

SixTen and Associates

Mandate Reimbursement Services

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October 20, 2010



Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: Incorrect Reduction Claim of El Camino Community College District
Health Fee Elimination #2
Fiscal Years: 2003-04 through 2006-07

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for El Camino Community College District.

SixTen and Associates has been appointed by the District as its representative for this matter and all interested parties should direct their inquiries to me, with a copy as follows:

Jo Ann Higdon, Vice President
Administrative Services
El Camino Community College District
16007 Crenshaw Blvd.
Torrance, CA 90506-0002

Thank-you.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith B. Petersen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Keith B. Petersen

COMMISSION ON STATE MANDATES

1. INCORRECT REDUCTION CLAIM TITLE

El Camino Community College District

1/84, 1118/87 Health Fee Elimination #2

This is the second incorrect reduction claim filed by the District for this mandate program.

2. CLAIMANT INFORMATION

Jo Ann Higdon, Vice President
Administrative Services
16007 Crenshaw Blvd.
Torrance, CA 90506-0002
Phone: (310) 660-3593 x3107
Fax: (310) 660-3798
E-Mail: jhigdon@elcamino.edu

3. CLAIMANT REPRESENTATIVE INFORMATION

Claimant designates the following person to act as its sole representative in this incorrect reduction claim. All correspondence and communications regarding this claim shall be forwarded to this representative. Any change in representation must be authorized by the claimant in writing, and sent to the Commission on State Mandates.

Keith B. Petersen, President
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4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

Statutes of 1984, Chapter 1, 2nd E.S.

Statutes of 1987, Chapter 1118

Filing Date:	RECEIVED <i>For CSM Use Only</i>
	OCT 26 2010 COMMISSION ON STATE MANDATES

IRC #:

5. AMOUNT OF INCORRECT REDUCTION

<u>Fiscal Year</u>	<u>Amount of Reduction</u>
2003-04	\$216,108
2004-05	\$173,725
2005-06	\$176,242
2006-07	\$108,137
TOTAL:	\$674,212

6. NOTICE OF NO INTENT TO CONSOLIDATE

This claim is not being filed with the intent to consolidate on behalf of other claimants.

Sections 7-19 are attached as follows:

7. Written Detailed Narrative:	Pages 1 to 35
8. SCO Results of Review Letters:	Exhibit <u>A</u>
9. Parameters and Guidelines:	Exhibit <u>B</u>
10. SCO Claiming Instructions:	Exhibit <u>C</u>
11. SCO Audit Report:	Exhibit <u>D</u>
13. SCO Mandated Cost Manual	
2003 Forward Page:	Exhibit <u>E</u>
14. Chancellor's Health Fee Letter:	Exhibit <u>F</u>
15. Statutes of 2006, Chapter 50:	Exhibit <u>G</u>
16. El Camino/Compton Memorandum of Understanding:	Exhibit <u>H</u>
17. Chancellor's Student Fees Handbook-excerpt:	Exhibit <u>I</u>
18. Compton Center Student Handbook and Planner-excerpt:	Exhibit <u>J</u>
19. Annual Reimbursement Claims:	Exhibit <u>K</u>

20. CLAIM CERTIFICATION

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to Government Code section 17561. This incorrect reduction claim is filed pursuant to Government Code section 17551, subdivision (d). I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief.

Jo Ann Higdon, Vice President
Administrative Services


Signature

10/11/10
Date



1 Claim Prepared by:
2 Keith B. Petersen
3 SixTen and Associates
4 3270 Arena Blvd., Suite 400-363
5 Sacramento, CA 95834
6 Voice: (916) 419-7093
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8 E-mail: Kbpsixten@aol.com
9

10 BEFORE THE
11 COMMISSION ON STATE MANDATES
12 STATE OF CALIFORNIA

13 INCORRECT REDUCTION CLAIM OF:)

14) No. CSM _____
15)

16) Chapter 1, Statutes of 1984, 2nd E.S.
17) Chapter 1118, Statutes of 1987
18)

19 **EL CAMINO**
20 **Community College District,**

19) Education Code Section 76355
20)

21) **Health Fee Elimination #2**
22)

23 Claimant.)

23) Annual Reimbursement Claims:
24)

25) Fiscal Year 2003-04
26)

26) Fiscal Year 2004-05
27)

27) Fiscal Year 2005-06
28)

28) Fiscal Year 2006-07
29)

30 _____)
INCORRECT REDUCTION CLAIM FILING

31 PART I. AUTHORITY FOR THE CLAIM

32 The Commission on State Mandates has the authority pursuant to Government
33 Code Section 17551(d) to "hear and decide upon a claim by a local agency or school
34 district filed on or after January 1, 1985, that the Controller has incorrectly reduced
35 payments to the local agency or school district pursuant to paragraph (2) of subdivision
36 (d) of Section 17561." El Camino Community College District (hereinafter "District" or

1 “Claimant”) is a school district as defined in Government Code Section 17519.¹ Title 2,
2 California Code of Regulations (CCR), Section 1185(a), requires claimants to file an
3 incorrect reduction claim with the Commission.

4 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),
5 requires incorrect reduction claims to be filed no later than three years following the
6 date of the Controller’s remittance advice notifying the claimant of a reduction. A
7 Controller’s audit report dated August 28, 2009, has been issued which constitutes a
8 demand for repayment and adjudication of the claim. On September 12 and 14, 2009,
9 the Controller issued “results of review letters” for the four fiscal years reporting the
10 audit results and amounts due the state, and these letters constitute a payment action.
11 Copies of these letters are attached as Exhibit “A.”

12 There is no alternative dispute resolution process available from the Controller’s
13 office. The audit report transmittal letter states that an incorrect reduction claim should
14 be filed with the Commission if the claimant disagrees with the findings.

15 PART II. SUMMARY OF THE CLAIM

16 The Controller conducted a field audit of the District’s annual reimbursement
17 claims for the actual costs of complying with the legislatively mandated Health Fee
18 Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and

¹ Government Code Section 17519, added by Chapter 1459, Statutes of 1984:

“School district” means any school district, community college district, or county superintendent of schools.

Incorrect Reduction Claim of El Camino Community College District
1/84; 1118/87 Health Fee Elimination #2

Chapter 1118, Statutes of 1987) for the period of July 1, 2003 through June 30, 2007.

As a result of the audit, the Controller determined that \$674,212 of the claimed costs were unallowable:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Audit Adjustment</u>	<u>SCO Payments</u>	<u>Amount Due <State> District</u>
2003-04	\$216,844	\$216,108	\$0	\$736
2004-05	\$306,966 ²	\$173,725	\$0	\$133,241
2005-06	\$252,878	\$176,242	\$0	\$76,636
2006-07	<u>\$108,137</u>	<u>\$108,137</u>	<u>\$108,137</u>	<u><\$108,137></u>
Totals	\$884,825	\$674,212	\$108,137	\$102,476

Since the District has been paid \$108,137 for these claims, the audit report concludes that \$102,476 is due to the District.

PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

On March 27, 2006, the District filed an incorrect reduction claim for this mandate program for FY 2000-01, FY 2001-02, and FY 2002-03. That incorrect reduction claim is still pending action by the Commission on State Mandates. The District is not aware of any incorrect reduction claims having been adjudicated on the specific issues or subject matter raised by this incorrect reduction claim.

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/

² \$307,966 less \$1,000 late filing penalty.

1 added Education Code Section 76355³ containing substantially the same provisions as

³ Education Code Section 76355, added by Chapter 8, Statutes of 1993, effective April 15, 1993, as last amended by Chapter 758, Statutes of 1995:

(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

The governing board of each community college district may increase this fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).

(b) If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

(c) The governing board of a district maintaining a community college shall adopt rules and regulations that exempt the following students from any fee required pursuant to subdivision (a):

(1) Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

(2) Students who are attending a community college under an approved apprenticeship training program.

(3) Low-income students, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

(d) All fees collected pursuant to this section shall be deposited in the fund of the district designated by the California Community Colleges Budget and Accounting Manual. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors.

Authorized expenditures shall not include, among other things, athletic trainers' salaries, athletic insurance, medical supplies for athletics, physical examinations for intercollegiate athletics, ambulance services, the salaries of health professionals for athletic events, any deductible portion of accident claims filed for athletic team members, or any other expense that is not available to all students. No student shall be

1 former Section 72246, effective April 15, 1993.

2 Chapter 320, Statutes of 2005, effective January 1, 2006, amended Education
3 Code Section 76355 to remove the fee exemption for low-income students under
4 Section 76355(c)(3).

5 2. Test Claim

6 On November 27, 1985, Rio Hondo Community College District filed a test claim
7 alleging that Chapter 1, Statutes of 1984, 2nd Extraordinary Session mandated
8 increased costs within the meaning of California Constitution Article XIII B, Section 6, by
9 requiring the provision of student health services that were previously provided at the
10 discretion of the community college districts.

11 On November 20, 1986, the Commission on State Mandates determined that
12 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon
13 community college districts by requiring any community college district that provided
14 student health services, for which it was authorized to charge a fee pursuant to former

denied a service supported by student health fees on account of participation in athletic programs.

(e) Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the district

(f) A district that begins charging a health fee may use funds for startup costs from other district funds and may recover all or part of those funds from health fees collected within the first five years following the commencement of charging the fee.

(g) The board of governors shall adopt regulations that generally describe the types of health services included in the health service program.

