therapy, based on San Bernardino’s reimbursement claims failing to substantiate that these services were provided in the base year.

*Health Fee Elimination, 05-4206-I-05*

Education Code Section 72246 (Renumbered as Section 76355)  
Statutes 1984, Chapter 1 (1983-1984 2<sup>nd</sup> Ex. Sess.); Statutes 1987 Chapter 1118  
Fiscal Years 1999-2000, 2000-2001, and 2001-2002

Claimant: State Center Community College District

Incorrect Reduction Claim Filed: September 1, 2005

Decision Adopted: December 5, 2014

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In this IRC, the Claimant, State Center Community College District, challenged reductions made by the Controller to reimbursement claims for costs incurred during fiscal years 1999-2000, 2000-2001, and 2001-2002 under the *Health Fee Elimination* program.

Over the three fiscal years in question, the Controller made reductions totaling \$385,753 based on understated offsetting health fee authority, and additional reductions totaling \$415,502 were made based on the claimant's failure to comply with the claiming instructions in the development of its indirect cost rate, and the Controller's use of an alternative method to calculate indirect costs authorized by the parameters and guidelines and claiming instructions.

The following issues were in dispute in this IRC:

- The statutory deadlines applicable to audits of reimbursement claims by the Controller pursuant to Government Code section 17558.5;
- The amount of offsetting revenue to be applied from health service fee authority; and
- Reduction of indirect costs claimed based on asserted faults in claimant's development and application of indirect cost rates.

The Commission found that the Controller's audit of the 1999-2000 and 2000-2001 reimbursement claims was timely pursuant to Government Code section 17558.5 and therefore the audits were not barred. The Commission further found that the reduction of indirect costs based on the claimant's failure to obtain federal approval for its indirect cost rate proposals, and the Controller's reduction of costs based on the claimant's underreporting of health service fee revenue authorized by statute, are correct as a matter of law and were not arbitrary, capricious, or entirely lacking in evidentiary support. Therefore the Commission denied this IRC.

*Health Fee Elimination, 05-4206-I-11*

Education Code Section 72246 (Renumbered as Section 76355)  
Statutes 1984, Chapter 1 (1983-1984 2<sup>nd</sup> Ex. Sess.); Statutes 1987 Chapter 1118  
Fiscal Years 2000-2001, 2001-2002 and 2002-2003

Claimant: El Camino Community College District

Incorrect Reduction Claim Filed: March 27, 2006

Decision Adopted: December 5, 2014

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In this IRC, the Claimant, El Camino Community College District, challenged reductions made by the Controller to reimbursement claims for costs incurred during fiscal years 2000-2001, 2001-2002, and 2002-2003 under the *Health Fee Elimination* program.

The Controller reduced claimant's reimbursement claims filed for all three fiscal years by a total of \$399,891 because the claimant did not properly calculate indirect costs and did not deduct the full amount of offsetting fee revenues authorized by statute

The following issues were in dispute:

- The statutory deadline applicable to audits of reimbursement claims by the Controller for fiscal years 2000-2001 and 2001-2002;
- Reduction of costs claimed in fiscal years 2000-2001, 2001-2002, and 2002-2003 based on claimant's development and application of indirect cost rates; and
- The amount of offsetting revenue to be applied from health service fee authority.

The Commission found that the audit was timely. The Commission further found that:

- The claimant did not comply with the parameters and guidelines and the Controller's claiming instructions in preparing its indirect cost rate without federal approval and, thus, the Controller's recalculation of indirect costs using another authorized method, and the resultant reduction of \$188,652, is correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.
- The Controller's reduction of the claimant's reimbursement claims, basis on understated health fee revenue authority of \$195,333, was correct as a matter of law.

Accordingly, the Commission denied this IRC.

*Health Fee Elimination, 05-4206-I-12*

Education Code Section 72246 (Renumbered as Section 76355)  
Statutes 1984, Chapter 1 (1983-1984 2<sup>nd</sup> Ex. Sess.); Statutes 1987 Chapter 1118  
Fiscal Years 2001-2002 and 2002-2003

Claimant: Santa Monica Community College District

Incorrect Reduction Claim Filed: June 16, 2006

Decision Adopted: December 5, 2014

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In this IRC, Santa Monica Community College District, challenged reductions made by the Controller to reimbursement claims for costs incurred during fiscal years 2001-2002 and 2002-2003 under the *Health Fee Elimination* program.

The Controller found that claimant over-reported indirect costs by \$146,966 by not using an approved indirect cost rate methodology. The Controller recalculated indirect costs using a method authorized by the claiming instructions. In addition, the Controller found that claimant underreported offsetting revenues of \$538,244 by reporting the health fee revenue collected rather than the full amount of its health fee authority.

