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October 28, 2015
Commission on
State Mandates

BETTY T. YEE
California State Controller

LATE FILING

October 27, 2015

Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: **Draft Proposed Decision**
Incorrect Reduction Claim
Health Fee Elimination, 08-4206-I-17
Education Code Section 76355
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118
Fiscal Years 2003-2004, 2004-05 and 2005-2006
Santa Monica Community College District, Claimant

Dear Ms. Halsey:

The State Controller's Office (SCO) has reviewed the Commission on State Mandates' (Commission) draft staff analysis dated August 11, 2015, for the above incorrect reduction claim filed by Santa Monica Community College District. We support the Commission's conclusion and recommendation.

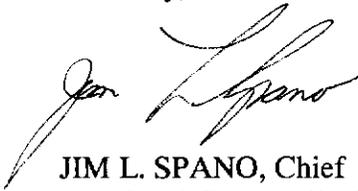
The Commission supported the SCO adjustments related to the following:

- Reductions of indirect costs based on recalculation of the indirect cost rates, totaling 153,507, is correct as a matter of law. The SCO recalculation of the indirect cost rates using the Form FAM-29C was not arbitrary, capricious, or entirely lacking in evidentiary support.
- Reductions based on understated offsetting health service fee revenues, totaling \$761,656, is correct as a matter of law. The SCO calculation of authorized health service fees is not arbitrary, capricious, or entirely lacking in evidentiary support.

Heather Halsey, Executive Director
October 27, 2015
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If you have any questions, please contact me by telephone at (916) 323-5849.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L. Spano". The signature is written in a cursive style with a large, sweeping initial "J".

JIM L. SPANO, Chief
Mandated Cost Audits Bureau
Division of Audits

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

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

On October 28, 2015, I served the:

SCO Comments

Health Fee Elimination, 08-4206-I-17

Former Education Code Section 72246 (Renumbered as 76355);

Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1);

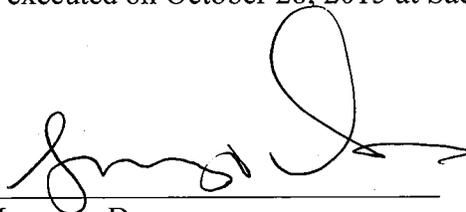
Statutes 1987, Chapter 1118 (AB 2336)

Fiscal Years: 2003-2004, 2004-2005 and 2005-2006

Santa Monica Community College District, Claimant

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on October 28, 2015 at Sacramento, California.



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

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 10/19/15

Claim Number: 08-4206-I-17

Matter: Health Fee Elimination

Claimant: Santa Monica Community College District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

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

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