1 Section 72246 in the 1983-1984 fiscal year, to maintain student health services at that
2 level in the 1984-1985 fiscal year and each fiscal year thereafter.

3 At a hearing on April 27, 1989, the Commission on State Mandates determined
4 that Chapter 1118, Statutes of 1987, amended this requirement to apply to all
5 community college districts that provided student health services in fiscal year 1986-
6 1987, and required them to maintain that level of student health services in fiscal year
7 1987-1988 and each fiscal year thereafter.

8 3. Parameters and Guidelines

9 On August 27, 1987, the original parameters and guidelines were adopted. On
10 May 25, 1989, those parameters and guidelines were amended. A copy of the May 25,
11 1989, parameters and guidelines is attached as Exhibit "B."

12 On April 7, 2006, the Controller filed requests to amend the parameters and
13 guidelines for 49 school, college, and local agency mandate programs for the purpose
14 of including specific "boilerplate language" regarding claim documentation standards.
15 On January 29, 2010, the Commission adopted amended parameters and guidelines
16 for this program that incorporate the boilerplate documentation standards and record
17 retention language, retroactive to FY 2005-06.

18 4. Claiming Instructions

19 The Controller has periodically issued or revised claiming instructions for the
20 Health Fee Elimination mandate. A copy of the September 2003 revision of the claiming
21 instructions is attached as Exhibit "C." The September 2003 claiming instructions are

1 believed to be substantially similar to the version existing at the time the claims that are
2 the subject of this Incorrect Reduction Claim were filed. However, because the
3 Controller's claim forms and instructions have not been adopted as regulations, they
4 have no force of law and no effect on the outcome of this claim.

5 PART V. STATE CONTROLLER CLAIM ADJUDICATION

6 The Controller conducted an audit of the District's annual reimbursement claims
7 for fiscal years 2003-04, 2004-05, 2005-06, and 2006-07. The audit report concludes
8 that \$210,613 of the District's costs claimed are allowable, and \$674,212 are
9 unallowable. A copy of the August 28, 2009, audit report is attached as Exhibit "D."

10 PART VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER

11 By letter dated February 27, 2009, the Controller transmitted a copy of the draft
12 audit report. The District objected to the proposed adjustments set forth in the draft
13 audit report by letter dated March 18, 2009. A copy of the District's response is included
14 in Exhibit "D," the final audit report. The Controller then issued the final audit report on
15 August 28, 2009, without any substantive changes.

16 PART VII. STATEMENT OF THE ISSUES

17 **Finding 1 - Overstated indirect costs**

18 The audit report concludes that the District overstated the indirect cost rate and
19 indirect costs by \$86,966 for the audit period.⁴

⁴ Previous audit report findings on this issue

The audit report notes that this same finding was made in the previous audit of this

Incorrect Reduction Claim of El Camino Community College District
1/84; 1118/87 Health Fee Elimination #2

1 Schedule of Indirect Cost Rates

	Claimed		Audited	
<u>Fiscal Year</u>	<u>Rate</u>	<u>Source</u>	<u>Rate</u>	<u>Source</u>
4 FY 2003-04	30.97%	District	17.26%	FAM 29C-no depreciation
5 FY 2004-05	35.22%	FAM-29/311	33.99%	FAM 29C-with depreciation
6 FY 2005-06	35.02%	FAM-29/311	31.89%	FAM 29C-with depreciation
7 FY 2006-07	32.00%	FAM-29/311	31.71%	FAM 29C-with depreciation

8 FY 2003-04

9 The District calculated the indirect cost rate for FY 2003-04 in accordance with
10 Office of Management and Budget (OMB) Circular A-21. The audit report asserts that
11 the FY 2003-04 annual claim was overstated because the District used an indirect cost
12 rate that was not derived from a cost study approved by the federal government as
13 required by the Controller's claiming instructions. The audit report used the District
14 annual financial statement prepared on forms specified by the Chancellor's Office
15 (CCFS-311), less capital costs, to calculate the indirect cost rate using the Controller's
16 Form FAM-29C method.

17 FY 2004-05, FY 2005-06 and FY 2006-07

18 The District calculated the indirect cost rate for FY 2004-05 through FY 2006-07

program issued October 5, 2005, for prior years at this District. The Controller knows that the District has appealed that audit to the Commission on State Mandates and that the District is therefore neither legally nor practically compelled to alter its position until a final adjudication of this issue. Further, the date of the previous audit report is subsequent to the date the annual claim was filed for FY 2003-04.

1 using the FAM-29C method, including capital costs, but correcting for instances where
2 the Controller's method did not follow the CCFS-311 characterization of costs as direct
3 or indirect. The auditor calculated the District's indirect cost rates without capital costs,
4 but including the depreciation expense stated in the financial statements prepared by
5 the District's Certified Public Accountant, as well as using the classification of direct and
6 indirect costs stated in the Controller's claiming instructions.

7 Capital Costs and Depreciation Expense

8 The exclusion of the capital costs is the major source of difference in the claimed
9 and audited rate for FY 2003-04. The Controller's policy was not to include capital
10 costs in the calculation for these fiscal years. However, the audit report has not cited a
11 source in support of that policy.

12 The auditor's substitution of depreciation expense from the CPA financial
13 statements for the capital costs used in the District calculations for FY 2004-05 through
14 FY 2006-07 is a source of minor differences. The audit report has not stated a basis
15 for now including depreciation costs when these costs have not been included before.

16 Classification of Indirect Costs

17 The District's classification of costs as either direct or indirect followed the
18 CCFS-311. The audit utilized a different classification which is described in the
19 claiming instructions. This is a source of minor differences for all fiscal years. Neither
20 the audit report nor the claiming instructions state a basis for departing from the state
21 mandated CCFS-311 classification of direct and indirect costs.

1 Prior Year CCFS-311

2 This is another source for the minor differences in the claimed and audited
3 indirect cost rates. The audit used the current year CCFS-311 for the calculation of the
4 indirect cost rates. The District used the prior year CCFS-311. The CCFS-311 is
5 prepared based on annual costs from the prior fiscal year for use in the current budget
6 year. While the audit report is correct that “there are no mandate-related authoritative
7 criteria” supporting the District’s method, there is also none that supports the
8 Controller’s insistence that the current year CCFS-311 report must be used.

9 As a practical matter, the CCFS-311 for the current year is often not available at
10 the time that the mandate reimbursement claims are due. Therefore, the District must
11 determine the indirect cost rates based on the prior year CCFS-311. The audit report
12 asserts that, due to deadlines for reporting found in state regulations, “[t]he district had
13 the information on hand or could have obtained it from its external auditors before
14 submitting its claims for reimbursement.” This assertion has no basis in fact, and the
15 Controller has provided no evidence that the annual CPA financial reports were actually
16 completed and available to use prior to the deadline for filing each annual
17 reimbursement claim. In which case, it is more reasonable to rely on prior year financial
18 data that has been thoroughly reviewed and validated, than to demand data from
19 external auditors who have not completed their reviews or issued financial reports. The
20 Controller has not demonstrated that using the prior year CCFS-311 reports produces
21 an indirect cost rate that is substantially different from that produced by current year

1 data, or that it is somehow excessive or unreasonable.

2 The audit report asserts that the Controller's use of the current year CCFS-311 is
3 supported by the parameters and guidelines requirement to claim only *actual costs*. To
4 the contrary, the parameters and guidelines do not specify any particular method of
5 calculating indirect costs, nor do they require any particular source be used for the data
6 used in the computation. The Controller's claiming instructions are also silent as to
7 whether the prior or current year CCFS-311 should be used in the FAM-29C
8 methodology. Further, the application of the indirect cost rate to program costs cannot
9 be considered "actual costs" since the indirect cost rate is only a reasonable
10 representation established pursuant to generally accepted accounting principles of
11 operating costs not otherwise specific to program delivery. Indirect cost rates are used
12 because of the extreme effort or impossibility of attributing these indirect costs to
13 specific programs. By their very nature, indirect costs cannot represent "actual" costs in
14 the same manner that direct costs can.

15 As a practical example of the weakness of the Controller's position on current
16 year CCFS-311 reports, note that federally approved indirect cost rates, which were
17 accepted by the Controller prior to FY 2004-05 for this program, are approved for
18 periods of two to four years. This means the data from which the rates were calculated
19 can be from three to five years removed from the last fiscal year in which the federal
20 rate is used. Therefore, there is no basis for the Controller's unilateral policy that
21 indirect cost rates must only be developed using data from the current fiscal year.

1 Parameters and Guidelines

2 The audit report concludes that the District “did not allocate direct and indirect
3 costs as specified in the claiming instructions.” To the contrary, the audit report also
4 states that “[t]he program’s parameters and guidelines establish the state mandate and
5 define reimbursement criteria.” Neither state law nor the parameters and guidelines
6 make compliance with the Controller’s claiming instructions a condition of
7 reimbursement. The District has followed the parameters and guidelines. The
8 parameters and guidelines for the Health Fee Elimination mandate state that “[I]ndirect
9 costs *may be claimed* in the manner described by the State Controller in his claiming
10 instructions (emphasis added).” The District claimed these indirect costs “in the
11 manner” described by the Controller. The correct forms were used and the claimed
12 amounts were entered at the correct locations. Further, “may” is not “shall”; the
13 parameters and guidelines do not *require* that indirect costs be claimed in the manner
14 specified by the Controller. The Controller asserts that because the parameters and
15 guidelines specifically reference the claiming instructions, the claiming instructions
16 thereby become authoritative criteria. Since the Controller’s claiming instructions were
17 never adopted as law, or regulations pursuant to the Administrative Procedure Act, the
18 claiming instructions are a statement of the Controller’s interpretation and not law.

