

COMMISSION ON STATE MANDATES

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January 18, 2008

Ms. Bonnie Ter Keurst
County of San Bernardino
Auditor/Controller-Recorder, County Clerk
222 W. Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018

And Interested Parties and Affected State Agencies (See enclosed mailing list)

Re: Final Staff Analysis, Proposed Parameters and Guidelines and Hearing Date
Mentally Disordered Offenders: Treatment as a Condition of Parole (00-TC-28, 05-TC-06)
Penal Code section 2966
Statutes 1985, chapter 1419; Statutes 1986, chapter 858; Statutes 1987, chapter 687;
Statutes 1988, chapter 658; Statutes 1989, chapter 228; Statutes 1994, chapter 706
County of San Bernardino, Claimant

Dear Ms. Ter Keurst:

The final staff analysis and proposed Parameters and Guidelines for this program are complete and enclosed for your review.

Hearing

The proposed Parameters and Guidelines are set for hearing on **Thursday, January 31, 2008**, at 9:30 a.m. in Room 126, State Capitol, Sacramento, CA. This item is proposed for the consent calendar. Please let us know in advance if you or a representative of your agency will testify at the hearing, or if other witnesses will appear.

Special Accommodations

For any special accommodations such as a sign language interpreter, an assistive listening device, materials in an alternative format, or any other accommodations, please contact the Commission Office at least five to seven *working* days prior to the meeting.

Please contact Nancy Patton at (916) 323-8217 with any questions regarding the above.

Sincerely,

A handwritten signature in cursive script that reads "Paula Higashi".

PAULA HIGASHI
Executive Director

Enclosures

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ITEM 6
FINAL STAFF ANALYSIS
PROPOSED PARAMETERS AND GUIDELINES

Penal Code Section 2966

Statutes 1985, Chapter 1419¹

Statutes 1986, Chapter 858

Statutes 1987, Chapter 687

Statutes 1988, Chapter 658

Statutes 1989, Chapter 228

Statutes 1994, Chapter 706

*Mentally Disordered Offenders:
Treatment as a Condition of Parole*

00-TC-28, 05-TC-06

County of San Bernardino, Claimant

EXECUTIVE SUMMARY

Summary of the Mandate

The test claim statutes set forth procedures for civil court hearings that are initiated by a prisoner or parolee who wishes to contest a finding, made at the time of parole or upon termination of parole, that he or she meets the mentally disordered offender criteria, as defined. If the person requests it, the court shall conduct such a hearing; the district attorney is required to represent the people and the public defender is required to represent the person if he or she is indigent.

On July 28, 2006, the Commission adopted the Statement of Decision for *Mentally Disordered Offenders (MDO): Treatment as a Condition of Parole* (00-TC-28, 05-TC-06). The Commission found that the test claim legislation constitutes a new program or higher level of service and imposes a state-mandated program on local agencies within the meaning of article XIII B, section 6, of the California Constitution and Government Code section 17514 to perform the following activities resulting from Penal Code section 2966 hearings:

- district attorney services to represent the people; and
- public defender services to represent indigent prisoners or parolees.

¹ The test claim was amended on March 2, 2006 to add this statute. The amendment was accepted based on provisions of Government Code section 17557, subdivision (c), that were in effect on the date of the filing of the original test claim.



Discussion

Commission staff prepared and issued the draft parameters and guidelines and the claimant submitted a detailed listing of additional reimbursable activity components, stating that these components serve to break down the reimbursable activities approved in the Statement of Decision to measurable pieces and represent reasonable methods of complying with the mandate. The Department of Finance submitted comments on the claimant's proposal. Staff modified the draft parameters and guidelines to include the components proposed by the claimant and to address Finance's comments. Substantive changes are discussed below.

Eligible Claimants

Staff deleted cities as eligible claimants because they do not implement this program.

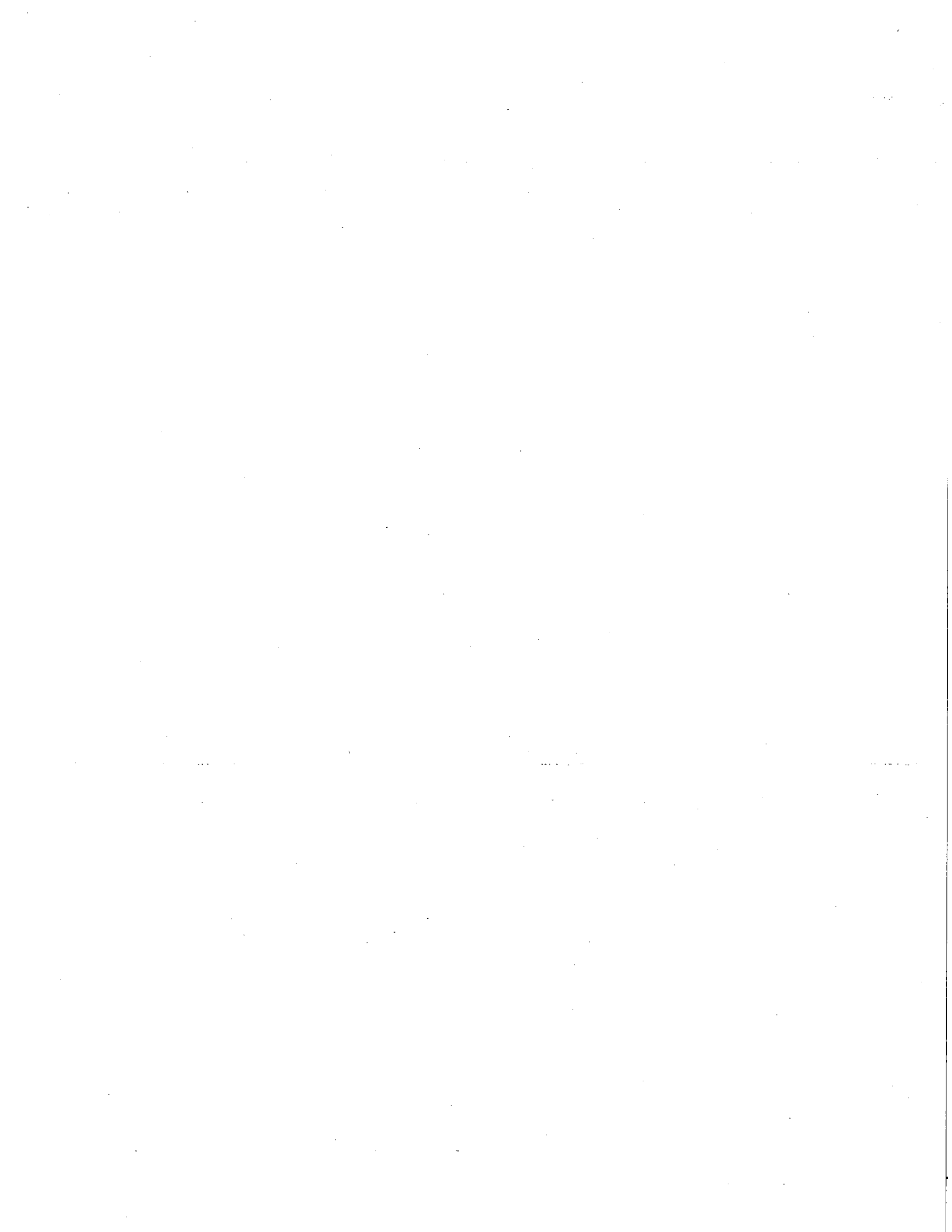
One-Time Activities

1. Claimant proposed employee training on the program. Staff finds that training regarding a county's internal policies and procedures on Penal Code section 2966 hearings for each employee, including district attorneys, public defenders, investigators, and all administrative staff, such as secretaries and paralegals, who work on this program is necessary to carry out the mandated program and is reimbursable. However, staff limited training to one time per employee.