The Commission found that the following reductions in the Controller's audit of the 2001-2002 and 2002-2003 reimbursement claims were correct as a matter of law, and are not arbitrary, capricious, or entirely lacking in evidentiary support:

- The reduction of indirect costs claimed for fiscal years 2001-2002 and 2002-2003, in the amount of \$146,966, based on claimant's failure to comply with the claiming instructions in the development of its indirect cost rate, and the Controller's use of an alternative method authorized by the claiming instructions to calculate indirect costs.
- The reduction of \$538,244 during fiscal years 2001-2002 and 2002-2003, because claimant reported the health fee revenue collected, rather than the revenue it was authorized to collect.

The Commission found that the parameters and guidelines for this program, state that "indirect costs may be claimed in the manner described by the Controller." The interpretation that is consistent with the plain language of the parameters and guidelines is that "indirect costs may be claimed," or may not, but if a claimant chooses to claim indirect costs, the claimant is required to adhere to the Controller's claiming instructions.

Accordingly, the Commission denied this IRC.

*Notification to Teachers: Pupils Subject to Suspension or Expulsion, 05-4452-I-01*

Education Code Section 49079

Statutes 1993, Chapter 1257

Fiscal Years 2001-2002 and 2002-2003

Claimant: San Diego Unified School District

Incorrect Reduction Claim Filed: June 26, 2006

Decision Adopted: September 29, 2014

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In this IRC, San Diego Unified School District, challenged reductions made by the Controller to reimbursement claims for costs incurred during fiscal years 2001-2002 and 2002-2003 under the *Notification to Teachers: Pupils Subject to Suspension or Expulsion* program.

Following an audit, the Controller reduced the claims in the amount of \$166,791 in fiscal year 2001-2002 and \$187,255 in fiscal year 2002-2003 because the district claimed employee time that was not supported by actual time records or a valid “documented” time study.

The Commission found that the reductions made by the Controller for salaries and benefits are consistent with the parameters and guidelines. The parameters and guidelines authorize reimbursement for salary and benefit costs of an employee performing the mandated activities, but require the claimant to either specify the actual number of hours an employee devoted to the mandated activities or the average number of hours spent on the program if supported by a “documented” time study. The parameters and guidelines further require claimants to maintain supporting documentation to evidence the validity of the costs claimed.

The Commission further found that the record supports the Controller’s contention that claimant’s extrapolation of data from reporting schools to schools that did not collect and maintain source documentation to support the costs claimed raises valid questions regarding whether the data accurately reflects the undocumented costs from those schools. As the administrative agency responsible for auditing mandate reimbursement claims, the interpretation of the Controller is entitled to great weight. The Commission may not reweigh the evidence or substitute its judgment for that of the Controller.

Finally, the Commission found that claimant’s assertion that its “time study” qualifies as a reasonable reimbursement methodology (RRM), is not supported by the law. Government Code section 17518.5 defines an RRM to mean a formula for reimbursing local agencies and school districts for costs mandated by the state. The RRM may be based on a general allocation formula, uniform cost allowance, or other approximations of local costs mandated by the state. The RRM, however, must be adopted by the Commission pursuant to Government Code section 17557, following a request, an opportunity for comment by the parties, a public hearing, and the adoption of a decision on the matter. The parties have not submitted a request to include an RRM in the parameters and guidelines for this program, and the Commission has not adopted one. The mandates process does not allow a party, on its own, to use a formula for claiming reimbursement of state-mandated costs. Therefore the Commission denied this IRC.

## **B. Withdrawn Incorrect Reduction Claims**

The filing of an IRC is an appeal of a decision of the Controller. The Controller is authorized, by desk review or field audit, to reduce reimbursement claims that it deems excessive or unreasonable. The claimant is then authorized to appeal any reduction by filing an IRC with the Commission. Unlike test claims, where one claimant represents all potential claimants statewide in a manner analogous to a class action lawsuit, individual claimants file IRCs with the Commission and seek redress for reductions that apply directly only to that one claimant.<sup>1</sup> The process for resolving IRCs can be complex, and differs with each claim. For some claims, once the claimant files an IRC, an informal conference is conducted where Commission staff mediates the issues in dispute between the claimant and the Controller. If the issues are resolved in the informal conference, the IRC is settled and the claimant withdraws the IRC. The claimant and the Controller can also negotiate a resolution independent of Commission staff. Occasionally, an IRC is withdrawn after Commission staff has issued a draft proposed decision but before the proposed decision is heard by the Commission. Even though the IRC is withdrawn, there is still a significant amount of staff resources committed to the preparation of the draft proposed decision.

A total of 14 IRCs were resolved by the parties and withdrawn by the claimant between January 1, 2014 and December 31, 2014. Below is a breakdown of those withdrawn IRCs by mandated program.