19 The Controller’s interpretation of Section VI of the parameters and guidelines
20 would, in essence, subject claimants to underground rulemaking to be enforced by the
21 Commission. The Controller’s claiming instructions are unilaterally created and modified

1 without public notice or comment. The Commission would violate the Administrative
2 Procedure Act if it held that the Controller's claiming instructions are enforceable as
3 standards or regulations. In fact, until 2005, the Controller regularly included a
4 "forward" in the Mandated Cost Manual for Community Colleges (September 30, 2003,
5 version attached as Exhibit "E") that explicitly stated the claiming instructions were
6 "issued for the sole purpose of assisting claimants" and "should not be construed in any
7 manner to be statutes, regulations, or standards."

8 The audit report states that the interpretation that indirect costs may be
9 calculated using any reasonable method is "invalid" because it "would allow districts to
10 claim indirect costs in whatever manner they choose." The self-evident irony is that the
11 Controller's policy "chooses" to require use of the current year CCFS-311 for the FAM-
12 29C, then "chooses" to deviate from the CCFS-311 in the matter of the classification of
13 indirect costs, and then "chooses" to exclude capital costs one year and include
14 depreciation costs in another. It appears the Controller's choices are as arbitrary as
15 those choices they fear will be made by claimants. The audit report does not explain
16 why claimants should not be allowed to calculate indirect cost rates using any
17 reasonable accounting method. There is no evidence that the Controller's FAM-29C
18 method is more accurate or reasonable than other methods for calculating indirect
19 costs, and the audit report provides no support for this recommendation that only this
20 method should be used.

21 /

1 Legal Standard: Excessive or Unreasonable

2 The audit report states generally that the audit was conducted under the
3 authority of Government Code Sections 12410, 17558.5 and 17561. Section 17558.5
4 requires the district to file a reimbursement claim for actual mandate-related costs. As
5 explained above, that citation is not relevant to indirect cost calculations. Section
6 17561, subdivision (d)(2), allows the SCO to audit the district's records to identify
7 excess or unreasonable costs. The audit report does not assert the District's rates are
8 excessive or unreasonable, and could not since the audited differences are only a few
9 percentage points.

10 The District concurs that the Controller has authority to audit mandate claims, but
11 asserts that the Controller must audit pursuant to legal criteria and logic. Section 12410
12 is found in the part of the Government Code that provides a general description of the
13 duties of the Controller. It is not specific to the audit of mandate reimbursement claims.
14 The only applicable audit standard for mandate reimbursement claims is found in
15 Government Code Section 17561(d)(2). The fact that Section 17561(d)(2) specifies its
16 own audit standard (excessive or unreasonable) implies that the general Section 12410
17 Controller audit standard (correctness, legality, and sufficient provisions of law) does
18 not control here. Therefore, the Controller may only reduce a mandate reimbursement
19 claim if it specifically finds that the amounts claimed are unreasonable or excessive
20 under Section 17561(d)(2). Further, the audit report has not asserted or demonstrated
21 that, if Section 12410 was the applicable standard, the audit adjustments were made in

1 accordance with this standard. There is no indication that the audit report is *actually*
2 relying on the audit standards set forth in Section 12410 for the adjustments to the
3 District's reimbursement claims.

4 The audit report states generally that the audit was conducted in accordance
5 with generally accepted government auditing standards. The audit report asserts that
6 "the evidence obtained provides a reasonable basis for our findings and conclusions
7 based on our audit objectives." To the contrary, the audit report does not explain how
8 the District's method is unreasonable, but instead merely substitutes the Controller's
9 policy preferences. Notwithstanding, the GAO auditing guide utilized by the Controller
10 specifically pertains to audits of federal funds and state mandate reimbursement does
11 not utilize federal funds. Further, the GAO audit guide has not been adopted pursuant
12 to any state agency rulemaking nor is it included as a standard in the parameters and
13 guidelines so the claimants could not be on legal notice of the audit guide requirements.

14 Since the audit report has stated no factual or legal basis to disallow the indirect
15 cost rate calculation method used by the District was unreasonable and has not shown
16 a factual basis to reject the District's rates as unreasonable or excessive, the
17 adjustments should be withdrawn.

18 **Finding 2 - Understated authorized health service fees**

19 The audit report concludes that the District understated offsetting revenue by
20 \$699,317 for the audit period for two reasons. First, because the District only offset
21 student health service fees that were actually collected, rather than those that were

1 merely authorized.⁵ Second, because the District did not include student health service
2 fees collectible from students enrolled at the Compton Community Educational Center
3 (Compton Center) for FY 2006-07. Since the audit report has stated no legal basis to
4 disallow actual revenues as the amount of the offsetting revenue, the adjustments
5 should be withdrawn. When actual revenues are used, the Compton Center student
6 count is no longer an issue since student count is not the basis for the calculation of the
7 revenue offset.

8 STUDENT HEALTH SERVICE FEES COLLECTIBLE

9 This adjustment is due to the fact that the District reported the actual student
10 health service fees that it collected rather than “authorized” student health service fees
11 that could have been collected. The audit report findings and recommendations
12 regarding enrollment data obtained from the Chancellor’s Office, the students to be
13 charged and the amounts to charge these students are not relevant to the District
14 claimed amounts since the District claimed actual revenues collected.

15 Education Code Section 76355

16 The audit report asserts that because Section 76355 “authorizes” the health
17 service fee and “provides the basis” for calculating the rate applicable to each year,

⁵ Previous audit findings on this issue:

The audit report notes that this same finding was made in the previous audit of this program for prior years at this District. The Controller knows that the District has appealed that audit to the Commission on State Mandates and that the District is neither legally nor practically compelled to alter its position until a final adjudication of this issue.

1 that the Chancellor's office "notifies" districts when the rate increased, and that the
2 Administrative Procedure Act is irrelevant.

3 Education Code Section 76355, subdivision (a), in relevant part, provides: "The
4 governing board of a district maintaining a community college *may require* community
5 college students to pay a fee . . . for health supervision and services . . ." (emphasis
6 added) There is no requirement that community colleges levy these fees. The
7 permissive nature of the provision is further illustrated in subdivision (b) which states "*If,*
8 pursuant to this section, a fee is required, the governing board of the district shall
9 decide the amount of the fee, *if any*, that a part-time student is required to pay. *The*
10 *governing board may decide whether the fee shall be mandatory or optional*"
11 (emphasis added). The audit report agrees "that community college districts may
12 choose not to levy a health service fee or to levy a fee that is less than the authorized
13 amount."

14 The audit report agrees that the fee amounts "identified" by the State
15 Chancellor's office merely informs, by form letter to the local districts, that the Implicit
16 Price Deflator has increased and that the districts may increase their student health
17 service fee if the district so chooses. An example of one such notice is the letter dated
18 March 5, 2001, attached as Exhibit "F." While Education Code Section 76355 provides
19 for an increase in the student health service fee, it did not grant the Chancellor the
20 authority to establish mandatory fee amounts or, mandatory fee increases. No state
21 agency was granted that authority by the Education Code, and no state agency has

1 exercised rulemaking authority to establish mandatory fees amounts. It should be
2 noted that the Chancellor's letter properly states that increasing the amount of the fee is
3 at the option of the district, and that the Chancellor is not asserting that authority.

4 The Controller is somehow extrapolating the authorized rate as the legal basis
5 for requiring the collection of the fee and reporting of the total fees collectible on the
6 annual claims as an offset to program costs. The audit report does not provide a
7 statutory basis for the reporting of total collectible fees. The authority to levy a fee is not
8 a mandate to report total collectible fees as an offset to program costs. There has been
9 no rulemaking or compliance with the Administrative Procedure Act by an "authorizing"
10 state agency.

11 Claiming Instructions

12 The audit report asserts that "[t]he district failed to follow specific SCO claiming
13 instructions" by not reporting the total collectible student health service fees. The
14 specific instructions were not referenced. However, as previously discussed, the
15 Controller's claiming instructions are not enforceable because they are unilaterally
16 adopted by the Controller and do not comply with the Administrative Procedure Act.
17 Therefore, they cannot be the basis of an audit finding. The District complied with the
18 parameters and guidelines for the Health Fee Elimination mandate when it properly
19 reported revenue actually received from student health service fees.

20 Parameters and Guidelines

21 The audit report states that "[t]he district incorrectly interprets the parameters

1 and guidelines requirement regarding authorized health service fees.” The parameters
2 and guidelines state:

3 “Any offsetting savings the claimant experiences as a direct result of this
4 statute must be deducted from the costs claimed. In addition, reimbursement for
5 this mandate received from any source, e.g., federal, state, etc., shall be
6 identified and deducted from this claim. This shall include the amount of
7 [student fees] as authorized by Education Code Section 72246(a)⁶.”

8 In order for the district to “experience” these “offsetting savings” the district must
9 actually have collected these fees. Student fees actually collected must be used to
10 offset costs, but not student fees that could have been collected and were not. The use
11 of the term “*any* offsetting savings” further illustrates the permissive nature of the fees.
12 The audit report’s conclusion is based on an illogical interpretation of the parameters
13 and guidelines.