On-going Activities

1. Claimant proposed retaining necessary experts, investigators and professionals to prepare for and testify at any civil trial and any subsequent petition hearings. Staff revised this activity to remove the language "and any subsequent petition hearings" because it exceeds the scope of the Commission's findings in the Statement of Decision. The reference to "*any* civil trial" was changed to "*the* civil trial conducted pursuant to Penal Code section 2966 hearings" in order to limit reimbursable activities to the hearings at issue.
2. Claimant proposed providing transportation, care and custody of Penal Code Section 2966 petitioners before, during and after the civil hearings by the County Sheriff's Department. Finance recommends that this activity be limited to transportation of Penal Code 2966 petitioners, because care and custody of said petitioners is not found in the Statement of Decision.

Staff finds that the activities of transporting and custodial service of Penal Code section 2966 petitioners is necessary to carry out the mandated program. The law authorizes incarcerated prisoners to request the hearings, and since they are incarcerated, the county is responsible for transporting and caring for them while they are at the court facility for the hearing, and then returning them to the prison facility. However, staff clarified that transportation is limited to transporting to and from the court facility where the civil hearing is being conducted, and reimbursement for care and custody is limited to the time during the civil hearing. Staff also clarified that reimbursement for this activity is limited to incarcerated prisoners, since counties would not be responsible for transport, care and custody of parolees who have requested Penal Code section 2966 hearings.



Deleted Proposed Activities

Staff did not include the following activities proposed by claimant because they exceeded the scope of the Statement of Decision or the period of reimbursement, were already reimbursable in other MDO programs, or there was no evidence in the record to show that the activity was necessary to carry out the mandated program:

1. Developing policies and procedures to implement Penal Code section 2966.
2. Developing or procuring computer software to track Penal Code 2966 petitioner status.
3. Psychiatrist and Psychologist attendance and participation in continuing training necessary to retain professional competence in MDO cases, civil trial skills, and associated mental health issues.
4. Preparing and representing the state and indigent prisoners or parolees in civil hearings on the petition regarding the appeal of the petitioner's MDO status under Penal Code section 2962.
5. Travel to and from court.

Offsetting Revenues

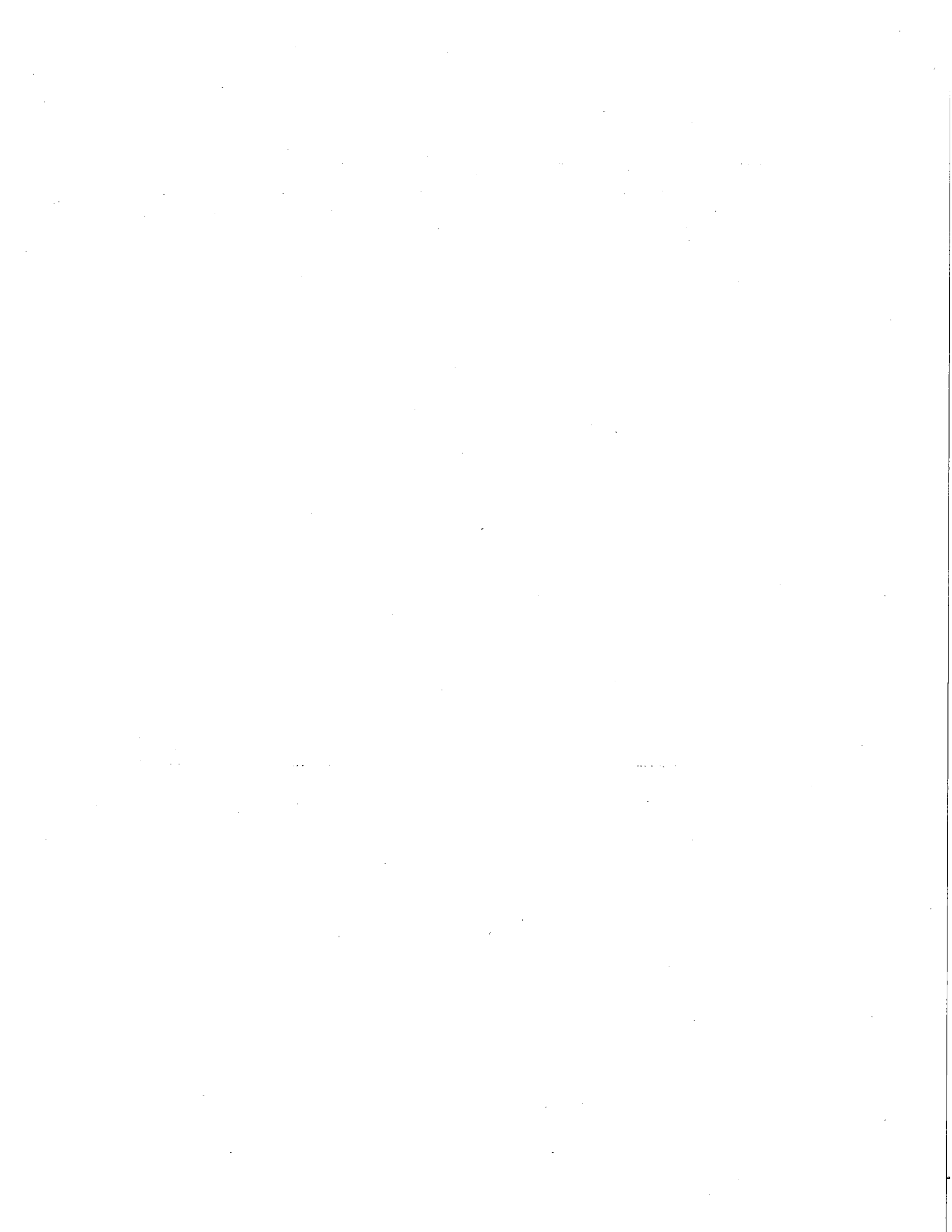
The Statement of Decision made a specific finding that there were no offsetting reimbursements for this program. After the Statement of Decision was adopted, Statutes 2006, chapter 812 amended Welfare and Institutions Code section 4117 to provide some state reimbursement for Penal Code section 2966 hearings: However, to date no state funding has been provided under Welfare and Institutions Code section 4117.

Therefore, staff finds that any reimbursement allowed for Penal Code section 2966 hearings under Welfare and Institutions Code section 4117, as enacted by Statutes 2006, chapter 812, is effective on January 1, 2007 and shall be offset from any reimbursement claims, if it is provided by the state. Staff revised the Offsetting Revenues section to make this clarification.

Staff Recommendation

Staff recommends that the Commission adopt the proposed parameters and guidelines, as modified by staff, beginning on page 11.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.