### **Health Fee Elimination (CSM-4206) – Three IRCs**

- 05-4206-I-07
- 05-4206-I-09
- 07-4206-I-14

### **Investment Reports (CSM 96-358-02) – Seven IRCs**

- 02-9635802-I-10
- 02-9635802-I-12
- 02-9635802-I-14
- 02-9635802-I-20
- 02-9635802-I-58
- 02-9635802-I-62
- 02-9635802-I-68

### **Mandate Reimbursement Process (CSM 4485) – One IRC**

- 05-4485-I-03

### **Notification of Truancy (CSM 4133) – Two IRCs**

- 04-904133-I-01
- 07-904133-I-04

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<sup>1</sup> California has 58 counties, so county claims are limited to 58 potential IRCs per test claim. Mandates involving cities or school districts, however, create the potential for over 1,500 IRCs per test claim.

## **National Norm-Referenced Achievement Test (NNRAT) (97-TC-23) – One IRC**

- 08-9723-I-01

### **C. Dismissed Incorrect Reduction Claims**

An IRC may also be dismissed if it is abandoned by the claimant. (2 C.C.R. §1187.13 and §1187.14.) Such a dismissal requires a 60 day notice of pending dismissal and then a notice of dismissal. Two IRCs were dismissed over the past year for this reason and in this manner.

## **Investment Reports (CSM 96-358-02) – Two IRCs**

- 02-9635802-I-22
- 02-9635802-I-73

## **STRATEGIC APPROACH TO IRC BACKLOG REDUCTION**

The remaining 66 IRCs are tentatively scheduled for hearing throughout 2014-2015 and 2015-2016. However, because IRCs have the lowest priority for hearing, their scheduling may be pushed to a later date if other items with higher priority, such as test claims, are filed. Hearing IRCs with cross-cutting issues first is one way that the Commission is helping to spur informal resolution of these claims between the claimants and the Controller. Based on current caseload and staffing levels, Commission staff expects that the IRC backlog should be eliminated by the end of the 2015-2016 fiscal year. Whether elimination of the IRC backlog takes more time than the staff expectation will depend on a variety of factors, including the outcome and timing of currently pending litigation in the California Supreme Court regarding storm water permit (NPDES) test claims. Depending on the outcome, they may be remanded back to the Commission, and the additional 12 pending test claims addressing storm water, currently on inactive status, would also need to be taken up and would be prioritized over pending IRCs. This could delay completion of the IRC backlog by approximately one year to the end of 2016-2017.

A successful outcome of the strategy to first hear IRCs with cross-cutting issues is evident in the resolution of claims filed under the Investment Reports program. The Investment Reports program resulted in 70 IRCs. Several of those claims had cross cutting issues. To efficiently reduce the backlog for this program, staff prioritized hearing those claims with many cross cutting issues. Commission staff also conducted several informal conferences with the parties to encourage the informal resolution of the remaining claims. Commission staff prepared stipulations, which were signed by many of the parties, in which the Controller agreed to reevaluate the IRCs on the Investment Reports program consistent with the Commission's prior decisions on the IRCs with cross cutting issues. The claimants also agreed to make available to the Controller, as may be requested, all documentation in support of claimed costs. As a result of continued work by all of the parties, there are now only 3 remaining IRCs for this program as of December 31, 2014. Commission staff expects the remaining IRCs on this program to be resolved in 2015, as the parties continue to work toward reaching settlement.

The Commission remains committed to continuing to eliminate the entire IRC backlog by adhering to the first-in-time policy, unless circumstances justify an exception. The following are strategies the Commission is employing to more efficiently decide matters, with a goal of eliminating the backlog as soon as possible: (1) claim consolidation; and (2) cross cutting issues.

1. Claim Consolidation – It may be appropriate in some cases to consolidate IRCs so that one analysis and statement of decision adopted by the Commission support multiple claims. Government Code section 17558.8 and section 1185.2 of the Commission's regulations allow the executive director to consolidate IRCs. However, consolidation has



been used sparingly for IRCs because it only works if the issues of law and fact are the same, and the Controller auditors were consistent in making claim reductions based on similar documentation. Commission staff is working closely with Controller staff and the claimant community to identify situations where claims can be consolidated.

2. Cross Cutting Issues – Commission staff is working with the Controller and members of the claimant community to identify issues that are common to multiple IRCs. If the Commission decides an issue in one matter that is contested in other matters, the time required to complete those other matters will be reduced. For example, in 2010, the Commission adopted decisions on the County of Los Angeles and the City of Tustin Investment Reports IRCs. In doing so, the Commission resolved certain issues that are common to nearly all of the Investment Reports IRCs.