14 The audit report claims that the Commission’s intent was for claimed costs to be
15 reduced by fees authorized, rather than fees received as stated in the parameters and
16 guidelines. It is true that the Department of Finance proposed, as part of the
17 amendments that were adopted on May 25, 1989, that a sentence be added to the
18 offsetting savings section expressly stating that if no health service fee was charged,
19 the claimant would be required to deduct the amount authorized. However, the
20 Commission declined to add this requirement and adopted the parameters and
21 guidelines without this language. The Controller considers it significant that no district

⁶ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

1 objected (by allowing adoption of the parameters and guidelines on consent) to the
2 proposed Department of Finance language and Chancellor's concurrence. The fact
3 that the Commission *staff* and the California Community College Chancellor's Office
4 *staff* may have at one time in the process agreed with the Department of Finance's
5 interpretation does not negate the fact that the Commission adopted parameters and
6 guidelines that *did not* include the additional language. The Commission intends the
7 language of the parameters and guidelines to be construed as written, and only those
8 savings that are *experienced* are to be deducted.

9 Government Code Section 17514

10 The audit report relies upon Government Code Section 17514 for the conclusion
11 that "[t]o the extent community college districts can charge a fee, they are not required
12 to incur a cost." Government Code Section 17514, as added by Chapter 1459, Statutes
13 of 1984, actually states:

14 "Costs mandated by the state' means any increased costs which a local
15 agency or school district is required to incur after July 1, 1980, as a result of any
16 statute enacted on or after January 1, 1975, or any executive order implementing
17 any statute enacted on or after January 1, 1975, which mandates a new program
18 or higher level of service of an existing program within the meaning of Section 6
19 of Article XIII B of the California Constitution."

20 There is nothing in the language of the statute regarding the authority to charge a fee,
21 any nexus of fee revenue to increased cost, nor any language which describes the legal
22 effect of fees collected. The audit report states that "[t]he district ignores the direct
23 correlation that if it has authority to collect fees to collect fees attributable to health
24 service expenses, then is not required to *incur* a cost." This again ignores the fact that

1 Section 76355 makes charging a fee discretionary, and that fees are revenues and not
2 avoided increased costs.

3 Government Code Section 17556

4 The audit report relies upon Government Code Section 17556 for the conclusion
5 that “the Commission on State Mandates shall not find costs mandated by the State if
6 the school district has the authority to levy fees to pay for the mandated program or
7 increased level of service.” Government Code Section 17556 as last amended by
8 Chapter 589, Statutes of 1989, actually states:

9 "The commission shall not find costs mandated by the state, as defined in
10 Section 17514, in any claim submitted by a local agency or school district, if,
11 after a hearing, the commission finds: . . .

12 (d) The local agency or school district has the authority to levy service
13 charges, fees, or assessments sufficient to pay for the mandated program or
14 increased level of service.

15 (e) The statute, executive order, or an appropriation in a Budget Act or
16 other bill provides for offsetting savings to local agencies or school districts that
17 result in no net costs to the local agencies or school districts, or includes
18 additional revenue that was specifically intended to fund the costs of the state
19 mandate in an amount sufficient to fund the cost of the state mandate. ...”

20 The audit report continues to rely upon an incorrect interpretation of Education
21 Code Section 17556(d), while neglecting its context and omitting a crucial clause. The
22 audit report recognizes that actual program costs “are not uniform” between the
23 districts, but then seems to conclude that the “uniform health service fee assessment
24 for students statewide” constitutes Section 17556(d) authority to charge a fee (which
25 the audit report calls “offsetting reimbursement,” a phrase not found in Section 17556)
26 that avoids incurring a cost. Neither subdivision (d) or (e) refers to cost reimbursement,

1 only funding sources. Section 17556(d) does specify that the Commission on State
2 Mandates shall not find costs mandated by the state if the local agency has the
3 authority to levy fees, but only if those fees are “*sufficient to pay for the mandated*
4 *program*” (emphasis added). Section 17556 pertains specifically to the Commission’s
5 determination on a test claim, and does not concern the subsequent development of
6 parameters and guidelines or the claiming process. Contrary to the inferences in the
7 audit report, this determination is not made on an individual claimant basis. The
8 statutory health service fees have no relation to the actual cost of maintaining the
9 health service program in any fiscal year. The Commission has already found state-
10 mandated costs for this program, and the Controller cannot substitute its judgment for
11 that of the Commission through the audit process.

12 The two court cases the audit report relies upon (*County of Fresno v. California*
13 (1991) 53 Cal.3d 482 and *Connell v. Santa Margarita* (1997) 59 Cal.App.4th 382) are
14 similarly misplaced. Both cases concern the approval of a test claim by the
15 Commission. They do not address the issue of offsetting revenue in the reimbursement
16 stages, only whether there is fee authority *sufficient to fully fund* the mandate that would
17 prevent the Commission from approving the test claim.

18 In *County of Fresno*, the Commission had specifically found that the fee authority
19 was sufficient to fully fund the test claim activities and denied the test claim. The court
20 simply agreed to uphold this determination because Government Code Section
21 17556(d) was consistent with the California Constitution. The Health Fee Elimination

1 mandate, decided by the Commission, found that the fee authority is not sufficient to
2 fully fund the mandate. Thus, *County of Fresno* is not applicable because the subject
3 matter concerns the activity of approving or denying a test claim and has no bearing on
4 the annual claim reimbursement process.

5 Similarly, although a test claim had been approved and parameters and
6 guidelines were adopted, the court in *Connell* focused its determination on whether the
7 initial approval of the test claim had been proper. The court did not evaluate the
8 parameters and guidelines or the reimbursement process because it found that the
9 initial approval of the test claim had been in violation of Section 17556(d).

10 Because districts are not required to collect a fee from students for student
11 health services, and if such a fee is collected, the amount is to be determined by the
12 District and not the Controller. The Controller's adjustment is without legal basis.
13 What claimants are required by the parameters and guidelines to do is to reduce the
14 amount of their claimed costs by the amount of student health services fee revenue
15 actually received. Therefore, student health fees are merely collectible, they are not
16 mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

17 COMPTON CENTER

18 The audit report asserts that health services fee revenues were understated by
19 \$84,135 for FY 2006-07 because the district excluded Compton Center students from
20 the calculation of the authorized health services fees collectible. This statement is
21 factually inaccurate because the District claimed fees actually collected, and did not

1 calculate “authorized” fees for this annual reimbursement claim. Further, the District
2 does not have the authority to charge these students a health services fee, and can
3 only reduce the annual reimbursement claims by the amount of fees actually collected,
4 as discussed above. The plain language of Education Code Section 76355(a)(1) states
5 that community college districts may charge a fee in the amounts specified “*for health*
6 *supervision and services*” (emphasis added). No health services are provided to
7 Compton Center students. Therefore, the District cannot collect a fee *for health*
8 *supervision or services*.

9 Chapter 50, Statutes of 2006 (AB 318)-Enabling Legislation-Exhibit G

10 The audit report asserts that the Compton Center students are students of El
11 Camino Community College District, in accordance with Education Code Section
12 74292, as enacted by Chapter 50, Statutes of 2006 (AB 318), and “[t]herefore they are
13 subject to the same fees as other El Camino CCD students.” The audit report further
14 states that “[i]t is irrelevant [whether or not?] that the Compton CCD provided a student
15 health service program in FY 1986-87 or provides one currently, or that the Compton
16 CCD governing board, which had its authority suspended by this same law, required a
17 health fee.” However, this assertion neglects the legislative intent and purpose behind
18 the partnership between El Camino CCD and Compton CCD, as described in the
19 enabling legislation. This partnership was never intended to be a merger between the
20 two districts, or a permanent assimilation of Compton CCD into El Camino CCD.
21 Rather, it is a temporary measure intended to provide an uninterrupted education to

1 current Compton CCD students for the limited time that is necessary for Compton CCD
2 to regain its accreditation as a two-year public college.

3 Section 1(e) of AB 318, the enabling legislation, provides that:

4 [I]t is the intent of the Legislature to provide for uninterrupted educational
5 opportunities through another accredited community college for the students who
6 currently attend the Compton Community College District and to provide
7 continued meaningful access to that educational opportunity within the California
8 Community College system to the residents of the Compton Community College
9 District.

10 This intent was based on concerns, also expressed in Section 1, that current students
11 of Compton CCD would be adversely affected by the loss of educational opportunities
12 and loss of eligibility for federal funding that would result from Compton CCD's loss of
13 accreditation. Compton CCD was not operating a health services program at the time
14 AB 318 was passed, and therefore the students could not have been in danger of losing
15 access to one. The stated intent of the legislature was to provide a continuation of
16 education and services to these students, not to mandate the provision of new services
17 by the El Camino CCD as the partner district.

18 The legislature also outlined, in Section 2(a) of AB 318, the support services it
19 expected to be supplied by the partner district. These included special counseling
20 services to assist students transferring to other college institutions and meeting the
21 transitional needs of former Compton CCD students. There was no mention of health or
22 similar services.

23 The audit report primarily relies on Education Code Section 74292 (j)(2), as
24 added by AB 318, for the proposition that Compton Center students are "considered"

1 students of El Camino CCD. A reasonable interpretation of subsection (j)(2) is that it
2 too was an expression of the intent stated in AB 318 to maintain the availability
3 educational opportunities and financial aid and not to provide them additional services
4 available at the partner district. For instance, Section 74292 (j)(2) requires that
5 Compton Center students are able to receive credit for their completed coursework at El
6 Camino CCD, receive certificates and diplomas that are earned, and receive financial
7 assistance channeled through El Camino CCD. There is no mention of health services
8 or any other supplemental services not currently being provided to Compton CCD
9 students.