STAFF ANALYSIS

Claimant

County of San Bernardino

Chronology

07/05/01 County of San Bernardino filed test claim with Commission (00-TC-28)

08/03/01 The Department of Corrections submitted comments

08/09/01 The Department of Finance submitted comments

09/05/01 County of San Bernardino requested an extension of time through October 25, 2001 to respond to comments

09/07/01 Commission staff granted request for extension to respond to comments on or before October 25, 2001

11/08/01 County of San Bernardino requested an extension of time until December 3, 2001 to respond to comments

11/09/01 Commission staff granted request for extension to respond to comments on or before December 3, 2001

02/05/02 County of San Bernardino requested an extension of time until February 22, 2002 to respond to comments

02/06/02 Commission staff granted request for extension to respond to comments on or before March 8, 2002

02/27/02 County of San Bernardino filed reply to Department of Finance comments

01/19/06 Commission staff issued draft staff analysis

02/03/06 County of San Bernardino filed comments on draft staff analysis

03/02/06 County of San Bernardino filed amendment to test claim (05-TC-06)

05/26/06 Department of Finance waived its comment period on the amendment

05/26/06 Commission staff issued draft staff analysis based on amended test claim

06/23/06 County of San Bernardino filed comments on amended draft staff analysis

07/11/06 Commission staff issued final staff analysis

07/28/06 Commission adopted Statement of Decision

08/07/06 Commission staff issued draft parameters and guidelines

08/22/06 Claimant submitted comments on draft parameters and guidelines

10/27/06 Department of Finance issued comments on draft parameters and guidelines

11/08/07 Commission staff issued draft staff analysis and proposed parameters and guidelines

11/20/07 Commission staff issued final staff analysis and proposed parameters and guidelines



Summary of the Mandate

The test claim statutes set forth procedures for civil court hearings that are initiated by a prisoner or parolee who wishes to contest a finding, made at the time of parole or upon termination of parole, that he or she meets the mentally disordered offender criteria, as defined. If the person requests it, the court shall conduct such a hearing; the district attorney is required to represent the people and the public defender is required to represent the person if he or she is indigent.

On July 28, 2006, the Commission adopted the Statement of Decision for *Mentally Disordered Offenders (MDO): Treatment as a Condition of Parole* (00-TC-28, 05-TC-06).² The Commission found that the test claim legislation constitutes a new program or higher level of service and imposes a state-mandated program on local agencies within the meaning of article XIII B, section 6, of the California Constitution and Government Code section 17514 to perform the following activities resulting from Penal Code section 2966 hearings:

- district attorney services to represent the people; and
- public defender services to represent indigent prisoners or parolees.

Discussion

Commission staff prepared and issued the draft parameters and guidelines on August 7, 2006.³ The proposed reimbursable activities were limited to those approved in the Statement of Decision.

On August 22, 2006, the claimant submitted comments on the draft.⁴ In their comments they proposed a detailed listing of the reimbursable activity components, stating that these components serve to break down the reimbursable activities approved in the Statement of Decision to measurable pieces and represent reasonable methods of complying with the mandate. On October 27, 2006, the Department of Finance submitted comments on the claimant's proposal.⁵ Staff modified the draft parameters and guidelines to include the components proposed by the claimant and to address Finance's comments as discussed below. On November 13, 2007, staff issued the draft staff analysis and proposed parameters and guidelines. No comments were filed on the draft staff analysis. However, staff did make one minor clarification to reimbursable activities as discussed below.

I. Summary of the Mandate

Staff added a paragraph to summarize the mandated program, upon request of the claimant.

II. Eligible Claimants

Staff deleted cities as eligible claimants because they do not implement this program.

² Exhibit A.

³ Exhibit A.

⁴ Exhibit B.

⁵ Exhibit C.

IV. *Reimbursable Activities*

A. One-Time Activities

Claimant proposed adding the following one-time activities:

1. *Developing policies and procedures to implement Penal Code section 2966.*

Department of Finance commented that district attorneys and public defenders have existing policies and procedures regarding involuntary committal of potential parolees under Penal Code section 2972. Therefore, this activity should be limited to updating the existing policies and procedures to add the new procedure for civil court filings under Penal Code section 2966. However, staff finds that since this program was implemented between 1985 and 1994, and reimbursement for the program does not begin until 2000, policies and procedures would have been updated outside of the period of reimbursement. Thus, staff did not include this activity.

2. *Developing or procuring computer software to track Penal Code 2966 petitioner status.*

Finance recommended that this activity be deleted because all California sheriffs' facilities have existing computer software systems to track their own inmates as well as inmates in transit to other jurisdictions. Counties are already being reimbursed under a similar program (*Mentally Disordered Offenders' (MDO) Extended Commitment Proceedings*, 98-TC-09) to develop or procure computer software to track the status of committed persons. There is no evidence in the record that a new system is necessary to track persons for the program here, or that counties could not use the existing computer software. Therefore, staff did not include this activity in the proposed parameters and guidelines.

3. *Initial training of staff on the mandated Penal Code Section 2966 activities.*

Department of Finance recommended that training be deleted. Counties are already implementing a similar MDO program, and therefore training on the program here is not necessary.

Staff makes the following findings regarding one-time employee training:

- *Psychiatrists and Psychologists.* Participating psychiatrists and psychologists attend continuing education each year to retain their licenses, and therefore, staff finds that training of psychiatrists and psychologists is not necessary to carry out the mandated program.
- *District attorneys and Public Defenders.* Rule 3-110 of the California Rules of Professional Conduct, enacted in 1975⁶, requires all attorneys to be competent in the area of practice and obligates attorneys to acquire sufficient learning and skill before performance is required.⁷ Therefore, sufficient training for attorneys on the handling of Penal Code section 2966 hearings is not an activity imposed by the test claim statute, but a *pre-existing* obligation imposed by the California Rules of Professional Conduct. Accordingly, staff finds that attorney training regarding the Penal Code section 2966 hearings is not required, nor reimbursable.

⁶ This rule was originally numbered Rule 6-101, and later renumbered as 3-110.

⁷ Exhibit D.



However, staff finds that *one-time* training regarding a county's internal policies and procedures on Penal Code section 2966 hearings for each employee, including district attorneys, public defenders, investigators, and all administrative staff, such as secretaries and paralegals, who work on this program is necessary to carry out the mandated program and is reimbursable.

Staff limited training to initial training of district attorneys, public defenders, and administrative staff including paralegal and secretarial staff on mandated activities, and further limited the training to one time per employee.

B. Ongoing Activities

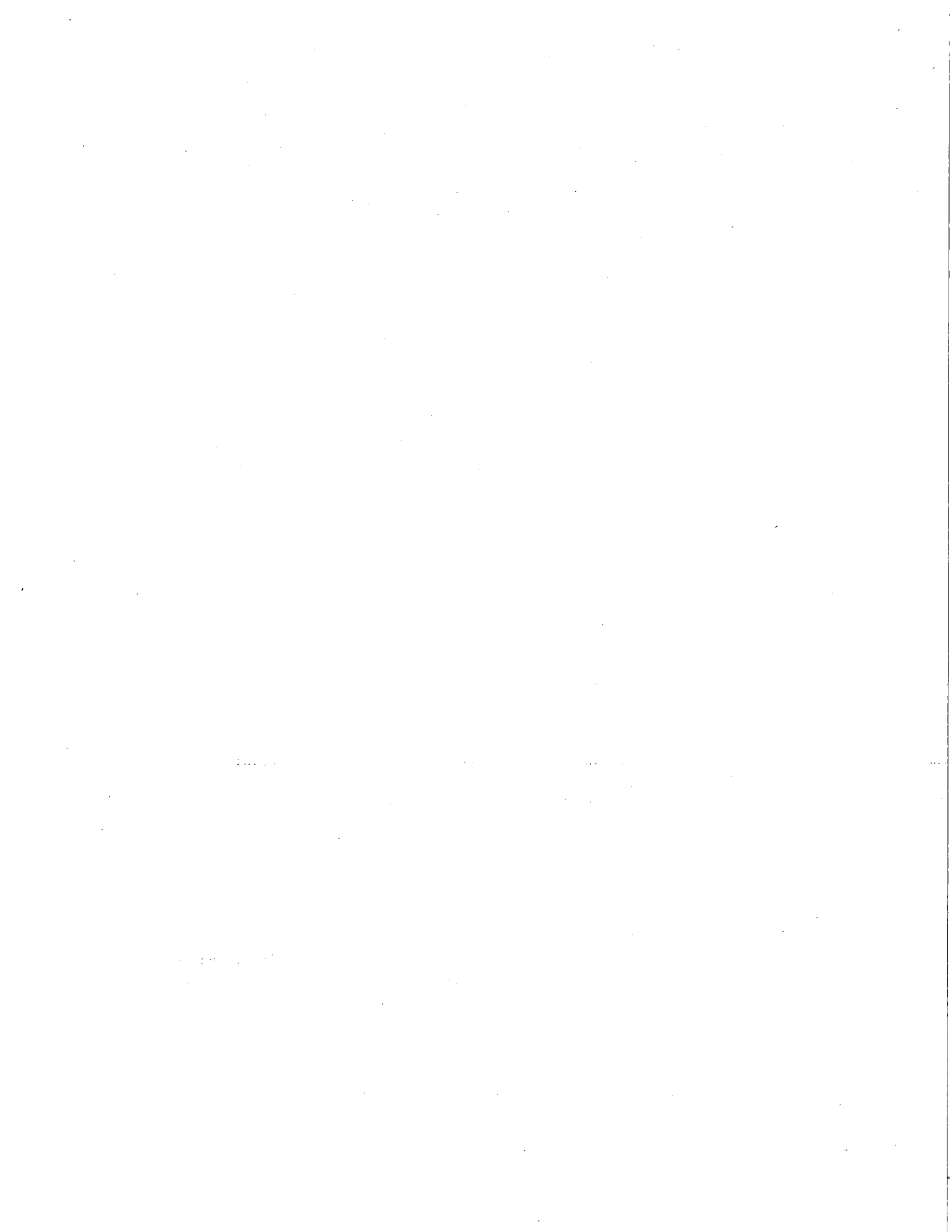
Claimant proposed the following ongoing activities that were included by staff without substantive change. Claimants declared under penalty of perjury in their test claim that these ongoing activities are necessary to conduct and participate in the hearings required by the test claim statutes. In addition, these activities are similar to the activities approved in the other MDO mandated program (*Mentally Disordered Offenders' Extended Commitment Proceedings*, 98-TC-09). Therefore, staff finds that the following ongoing activities are necessary to carry out the mandate, and included them in the proposed parameters and guidelines.

1. *Review relevant documentation, including pertinent Board of Prison Terms hearing and appeal documents; pertinent medical records; Conditional Release Program records, police and probation reports; criminal histories, pertinent evaluations of petitioner and records of prior MDO proceedings.*
2. *Review and file motions with superior court.*
3. *Travel to and from state hospitals, prisons and county jails where detailed medical records and case files are maintained.*
4. *Travel to and from state hospitals, prisons and county jails by the defense counsel in order to meet with the prisoner client.*
5. *Prepare and represent the state and the indigent prisoner or parolee in a bench or jury trial to decide whether or not the petitioner meets the criteria to be committed under Penal Code Section 2966.*
6. *Copying charges and long distance telephone charges related to the above activities.*

Claimants also proposed the following activities. Staff did make substantive changes to these activities:

1. *Prepare and represent the state and indigent prisoner or parolee in civil hearings on the petition regarding the appeal of the petitioner's MDO status under Penal Code section 2962.*

Staff did not include this activity because counties are already reimbursed for this activity under the other MDO program: *Mentally Disordered Offenders' Extended Commitment Proceedings*, 98-TC-09. In addition, this activity goes beyond the scope of the Commission's findings in the Statement of Decision.



2. *Retain necessary experts, investigators and professionals to prepare for and testify at any civil trial and any subsequent petition hearings.*

Staff revised this activity to remove the language “and any subsequent petition hearings” because it exceeds the scope of the Commission’s findings in the Statement of Decision. The reference to “any civil trial” was changed to “the civil trial conducted pursuant to Penal Code section 2966 hearings” in order to limit reimbursable activities to the hearings at issue.

3. *Travel to and from court.*

Staff did not include this activity. The activity below provides reimbursement for transportation of petitioners, and travel for county employees would be claimed under indirect costs. Therefore, the activity is not necessary to carry out the mandated program.

4. *Provide transportation, care and custody of Penal Code Section 2966 petitioners before, during and after the civil hearings by the County Sheriff’s Department.*

Finance recommends that this activity be limited to transportation of Penal Code 2966 petitioners, because care and custody of said petitioners is not found in the Statement of Decision.

The Statement of Decision indicates that although sheriffs’ department transportation and custodial services may in fact be reasonably necessary to comply with the mandate, the plain meaning of the test claim statute is limited to district attorney and public defender services. The statute does not include sheriff’s department services, and therefore, these activities can only be considered for reimbursement, when claimant proposes them, at the parameters and guidelines phase. Claimant did propose them at the parameters and guidelines phase. Staff finds that the activities of transporting and custodial service of Penal Code section 2966 petitioners is necessary to carry out the mandated program. The law authorizes incarcerated prisoners to request the hearings, and since they are incarcerated, the county is responsible for transporting and caring for them while they are at the court facility for the hearing, and then returning them to the prison facility. In addition, this activity was approved for the other MDO program: *Mentally Disordered Offenders’ Extended Commitment Proceedings*, 98-TC-09. Following issuance of the draft staff analysis,⁸ staff further clarified that transportation of Penal Code section 2966 petitioners is limited to incarcerated prisoners, since counties would not be responsible for transporting parolees who have requested Penal Code section 2966 hearings.

5. *Attendance and participation in continuing training necessary to retain professional competence in MDO cases, civil trial skills, and associated mental health issues.*

Finance recommends this activity be deleted because psychiatrists and psychologists are required to attend a specific number of continuing education hours per year to retain their licenses. And, county district attorneys and public defenders participate in civil forfeiture, probate, and conservatorship cases, thus making ongoing training a current expectation for the general duties of their employment. Staff agrees and deleted ongoing training for any employee. As stated previously, staff also clarified that *no* training for psychiatrists or psychologists is reimbursable.

⁸ Exhibit F.



VII. Offsetting Revenue and Reimbursements

On page 15 of the Statement of Decision, the Commission made a specific finding that there were no offsetting reimbursements for this program:

Neither [Welfare and Institutions Code] section 4117, nor any other statutory or Budget Act provisions, provide for reimbursement for costs incurred by counties for hearings conducted pursuant to Penal Code section 2966. Therefore, Government Code section 17556, subdivision (e), is inapplicable to deny the test claim.

However, after the Statement of Decision was adopted, Statutes 2006, chapter 812 amended Welfare and Institutions Code section 4117 as follows to provide some state reimbursement for Penal Code section 2966 hearings:

(a) Whenever a trial is had of any person charged with escape or attempt to escape from a state hospital, whenever a hearing is had on the return of a writ of habeas corpus prosecuted by or on behalf of any person confined in a state hospital except in a proceeding to which Section 5110 applies, whenever a hearing is had on a petition under Section 1026.2, subdivision (b) of Section 1026.5, Section 2972, or Section 2966 of the Penal Code, Section 7361 of this code, or former Section 6316.2 of this code for the release of a person confined in a state hospital, and whenever a person confined in a state hospital is tried for any crime committed therein, the appropriate financial officer or other designated official of the county in which the trial or hearing is had shall make out a statement of all mental health treatment costs and shall make out a separate statement of all nontreatment costs incurred by the county for investigation and other preparation for the trial or hearing, and the actual trial or hearing, all costs of maintaining custody of the patient and transporting him or her to and from the hospital, and costs of appeal, which statements shall be properly certified by a judge of the superior court of that county and the statement of mental health treatment costs shall be sent to the State Department of Mental Health and the statement of all nontreatment costs shall be sent to the Controller for approval. After approval, the department shall cause the amount of mental health treatment costs incurred on or after July 1, 1987 to be paid to the county of mental health director or his or her designee where the trial or hearing was held out of the money appropriated for this purpose by the Legislature. In addition, the Controller shall cause the amount of all nontreatment costs incurred on and after July 1, 1987, to be paid out of the money appropriated by the Legislature, to the county treasurer of the county where the trial or hearing was had.