10 Memorandum of Understanding-Exhibit "H"

11 The audit report relies on the Memorandum of Understanding (MOU) dated
12 August 24, 2006, which is attached as Exhibit "H," for the proposition that the District
13 has agreed to provide Compton Center students with "a full range of credit and non-
14 credit offerings and related student support services." It then concludes, without any
15 stated basis, that the El Camino College health center is included in "related student
16 support services." However, this conclusion is contrary to the enabling legislation, which
17 provides the basis and context for the MOU. The MOU states that the actions of El
18 Camino CCD are "[a]s authorized by the Chapter 50 of the Statutes of 2006 (A.B. 318)."
19 There is no evidence that AB 318 was intended to do anything but preserve the
20 educational opportunities and support services already available for Compton CCD
21 students, despite the loss of accreditation. The MOU expressly states that it is only

Incorrect Reduction Claim of El Camino Community College District
1/84; 1118/87 Health Fee Elimination #2

1 implementing AB 318. Therefore, its language must be interpreted within this context.

2 No health services were available at Compton CCD, and thus the phrase "related
3 student support services" in the MOU cannot include student health services.

4 Finally, the audit report concludes that under the MOU entered into on July 1,
5 2008, which has no conclusive effect on this issue because it was not in effect during
6 FY 2006-07, "the El Camino CCD is required to collect health fees. The health fees can
7 be used only to offset health services costs and no other purpose. As the health center
8 is located at the El Camino Campus, the fees would go to El Camino CCD and not to
9 Compton CCD." This would be in direct violation of the MOU, which requires that all
10 fees collected from Compton Center students must be used solely for their benefit or
11 remitted to Compton CCD. If El Camino CCD were to collect student health services
12 fees from Compton Center students, the funds must be remitted to Compton CCD, and
13 are therefore not revenue received by El Camino CCD.

14 Chancellor's Student Fee Handbook-Exhibit "1"

15 The audit report relies on the Chancellor's October 31, 2006, Student Fee
16 Handbook (Legal Opinion M 06-11) to support its assertion that the District has the
17 authority to charge a student health services fee to Compton Center students. The
18 Chancellor's legal opinion is not binding on community college districts or the
19 Commission. It is merely an opinion and does not even cite the source of its
20 conclusions regarding the student health service fee authority, other than Education
21 Code Section 76355 itself, nor does it address the unique situation of the El Camino

1 partnership with Compton or the requirements of the enabling legislation. The
2 Chancellor's legal opinion may be considered, but it should be given little weight
3 because it does not provide a legal basis for the conclusion in question and the
4 passage relied upon by the Controller appears contrary to the plain language of the
5 statute.

6 Compton Center Student Handbook and Planner-Exhibit "J"

7 The Compton Student Handbook states that the student health service fee is
8 optional, while the collection of the student health service fee from El Camino students
9 is required (except where exempted). The audit report treats this as irrelevant. There
10 is nothing in the Compton handbook that transforms Compton CCD students into El
11 Camino students for purposes of the student health service fee collection.

12 Generally Accepted Accounting Principles

13 The audit report states that "[g]enerally accepted accounting principles are not
14 controlling criteria in identifying authorized health fee revenues attributable to the Health
15 Fee Elimination mandated program." This does not address the issue raised in the
16 response to the draft report that it is inappropriate for the Controller to offset revenues
17 never collected to costs never incurred.

18 **Finding 3 - Overstated offsetting reimbursements**

19 The District does not dispute this finding.

20 **Amounts Paid by the State**

21 This issue was not an audit finding. The payment received from the state is an

Incorrect Reduction Claim of El Camino Community College District
1/84; 1118/87 Health Fee Elimination #2

1 integral part of the calculation of amounts due the claimant or state as a result of the
2 audit. The audit changed the amounts paid for some of the annual claims without a
3 finding in the audit report.

4 5 <u>Annual Claim Fiscal Year</u>	Amounts Paid by the State		
	<u>As Claimed</u>	<u>As Audited</u>	<u>Difference</u>
6 2003-04	\$ 0	\$ 0	\$ 0
7 2004-05	\$ 0	\$ 0	\$ 0
8 2005-06	\$ 0	\$ 0	\$ 0
9 2006-07	\$161,112	\$108,137	<\$52,975>

10 The audit report does not include any explanation or documentation of the differences
11 in these amounts. Since the amount paid reduces the remaining state liability for the
12 claim, any difference constitutes an adjustment that should be supported by audit
13 findings. The propriety of these adjustments cannot be determined until the Controller
14 states the reason for the changes.

15 **Statute of Limitations**

16 This is not an audit finding. The District alleges that the audit commenced after
17 the time limitation for audit of the FY 2003-04 annual claim had passed. The District's
18 FY 2003-04 claim was mailed to the Controller on January 7, 2005. According to
19 Government Code Section 17558.5, the Controller has three years to commence an
20 audit of claims filed after January 1, 2005. The entrance conference date for this audit
21 was September 11, 2008, which is after the three-year period (January 7, 2008) to

1 commence the audit had expired. Therefore, the proposed audit adjustments for FY
2 2003-04 are barred by the statute of limitations set forth in Government Code Section
3 17558.5. The audit report asserts that initiation of the audit was otherwise timely
4 because there had been no payment for the FY 2003-04 annual claim. (The audit
5 report indicates a payment of \$736, but does not indicate when it was paid.) However,
6 the clause in Government Code Section 17558.5 that delays the commencement of the
7 time for the Controller to audit to the date of initial payment is void because it is
8 impermissibly vague.

9 Applicable Time Limitation for Audit

10 Prior to January 1, 1994, no statute specifically governed the statute of
11 limitations for audits of mandate reimbursement claims. Statutes of 1993, Chapter 906,
12 Section 2, operative January 1, 1994, added Government Code Section 17558.5 to
13 establish for the first time a specific statute of limitations for audit of mandate
14 reimbursement claims:

15 (a) A reimbursement claim for actual costs filed by a local agency or school
16 district pursuant to this chapter is subject to audit by the Controller no later than
17 four years after the end of the calendar year in which the reimbursement claim is
18 filed or last amended. However, if no funds are appropriated for the program for
19 the fiscal year for which the claim is made, the time for the Controller to initiate
20 an audit shall commence to run from the date of initial payment of the claim.

21 Thus, there are two standards. A funded claim is "subject to audit" for four years after
22 the end of the calendar year in which the claim was filed. The audit of an unfunded
23 claim must be initiated within four years of first payment.

24 Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and

1 replaced Section 17558.5, changing only the length of the period of limitations:

2 (a) A reimbursement claim for actual costs filed by a local agency or school
3 district pursuant to this chapter is subject to audit by the Controller no later than
4 two years after the end of the calendar year in which the reimbursement claim is
5 filed or last amended. However, if no funds are appropriated for the program for
6 the fiscal year for which the claim is made, the time for the Controller to initiate
7 an audit shall commence to run from the date of initial payment of the claim.

8 Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003

9 amended Section 17558.5 to state:

10 (a) A reimbursement claim for actual costs filed by a local agency or school
11 district pursuant to this chapter is subject to the initiation of an audit by the
12 Controller no later than three years after the ~~end of the calendar year in which~~
13 ~~the date that the actual~~ reimbursement claim is filed or last amended, whichever
14 is later. However, if no funds are appropriated or no payment is made to a
15 claimant for the program for the fiscal year for which the claim is ~~made~~ filed, the
16 time for the Controller to initiate an audit shall commence to run from the date of
17 initial payment of the claim.

18 The amendment is pertinent because this is the first time that the factual issue of
19 the date the audit is "initiated" is introduced for mandate programs for which funds are
20 appropriated. This amendment also means that it is impossible for the claimant to know
21 when the statute of limitations will expire at the time the claim is filed, which is contrary
22 to the purpose of a statute of limitations. It allows the Controller's own unilateral delay,
23 or failure to make payments from funds appropriated for the purpose of paying the
24 claims, to control the tolling of the statute of limitations, which is also contrary to the
25 purpose of a statute of limitations.

26 Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005, amended
27 Section 17558.5 to state:

1 (a) A reimbursement claim for actual costs filed by a local agency or school
2 district pursuant to this chapter is subject to the initiation of an audit by the
3 Controller no later than three years after the date that the actual reimbursement
4 claim is filed or last amended, whichever is later. However, if no funds are
5 appropriated or no payment is made to a claimant for the program for the fiscal
6 year for which the claim is filed, the time for the Controller to initiate an audit
7 shall commence to run from the date of initial payment of the claim. In any case,
8 an audit shall be completed not later than two years after the date that the audit
9 is commenced.

10 The annual reimbursement claim for FY 2003-04 is subject to this version of Section
11 17558.5, which retains the same limitations period as the prior version, but also adds
12 the requirement that an audit must be completed within two years of commencement.