(b) Whenever a hearing is held pursuant to Section 1604, 1608, ~~or~~ 1609, or 2966 of the Penal Code, all transportation costs to and from a state hospital or a facility designated by the community program director during the hearing shall be paid by the Controller as provided in this subdivision. The appropriate financial officer or other designated official of the county in which a hearing is held shall make out a statement of all transportation costs incurred by the county, which statement shall be properly certified by a judge of the superior court of that county and sent to the Controller for approval.

The Controller shall cause the amount of transportation costs incurred on and after July 1, 1987, to be paid to the county treasurer of the county where the hearing was had out of the money appropriated by the Legislature.

As used in this subdivision the community program director is the person designated pursuant to Section 1605 of the Penal Code.

Welfare and Institutions Code section 4117 was added in 1967⁹ and amended in 1986¹⁰ to add, among other things, state reimbursement for Penal Code section 2970 hearings on and after July 1, 1987. Although the plain language of the statute as it reads with the 2006 amendment – adding reimbursement for Penal Code section 2966 hearings – indicates the State Controller should reimburse for costs incurred on and after July 1, 1987, the rules of statutory construction call for a presumption against the retroactive application of the statute as it applies to Penal Code section 2966 unless the intention to make it retroactive clearly appears from the act itself or by unavoidable implication.¹¹ Here, there is no indication from the 2006 statutory language or the legislative history that the Legislature intended to make reimbursement for Penal Code section 2966 hearings retroactive. Moreover, Penal Code section 2966 was in effect in 1986 when reimbursement for section 2970 hearings was first provided; the Legislature could have included reimbursement for section 2966 hearings at that time but did not.

Therefore, staff finds that any reimbursement allowed for Penal Code section 2966 hearings under Welfare and Institutions Code section 4117, as enacted by Statutes 2006, chapter 812, is effective on January 1, 2007, and shall be offset from reimbursement claims, if it is made available to counties.

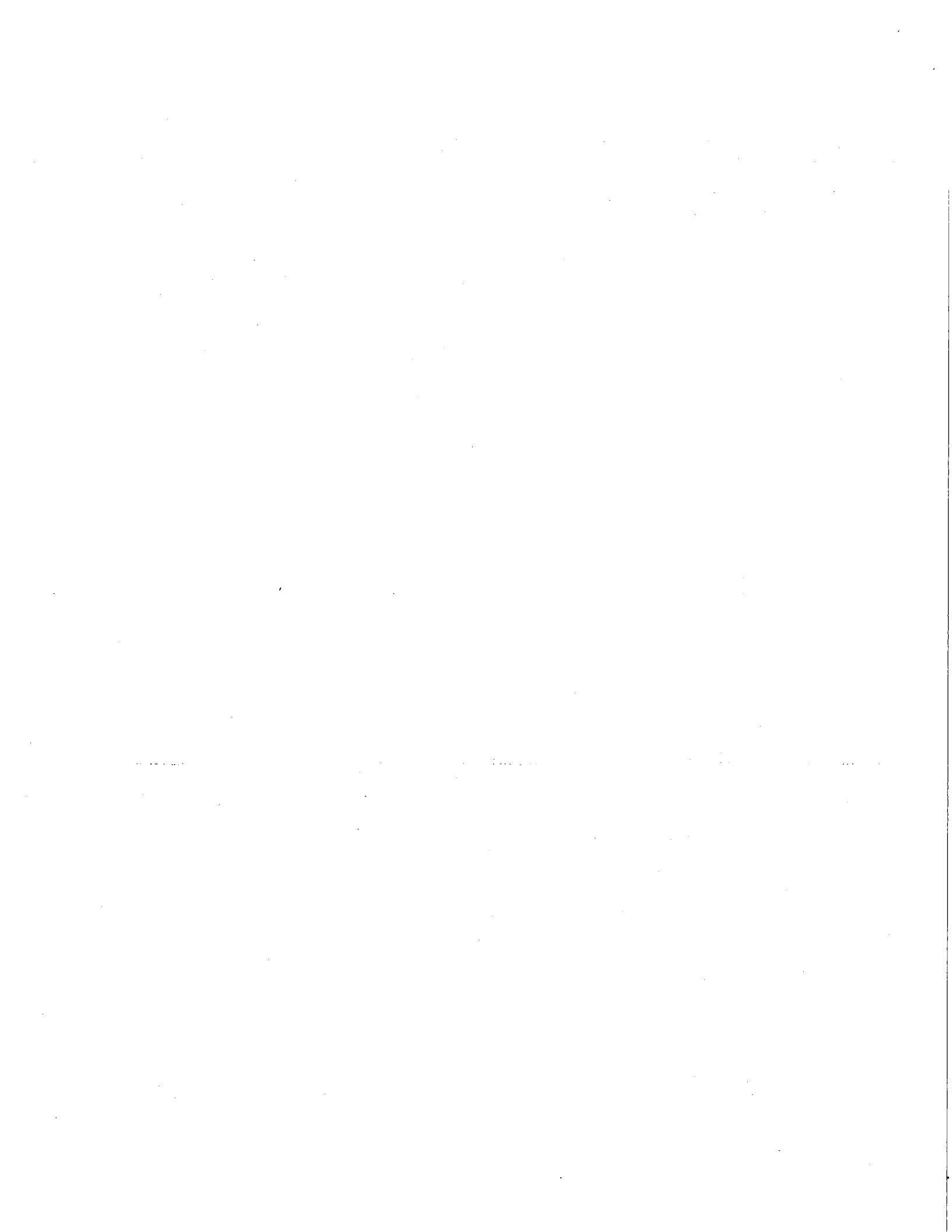
However, according to the claimant and staff with the State Controller's Office, there is no mechanism in place for counties to actually receive funding under Welfare and Institutions Code section 4117. Therefore, staff revised Section VII. Offsetting Revenues and Other Reimbursements to clarify that:

- Welfare and Institutions Code section 4117 authorizes reimbursement to counties for conducting Penal Code section 2966 hearings that are also reimbursable under the mandates process.
- Reimbursement for section 2966 hearings under the mandates process is effective on or after July 1, 2000.
- Reimbursement under section 4117 is only available on or after January 1, 2007.
- There is no mechanism in place to actually reimburse counties under section 4117.
- Therefore, effective January 1, 2007, counties must offset their mandate reimbursement claims by any revenues they receive under Welfare and Institutions Code 4117, but only if there is a mechanism in place to actually receive revenues under section 4117.

⁹ Statutes 1967, chapter 1667.

¹⁰ Statutes 1986, chapter 1020.

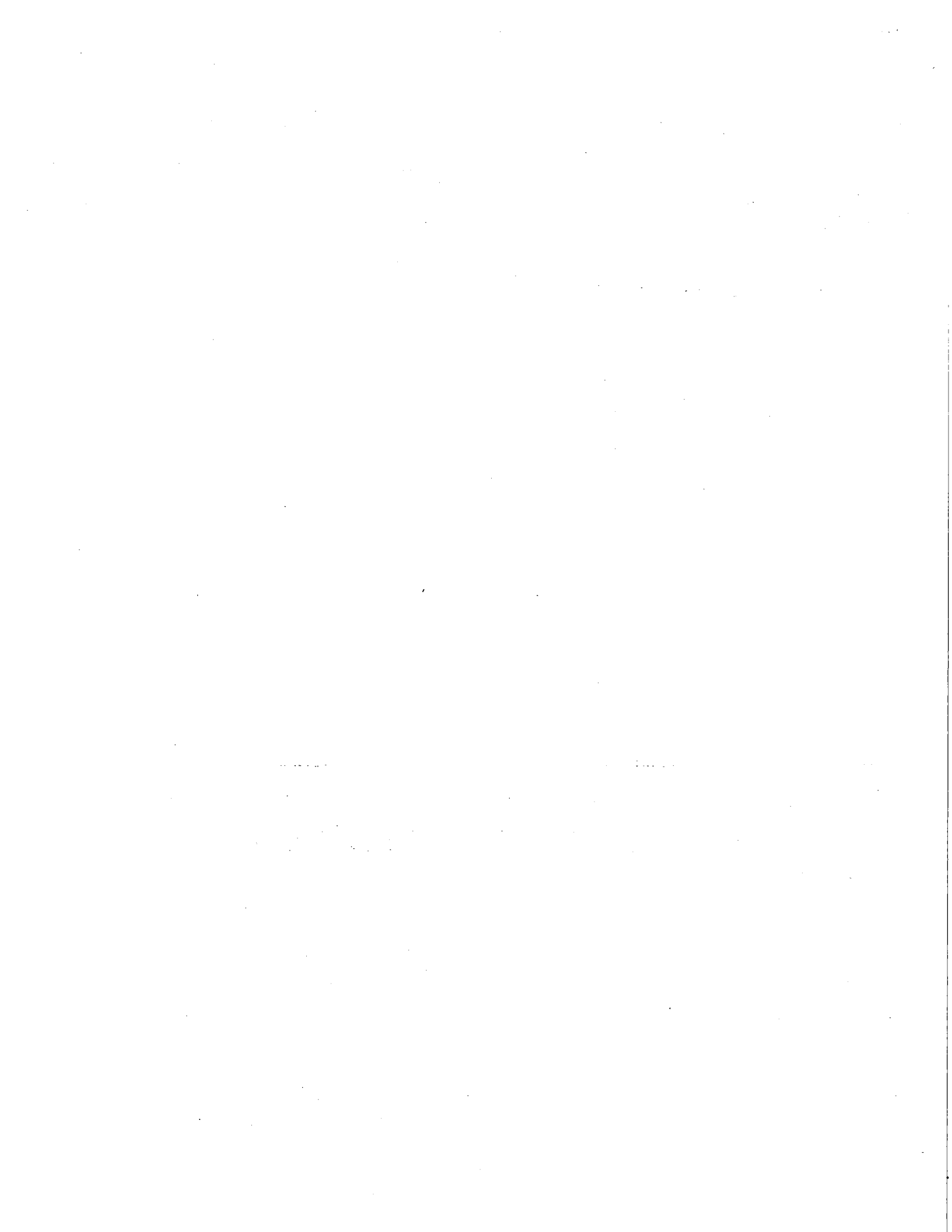
¹¹ *In re Marriage of McClellan* (2005) 130 Cal.App.4th 247, 254.



Staff Recommendation

Staff recommends that the Commission adopt the proposed parameters and guidelines, as modified by staff, beginning on page 13.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.



**DRAFT PARAMETERS AND GUIDELINES,
AS MODIFIED BY STAFF**

Penal Code Section 2966

Statutes 1985, Chapter 1419¹

Statutes 1986, Chapter 858

Statutes 1987, Chapter 687

Statutes 1988, Chapter 658

Statutes 1989, Chapter 228

Statutes 1994, Chapter 706

Mentally Disordered Offenders:

Treatment as a Condition of Parole (00-TC-28, 05-TC-06)

County of San Bernardino, Claimant

I. SUMMARY OF THE MANDATE

Penal Code section 2966 sets forth procedures for civil court hearings that are initiated by a prisoner or parolee who wishes to contest a finding, made at the time of parole that he or she meets the mentally disordered offender criteria, as defined in Penal Code section 2962. Once the petition for civil hearing is filed, the superior court shall conduct such a hearing; the district attorney is required to represent the people; and the public defender is required to represent the petitioner if he or she is indigent.

On July 28, 2006, the Commission on State Mandates (Commission) adopted a Statement of Decision finding that the test claim legislation imposes a reimbursable state-mandated program on local agencies within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 to perform the following activities resulting from Penal Code section 2966 hearings:

- district attorney services to represent the people; and
- public defender services to represent indigent prisoners or parolees.

II. ELIGIBLE CLAIMANTS

Any city, county, and city and county that incurs increased costs as a result of this reimbursable state-mandated program is eligible to claim reimbursement of those costs.

III. PERIOD OF REIMBURSEMENT

Government Code section 17557, subdivision (c), states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The County of San Bernardino filed the test claim on July 5, 2001, establishing eligibility for fiscal

¹ The test claim was amended on March 2, 2006 to add this statute. The amendment was accepted based on provisions of Government Code section 17557, subdivision (c), that were in effect on the date of the filing of the original test claim.



year 2000-2001. Therefore, costs incurred pursuant to Penal Code section 2966 hearings are reimbursable on or after July 1, 2000.

Actual costs for one fiscal year shall be included in each claim. Estimated costs of the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.

If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

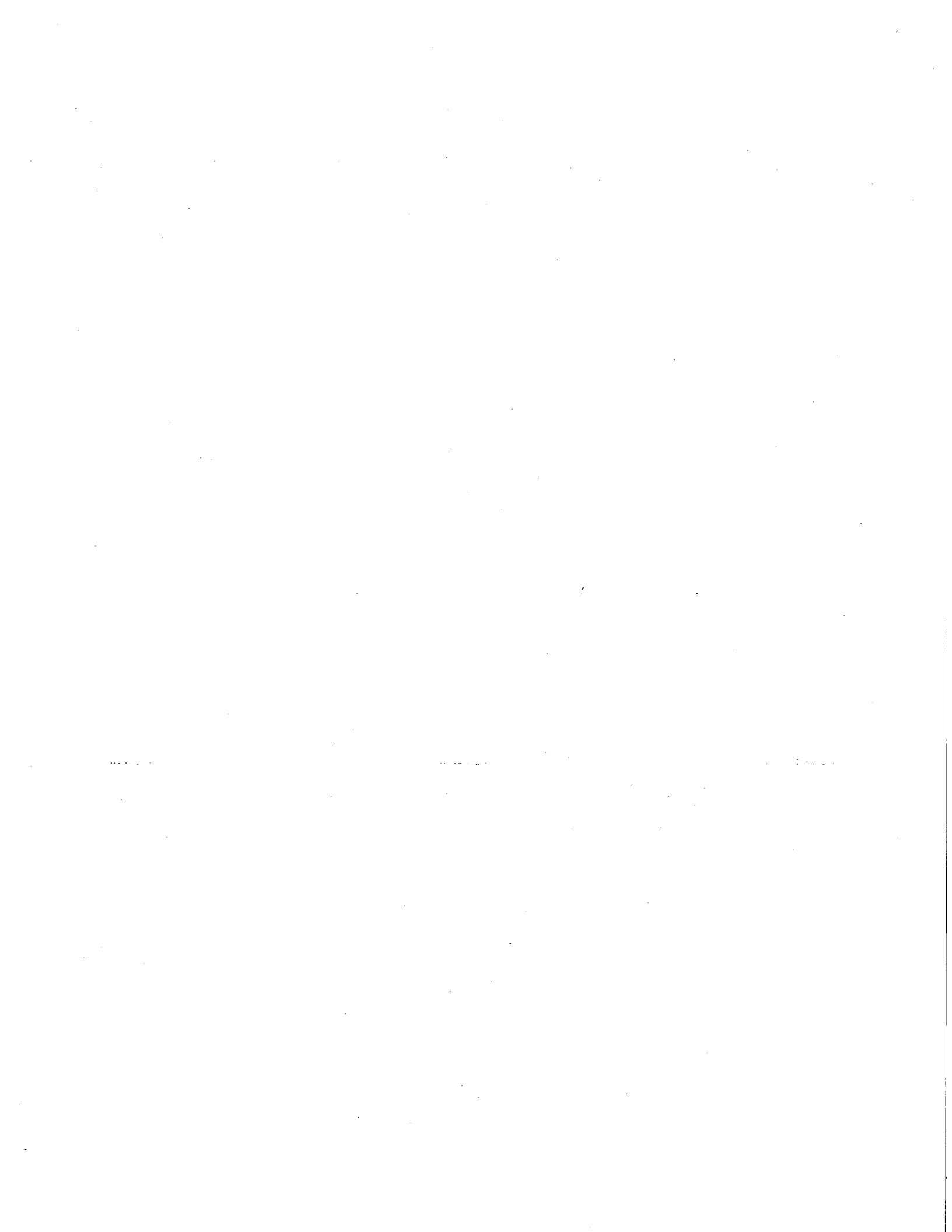
The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities performed by local agency staff to represent the people and indigent prisoners/parolees pursuant to Penal Code section 2966 hearings are reimbursable:

- ~~District attorney services to represent the people.~~
- ~~Public defender services to represent indigent prisoners or parolees.~~

A. One-Time Activities

Initial training of employees on policies and procedures for mandated Penal Code section 2966 activities (one time per employee). Training for psychiatrists and psychologists is not reimbursable.



B. On-going Activities

The following activities conducted by attorneys, investigators, and paralegal and secretarial staff:

1. Review relevant documentation, which includes: the petition appealing the Board of Prison Terms (BPT) decision; the decision of the BPT commissioner and the recording of the BPT hearing with supporting documentation; pertinent prison, parole and medical records; Conditional Release Program records; police and probation reports; criminal histories; the evaluations by CDC, DMH and BPT evaluators; and records of prior MDO proceedings.
2. Prepare and file motions with the Superior Court.
3. Retain necessary experts, investigators, and professionals to prepare for and testify at the civil trial conducted pursuant to Penal Code section 2966.
4. Travel to and from state hospitals, prisons and county jails where detailed medical records and case files are maintained.
5. Travel to and from state hospitals, prisons and county jails by the defense counsel in order to meet with the prisoner client.
6. Transport to and from the court facility, and care, and custody only during the civil hearing of each Penal Code section 2966 petitioner by the County Sheriff's Department. Reimbursement for this activity is limited to incarcerated prisoners that requested Penal Code section 2966 hearings.
7. Prepare and represent the people or the indigent prisoner or parolee in a trial to determine whether or not the petitioner meets the criteria to be committed under Penal Code section 2966.

V. CLAIM PREPARATION AND SUBMISSION

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

A. Direct Cost Reporting

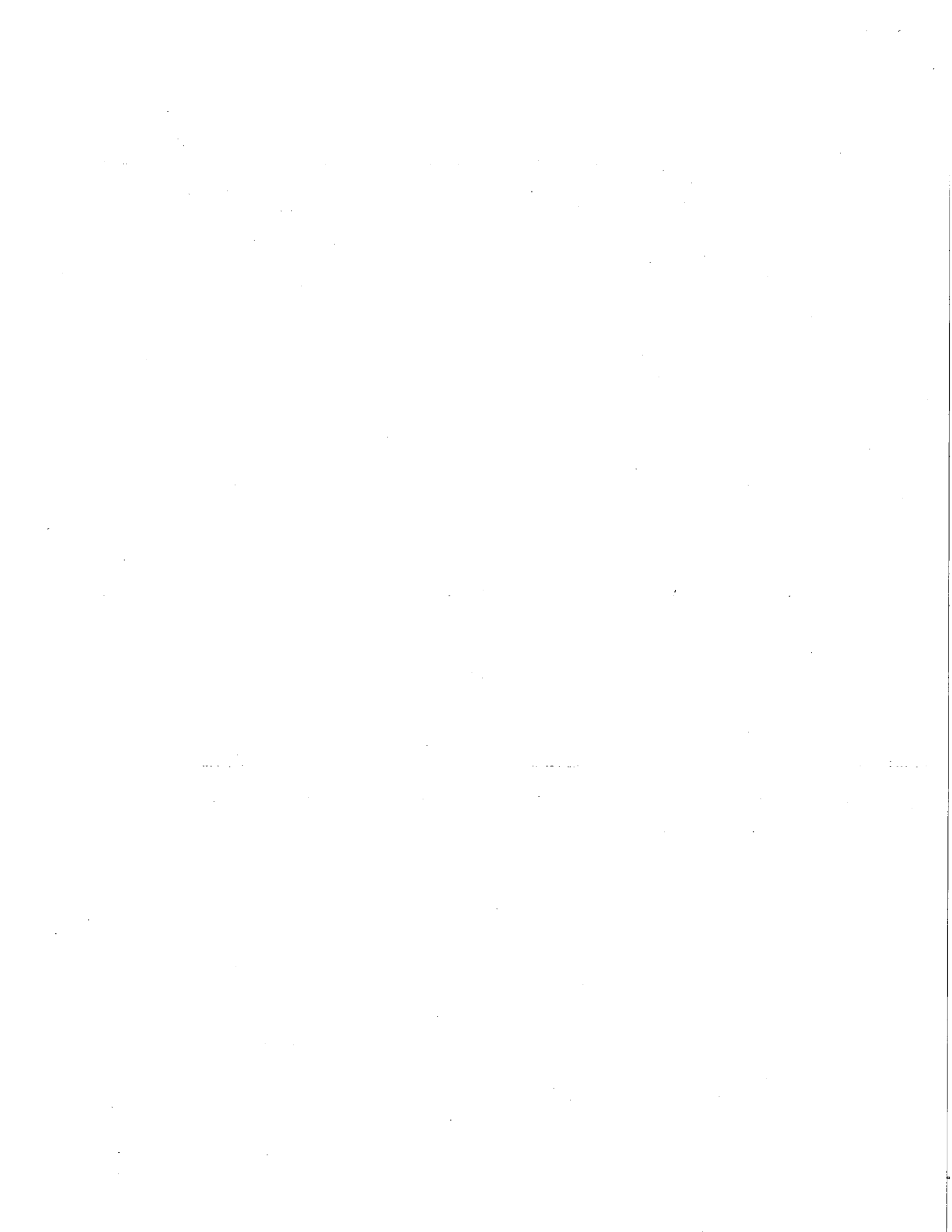
Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