13 Vagueness

14 The version of Section 17558.5 applicable to the FY 2003-04 annual
15 reimbursement claim provides that the time limitation for audit "shall commence to run
16 from the date of initial payment" if no payment is made. However, this provision is void
17 because it is impermissibly vague. At the time a claim is filed, the claimant has no way
18 of knowing when payment will be made or how long the records applicable to that claim
19 must be maintained. The current backlog in mandate payments, which continues to
20 grow every year, could potentially require claimants to maintain detailed supporting
21 documentation for decades. Additionally, it is possible for the Controller to unilaterally
22 extend the audit period by withholding payment or directing appropriated funds only to
23 those claims that have already been audited.

24 Therefore, the only specific and enforceable time limitation to commence an
25 audit is three years from the date the claim was filed, and the annual reimbursement

1 claim for FY 2003-04 was past this time period when the audit was commenced on
2 September 11, 2008. All adjustments to this fiscal year are void and should be
3 withdrawn.

4 PART VIII. RELIEF REQUESTED

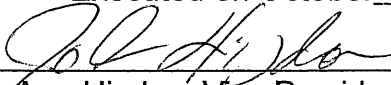
5 The District filed the annual reimbursement claims within the time limits
6 prescribed by the Government Code. The amounts claimed by the District for
7 reimbursement of the costs of implementing the program imposed by Chapter 1,
8 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code
9 Section 76355 represent the actual costs incurred by the District to carry out this
10 program. These costs were properly claimed pursuant to the Commission's Parameters
11 and Guidelines. Reimbursement of these costs is required under Article XIII B, Section
12 6 of the California Constitution. The Controller denied reimbursement without any basis
13 in law or fact. The District has met the burden of going forward on this claim by
14 complying with the requirements of Section 1185, Title 2, California Code of
15 Regulations. Because the Controller has enforced and is seeking to enforce these
16 adjustments without benefit of statute or regulation, the burden of proof is now upon the
17 Controller to establish a legal basis for its actions.

18 The District requests that the Commission make findings of fact and law on each
19 and every adjustment made by the Controller and each and every procedural and
20 jurisdictional issue raised in this claim, and order the Controller to correct its audit report
21 findings therefrom.

PART IX. CERTIFICATION

By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this Incorrect Reduction Claim submission is true and complete to the best of my own knowledge or information or belief, and that the attached documents are true and correct copies of documents received from or sent by the state agency which originated the document.

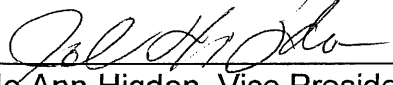
Executed on October 11 2010, at Torrance, California, by



Jo Ann Higdon, Vice President, Administrative Services
El Camino Community College District
16007 Crenshaw Blvd.
Torrance, CA 90506-0002
Phone: (310) 660-3593 x3107
Fax: (310) 660-3798
E-Mail: jhigdon@elcamino.edu

APPOINTMENT OF REPRESENTATIVE

El Camino Community College District appoints Keith B. Petersen, SixTen and Associates, as its representative for this incorrect reduction claim.



Jo Ann Higdon, Vice President
El Camino Community College District

10/11/2010

Date

Attachments:

- Exhibit "A" "Results of Review" letters dated September 12 and 14, 2009
- Exhibit "B" Parameters and Guidelines as amended May 25, 1989
- Exhibit "C" Controller's Claiming Instructions, September 2003
- Exhibit "D" Controller's Audit Report dated August 28, 2009
- Exhibit "E" Controller's Mandated Cost Manual, September 2003 version
- Exhibit "F" Chancellor's letter of March 5, 2001
- Exhibit "G" Chapter 50, Statutes of 2006 (AB 318)
- Exhibit "H" Memorandum of Understanding dated August 24, 2006
- Exhibit "I" Chancellor's Student Fee Handbook-excerpt
- Exhibit "J" Compton Center Student Handbook and Planner-excerpt
- Exhibit "K" Annual Reimbursement Claims





JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting
 SEPTEMBER 14, 2009

CC19140
 00234
 2009/09/14

BOARD OF TRUSTEES
 EL CAMINO COMM COLL DIST
 LOS ANGELES COUNTY
 16007 CRENSHAW BLVD
 TORRANCE CA 90506

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2003/2004 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		216,844.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	216,108.00
TOTAL ADJUSTMENTS	-	<u>216,108.00</u>
AMOUNT DUE CLAIMANT		<u>\$ 736.00</u>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

SINCERELY,

Genny Brummels
 GENNY BRUMMELS, MANAGER



JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting
 SEPTEMBER 14, 2009

CC19140
 00234
 2009/09/14

BOARD OF TRUSTEES
 EL CAMINO COMM COLL DIST
 LOS ANGELES COUNTY
 16007 CRENSHAW BLVD
 TORRANCE CA 90506

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2004/2005 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED 307,966.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 173,725.00

LATE CLAIM PENALTY - 1,000.00

TOTAL ADJUSTMENTS - 174,725.00

AMOUNT DUE CLAIMANT \$ 133,241.00

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P. O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

SINCERELY,

Living Burmanak
 CTNNV/ RDIIMFEL S. MANAGER



JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting
 SEPTEMBER 14, 2009

CC19140
 00234
 2009/09/14

BOARD OF TRUSTEES
 EL CAMINO COMM COLL DIST
 LOS ANGELES COUNTY
 16007 CRENSHAW BLVD
 TORRANCE CA 90506

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2005/2006 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		252,878.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	176,242.00
TOTAL ADJUSTMENTS	-	<u>176,242.00</u>
AMOUNT DUE CLAIMANT		<u><u>\$ 76,636.00</u></u>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

SINCERELY,

Denny Brummel
 DENNY BRUMMEL, S. MANAGER

Jun 25 2010 9:04AM HP LASERJET FAX

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JOHN CHIANG
California State Controller

September 12, 2009

Nathaniel Jackson, Ph.D., President
Board of Trustees
El Camino Community College District
16007 Crenshaw Boulevard
Torrance CA 90506

Post-It® Fax Note	7671	Date	06/24/2010	# of Pages	1
To	Bob Burgess	From	Ellen Solis		
Co./Dept.	Six Ten	Co.	SCO		
Phone #	858-514-8605	Phone #	(916) 323-0698		
Fax #	858-514-8645	Fax #			

RE: Health Fee Elimination Program CH.1/84

Dear Claimant:

We have reviewed your 2006/2007 fiscal year reimbursement claim for the mandated cost program referenced above. The results of our review are as follows:

Amount Claimed		\$108,137.00
Adjustment to Claim:		
Field Audit Findings	-\$108,137.00	
Total Adjustments		- \$ 0.00
Less: Prior Payment		
Schedule Number	MA64147E (PAID 03/12/2007)	- \$161,112.00
Amount Due State		- <u>\$161,112.00</u>

The overpayment amount of \$161,112.00 will be offset from future mandate payments. However, you may remit a warrant payable to the State Controller's Office, Division of Accounting and Reporting, P.O. Box 942850, Sacramento, CA 94250-5875 with a copy of this letter. If you have any questions, please contact Fran Stuart, Associate Accounting Analyst, at (916) 323-0766.

Sincerely,

GINNY BRUMMELS
Manager

GLB:fs

Adopted: 8/27/87
Amended: 5/25/89

PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
- Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

- Birth Control
- Lab Reports
- Nutrition
- Test Results (office)
- VD
- Other Medical Problems
- CD
- URI
- ENT
- Eye/Vision
- Derm./Allergy
- Gyn/Pregnancy Services
- Neuro
- Ortho
- GU
- Dental
- GI
- Stress Counseling
- Crisis Intervention
- Child Abuse Reporting and Counseling
- Substance Abuse Identification and Counseling
- Aids
- Eating Disorders
- Weight Control
- Personal Hygiene
- Burnout

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

- Sexually Transmitted Disease
- Drugs
- Aids
- Child Abuse
- Birth Control/Family Planning
- Stop Smoking
- Etc.
- Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

- Diphtheria/Tetanus
- Measles/Rubella
- Influenza
- Information

INSURANCE

- On Campus Accident
- Voluntary
- Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

- Inquiry/Interpretation
- Pap Smears

PHYSICALS

- Employees
- Students
- Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

- Antacids
- Antidiarrhial
- Antihistamines
- Aspirin, Tylenol, etc.
- Skin rash preparations
- Misc.
- Eye drops
- Ear drops
- Toothache - Oil cloves
- Stingkill
- Mido1 - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

- Tokens
- Return card/key
- Parking inquiry
- Elevator passes
- Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

- Private Medical Doctor
- Health Department
- Clinic
- Dental
- Counseling Centers
- Crisis Centers
- Transitional Living Facilities (Battered/Homeless Women)
- Family Planning Facilities
- Other Health Agencies

TESTS

- Blood Pressure
- Hearing
- Tuberculosis

 - Reading
 - Information

- Vision
- Glucometer
- Urinalysis

Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no

less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) received from individuals other than students who are not covered by Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17564(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE-2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