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

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies



that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

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

4. Fixed Assets and Equipment

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

5. Travel

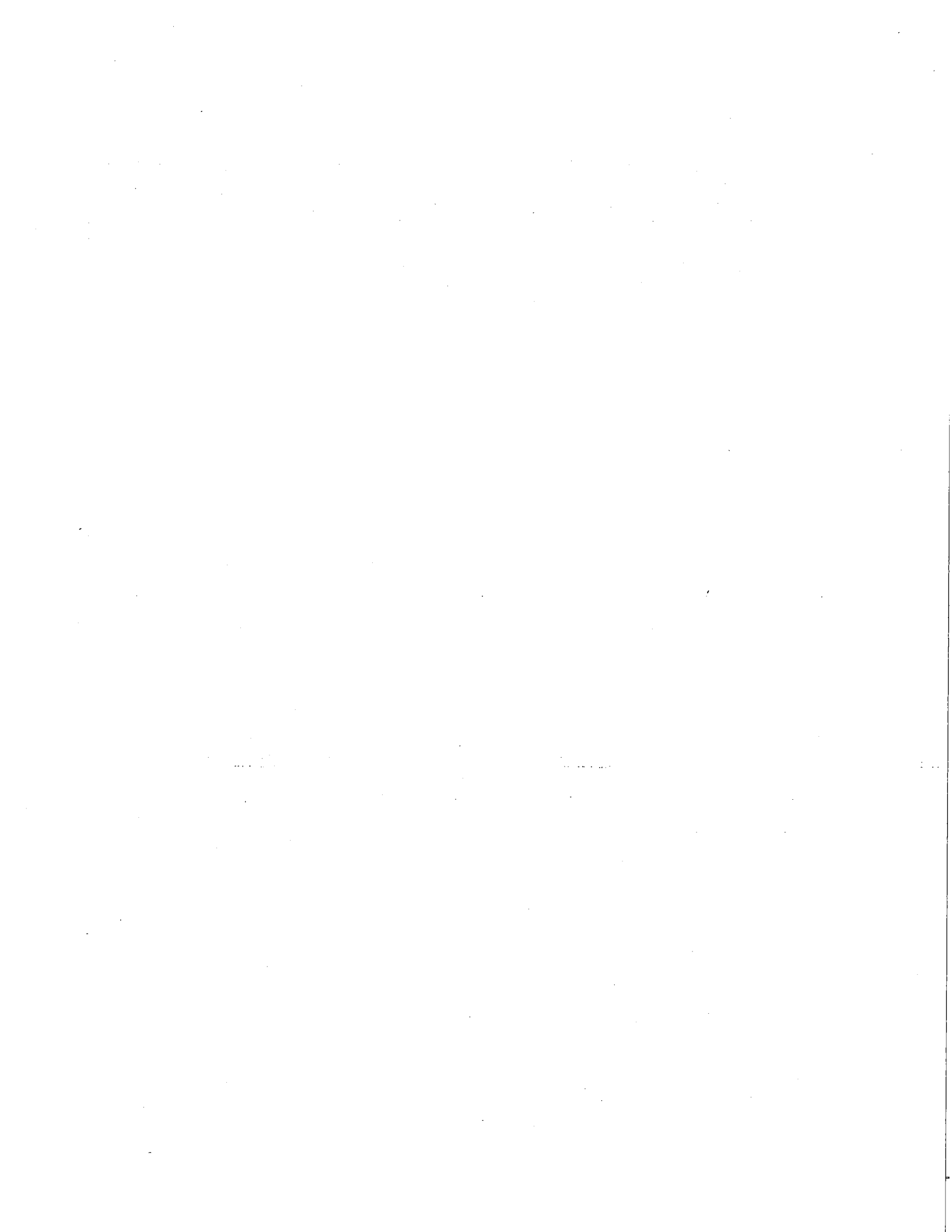
Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.



Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter² is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

² This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.



VII. OFFSETTING REVENUES SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting revenues savings 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, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

Welfare and Institutions Code section 4117 also authorizes counties, on or after January 1, 2007, to receive funding for this program. However, at this time there is no mechanism in place to provide counties funding under Welfare and Institutions Code section 4117. Therefore, on or after January 1, 2007, and once a mechanism is in place to receive funding under section 4117, counties must deduct from mandate reimbursement claims any revenues received under section 4117 for Penal Code section 2966 hearings.

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

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

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

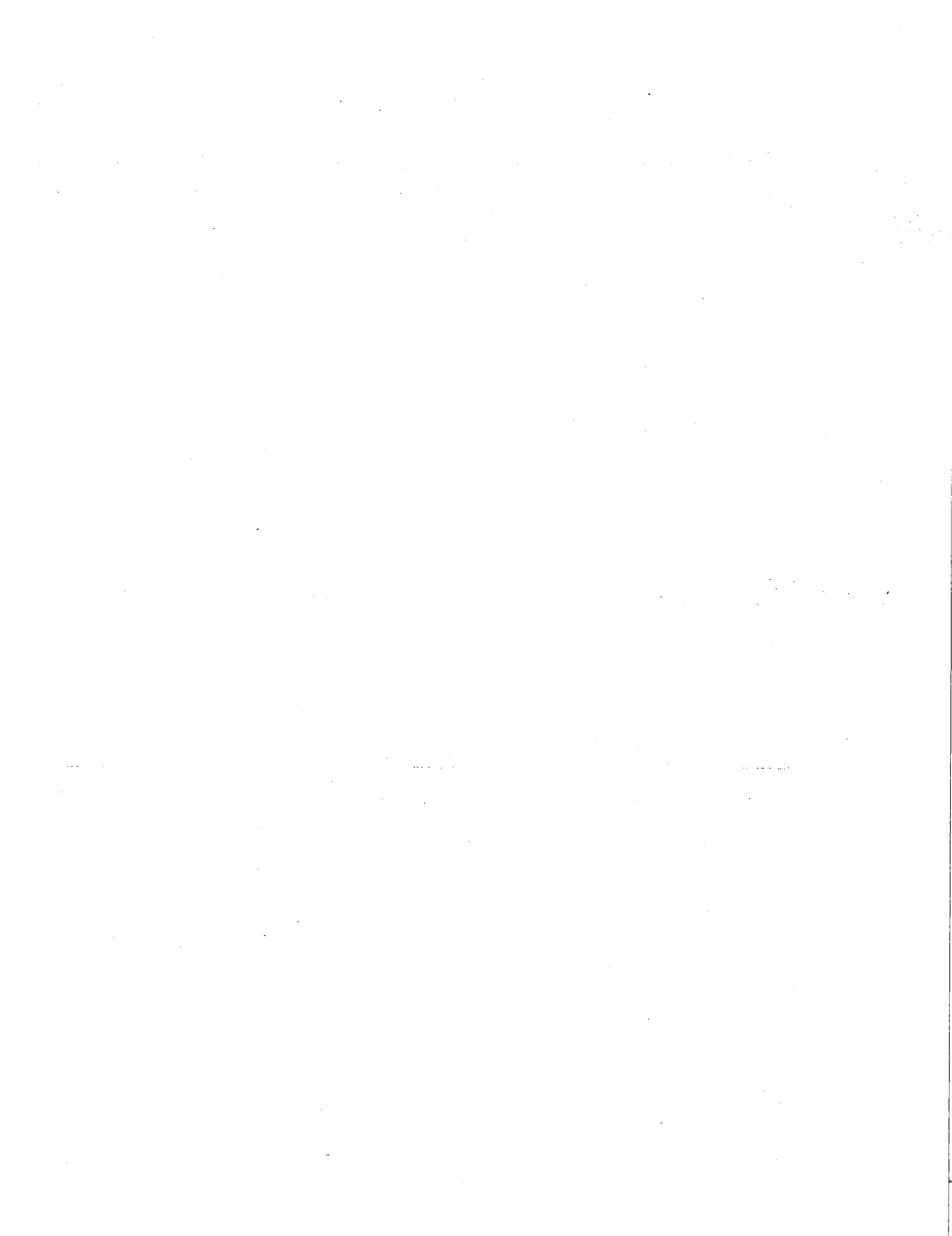
IX. REMEDIES BEFORE THE COMMISSION

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

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

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

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



Commission on State Mandates

Original List Date: 7/10/2001

Mailing Information: Final Staff Analysis

Last Updated: 7/19/2006

List Print Date: 01/18/2008

Mailing List

Claim Number: 00-TC-28

Issue: Mentally Disordered Offenders: Treatment as a Condition of Parole

TO ALL PARTIES AND INTERESTED PARTIES:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.2.)

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