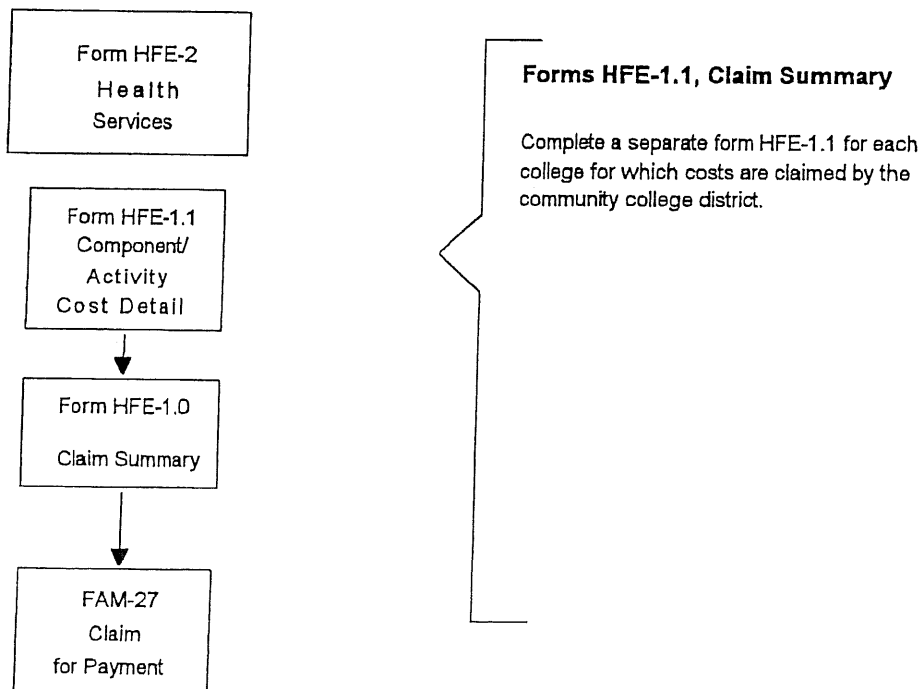
C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



CLAIM FOR PAYMENT
 Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

For State Controller Use Only	Program
(19) Program Number 00234	234
(20) Date Filed ___/___/___	
(21) LRS Input ___/___/___	

L A B E L H E R E	(01) Claimant Identification Number	Reimbursement Claim Data	
	(02) Claimant Name			(22) HFE-1.0, (04)(b)
	County of Location	(23)	
	Street Address or P.O. Box Suite	(24)	
	City State Zip Code	(25)	

Type of Claim	Estimated Claim	Reimbursement Claim	(26)
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
Fiscal Year of Cost	(06) 20___/20___	(12) 20___/20___	(30)
Total Claimed Amount	(07)	(13)	(31)
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(32)
Less: Prior Claim Payment Received		(15)	(33)
Net Claimed Amount		(16)	(34)
Due from State	(08)	(17)	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer	Date
Type or Print Name	Title
(38) Name of Contact Person for Claim	Telephone Number () - Ext.
	E-Mail Address

Program 234	HEALTH FEE ELIMINATION Certification Claim Form Instructions	FORM FAM-27
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.1 and enter the amount from line (13).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form HFE-1.1, line (13). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, block (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 P.O. Box 942850
 Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 3301 C Street, Suite 500
 Sacramento, CA 95816

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
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(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	

(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]
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HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions	FORM HFE-1.0
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

- (03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.
- (04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

Program <b style="font-size: 24pt;">234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
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(03) Name of College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986-87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim			
(06) Cost of providing current fiscal year health services in excess of 1986-87			
(07) Cost of providing current fiscal year health services at 1986-87 level [Line (05) - line (06)]			

(08) Complete columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Students Enrolled	(b) Students Exempt per EC 76355(c)(1)	(c) Students Exempt per EC 76355(c)(2)	(d) Students Exempt per EC 76355(c)(3)	(e) Number of Students Subject to Health Fee (a)-(b)-(-c)-(d)	(f) Unit Cost Per Student Per EC 76355	(g) Student Health Fees (e) x (f)
1. Per Fall Semester							
2. Per Spring Semester							
3. Per Summer Session							
4. Per First Quarter							
5. Per Second Quarter							
6. Per third Quarter							

(09) Total health fee that could have been collected: The sum of (Line (08)(1)(c) through line (08)(6)(c)

(10) Subtotal [Line (07) - line (09)]

Cost Reduction

(11) Less: Offsetting Savings

(12) Less: Other Reimbursements

(13) Total Claimed Amount [Line (10) - {line (11) + line (12)}]

Program 234	HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions	FORM HFE-1.1
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office (SCO) on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form HFE-1.1 must be filed for a reimbursement claim. Do not complete form HFE-1.1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986-87 fiscal year and continue to provide the same services during the fiscal year of claim.
- (04) Compare the level of services provided during the fiscal year of reimbursement to the 1986-87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditure report authorized by Education Code §76355 and included in the Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5. If the amount of direct costs claimed is different than that shown on the expenditure report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report. For claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, form FAM-29C, or a 7% indirect cost rate.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986-87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05) and the cost of providing current fiscal year services that are in excess of the level provided in the 1986-87 fiscal year line (06).
- (08) Complete columns (a) through (g) to provide details on the number of students enrolled, the number of students exempt per EC Section 76355(c)(1), (2), and (3), and the amount of health service fees that could have been collected. After 05/01/01, the student fees for health supervision and services are \$12.00 per semester, \$9.00 for summer school, and \$9 for each quarter.
- (09) Enter the sum of student health fees that could have been collected, other than exempt students.
- (10) Enter the difference of the cost of providing health services at the 1986-87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a detailed schedule of savings with the claim.
- (12) Enter the total of other reimbursements received from any source, (i.e., federal, other state programs, etc.) Submit a detailed schedule of reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986-87 Health Service Cost excluding Student Health Fees.

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES	FORM HFE-2
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(01) Claimant:	(02) Fiscal Year costs were incurred:
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(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.	(a) FY 1986/87	(b) FY of Claim
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Accident Reports Appointments College Physician, surgeon Dermatology, family practice Internal Medicine Outside Physician Dental Services Outside Labs, (X-ray, etc.) Psychologist, full services Cancel/Change Appointments Registered Nurse Check Appointments Assessment, Intervention and Counseling Birth Control Lab Reports Nutrition Test Results, office Venereal Disease Communicable Disease Upper Respiratory Infection Eyes, Nose and Throat Eye/Vision Dermatology/Allergy Gynecology/Pregnancy Service Neuralgic Orthopedic Genito/Urinary Dental Gastro-Intestinal Stress Counseling Crisis Intervention Child Abuse Reporting and Counseling Substance Abuse Identification and Counseling Acquired Immune Deficiency Syndrome Eating Disorders Weight Control Personal Hygiene Burnout Other Medical Problems, list Examinations, minor illnesses Recheck Minor Injury Health Talks or Fairs, Information Sexually Transmitted Disease Drugs Acquired Immune Deficiency Syndrome		
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**MANDATED COSTS
HEALTH ELIMINATION FEE
HEALTH SERVICES**

**FORM
HFE-2**

(01) Claimant:

(02) Fiscal Year costs were incurred:

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.

(a)
FY
1986/87

(b)
FY
of Claim

Child Abuse
Birth Control/Family Planning
Stop Smoking
Library, Videos and Cassettes

First Aid, Major Emergencies

First Aid, Minor Emergencies

First Aid Kits, Filled

Immunizations

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

Insurance

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

Laboratory Tests Done

Inquiry/Interpretation
Pap Smears

Physical Examinations

Employees
Students
Athletes

Medications

Antacids
Antidiarrheal
Aspirin, Tylenol, Etc
Skin Rash Preparations
Eye Drops
Ear Drops
Toothache, oil cloves
Stingkill
Midol, Menstrual Cramps
Other, list

Parking Cards/Elevator Keys

Tokens
Return Card/Key
Parking Inquiry
Elevator Passes
Temporary Handicapped Parking Permits

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES	FORM HFE-2
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(01) Claimant:	(02) Fiscal Year costs were incurred:
----------------	---------------------------------------

(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.	(a) FY 1986/87	(b) FY of Claim
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Referrals to Outside Agencies Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies Tests Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list Miscellaneous Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list Committees Safety Environmental Disaster Planning		
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EL CAMINO COMMUNITY COLLEGE DISTRICT

Audit Report

HEALTH FEE ELIMINATION PROGRAM

Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987

July 1, 2003, through June 30, 2007



JOHN CHIANG
California State Controller

August 2009



JOHN CHIANG
California State Controller

August 28, 2009

Nathaniel Jackson, Ph.D., President
Board of Trustees
El Camino Community College District
16007 Crenshaw Boulevard
Torrance, CA 90506

Dear Dr. Jackson:

The State Controller's Office audited the costs claimed by El Camino Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2003, through June 30, 2007.

The district claimed \$884,825 (\$885,825 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$210,613 is allowable and \$674,212 is unallowable. The costs are unallowable primarily because the district understated authorized health service fees. The State paid the district \$108,137. Allowable costs claimed exceed the amount paid by \$102,476.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at CSM's Web site link at www.csm.ca.gov/docs/IRCFORM.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk:sr

cc: Janice Ely, Business Manager
El Camino Community College District
Thomas M. Fallo, Ed.D., Superintendent/President
El Camino Community College District
Kuldeep Kaur, Specialist
Fiscal Planning and Administration
California Community Colleges Chancellor's Office
Jeannie Oropeza, Program Budget Manager
Education Systems Unit
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by El Camino Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2003, through June 30, 2007.

The district claimed \$884,825 (\$885,825 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$210,613 is allowable and \$674,212 is unallowable. The costs are unallowable primarily because the district understated authorized health service fees. The State paid the district \$108,137. Allowable costs claimed exceed the amount paid by \$102,476.

Background

Chapter 1, Statutes of 1984, 2nd Extraordinary Session repealed Education Code section 72246 which authorized community college districts to charge a health fee for providing health supervision and services, providing medical and hospitalization services, and operating student health centers. This statute also required that health services for which a community college district charged a fee during fiscal year (FY) 1983-84 had to be maintained at that level in FY 1984-85 and every year thereafter. The provisions of this statute would automatically sunset on December 31, 1987, reinstating the community college districts' authority to charge a health service fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 (subsequently renumbered as section 76355 by Chapter 8, Statutes of 1993). The law requires any community college district that provided health services in FY 1986-87 to maintain health services at the level provided during that year for FY 1987-88 and for each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (CSM) determined that Chapter 1, Statutes of 1984, 2nd Extraordinary Session imposed a "new program" upon community college districts by requiring specified community college districts that provided health services in FY 1983-84 to maintain health services at the level provided during that year for FY 1984-85 and for each fiscal year thereafter. This maintenance-of-effort requirement applied to all community college districts that levied a health service fee in FY 1983-84.

On April 27, 1989, the CSM determined that Chapter 1118, Statutes of 1987, amended this maintenance-of-effort requirement to apply to all community college districts that provided health services in FY 1986-87, requiring them to maintain that level in FY 1987-88 and for each fiscal year thereafter.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted parameters and guidelines on August 27, 1987, and amended them on May 25, 1989. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Health Fee Elimination Program for the period of July 1, 2003, through June 30, 2007.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by generally accepted government auditing standards. However, the district declined our request.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, El Camino Community College District claimed \$884,825 (\$885,825 less a \$1,000 penalty for filing a late claim) for costs of the Health Fee Elimination Program. Our audit disclosed that \$210,613 is allowable and \$674,212 is unallowable.

For the fiscal year (FY) 2003-04 claim, the State made no payment to the district. Our audit disclosed that \$736 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$736, contingent upon available appropriations.

For the FY 2004-05 claim, the State made no payment to the district. Our audit disclosed that \$133,241 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$133,241, contingent upon available appropriations.

For the FY 2005-06 claim, the State made no payment to the district. Our audit disclosed that \$76,636 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$76,636, contingent upon available appropriations.

For the FY 2006-07 claim, the State paid the district \$108,137. Our audit disclosed that the claimed costs are unallowable. The State will offset \$108,137 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

**Views of
Responsible
Official**

We issued a draft audit report on February 27, 2009. Jo Ann Higdon, Vice-President, responded by letter dated March 18, 2009 (Attachment), disagreeing with the audit results for Finding 1 and 2, and stating that the district is not disputing the adjustment for Finding 3 at this time. This final report includes the district's response.

Restricted Use

This report is solely for the information and use of the El Camino Community College District, the Los Angeles County Office of Education, the California Community Colleges Chancellor's Office, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

August 28, 2009

**Schedule 1—
Summary of Program Costs
July 1, 2003, through June 30, 2007**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits	\$ 401,476	\$ 401,476	\$ —	
Services and supplies	61,701	61,701	—	
Total direct costs	463,177	463,177	—	
Indirect costs	143,446	79,944	(63,502)	Finding 1
Total direct and indirect costs	606,623	543,121	(63,502)	
Less authorized health fees	(365,650)	(518,256)	(152,606)	Finding 2
Subtotal	240,973	24,865	(216,108)	
Less offsetting savings/reimbursements	(24,129)	(24,129)	—	
Total program costs	<u>\$ 216,844</u>	736	<u>\$ (216,108)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 736</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries and benefits	\$ 416,298	\$ 416,298	\$ —	
Services and supplies	54,998	54,998	—	
Total direct costs	471,296	471,296	—	
Indirect costs	165,990	160,193	(5,797)	Finding 1
Total direct and indirect costs	637,286	631,489	(5,797)	
Less authorized health fees	(301,410)	(472,680)	(171,270)	Finding 2
Subtotal	335,876	158,809	(177,067)	
Less offsetting savings/reimbursements	(27,910)	(24,568)	3,342	Finding 3
Subtotal	307,966	134,241	(173,725)	
Less late filing penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 306,966</u>	133,241	<u>\$ (173,725)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 133,241</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries and benefits	\$ 450,337	\$ 450,337	\$ —	
Services and supplies	64,383	64,383	—	
Total direct costs	514,720	514,720	—	
Indirect costs	180,255	164,144	(16,111)	Finding 1
Total direct and indirect costs	694,975	678,864	(16,111)	
Less authorized health fees	(417,078)	(580,230)	(163,152)	Finding 2
Subtotal	277,897	98,634	(179,263)	
Less offsetting savings/reimbursements	(25,019)	(21,998)	3,021	Finding 3
Total program costs	<u>\$ 252,878</u>	76,636	<u>\$ (176,242)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 76,636</u>		

Schedule 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>	<u>Reference¹</u>
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs:				
Salaries and benefits	\$ 469,417	\$ 469,417	\$ —	
Services and supplies	67,152	67,152	—	
Total direct costs	536,569	536,569	—	
Indirect costs	171,702	170,146	(1,556)	Finding 1
Total direct and indirect costs	708,271	706,715	(1,556)	
Less authorized health fees	(580,536)	(792,825)	(212,289)	Finding 2
Subtotal	127,735	(86,110)	(213,845)	
Less offsetting savings/reimbursements	(19,598)	(19,598)	—	
Subtotal	108,137	(105,708)	(213,845)	
Adjustment to eliminate negative balance	—	105,708	105,708	
Total program costs	<u>\$ 108,137</u>	—	<u>\$ (108,137)</u>	
Less amount paid by the State		(108,137)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (108,137)</u>		
<u>Summary: July 1, 2003, through June 30, 2007</u>				
Direct costs:				
Salaries and benefits	\$ 1,737,528	\$ 1,737,528	\$ —	
Services and supplies	248,234	248,234	—	
Total direct costs	1,985,762	1,985,762	—	
Indirect costs	661,393	574,427	(86,966)	
Total direct and indirect costs	2,647,155	2,560,189	(86,966)	
Less authorized health fees	(1,664,674)	(2,363,991)	(699,317)	
Subtotal	982,481	196,198	(786,283)	
Less offsetting savings/reimbursements	(96,656)	(90,293)	6,363	
Subtotal	885,825	105,905	(779,920)	
Less late filing penalty	(1,000)	(1,000)	—	
Adjustment to eliminate negative balance	—	105,708	105,708	
Total program costs	<u>\$ 884,825</u>	210,613	<u>\$ (674,212)</u>	
Less amount paid by the State		(108,137)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 102,476</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Overstated indirect
cost rates**

The district overstated its indirect cost rates, and thus claimed unallowable indirect costs totaling \$86,966 for the audit period. A similar issue was noted in Finding 2 of the SCO audit report dated October 5, 2005. That report covered the period from July 1, 2000, through June 30, 2003.

For fiscal year (FY) 2003-04, the district claimed indirect costs based on an indirect cost rate prepared using the principles of Title 2, *Code of Federal Regulations*, Part 220, Office of Management and Budget (OMB) Circular A-21. However, the district did not obtain federal approval for this rate. Therefore, we calculated the allowable indirect cost rate using the FAM-29C methodology that the SCO claiming instructions allow.

For FY 2004-05, FY 2005-06, and FY 2006-07, the parameters and guidelines and the SCO’s claiming instructions do not allow the district to use a federally-approved rate. The district claimed indirect costs based on indirect cost rates it prepared using the FAM-29C methodology allowed by the parameters and guidelines and the SCO’s claiming instructions. However, the district did not allocate direct and indirect costs as specified in the claiming instructions. We calculated the rates and applied the allowable indirect cost rates to allowable direct costs.

The district used expenditures from the prior year’s CCFS-311 to prepare the current year’s indirect costs rates in each of the four fiscal years. The district indicated that it used the most current data available to prepare its ICRPs and believes that federal approval is not necessary. However, state regulations require every college district to complete and file the financial statements on Form CCFS-311 on or before October 15, and file the annual audit report on or before December 31. Therefore, current data should have been available each year, as the mandated cost claims are not due until January 15 of the subsequent fiscal year for FY 2003-04 through FY 2005-06 and February 15 of the subsequent calendar year for FY 2006-07.

The following table summarizes the unallowable indirect cost rates:

	Fiscal Year				Total
	2003-04	2004-05	2005-06	2006-07	
Allowable indirect cost rate	17.26%	33.99%	31.89%	31.71%	
Less claimed indirect cost rate	(30.97)%	(35.22)%	(35.02)%	(32.00)%	
Overstated indirect cost rate	(13.71)%	(1.23)%	(3.13)%	(0.29)%	
Allowable direct costs claimed	× \$463,177	× \$471,296	× \$514,720	× \$536,569	
Audit adjustment	\$ (63,502)	\$ (5,797)	\$ (16,111)	\$ (1,556)	\$ (86,966)

The program’s parameters and guidelines state, “Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.”

For FY 2003-04, the SCO's claiming instructions state:

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's [FAM-29C] methodology. . . .

For FY 2004-05 forward, the SCO's claiming instructions state:

A CCD [community college district] may claim indirect costs using the Controller's methodology (FAM-29C). . . . If specifically allowed by a mandated program's P's and G's [parameters and guidelines], a district may alternately choose to claim indirect costs using either (1) a federally approved rate prepared in accordance with Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate.

Recommendation

We recommend that the district claim indirect costs based on indirect cost rates computed in accordance with the SCO's claiming instructions. For the Health Fee Elimination Program, the district should prospectively prepare its indirect cost rate proposal using the SCO's FAM-29C methodology.

District's Response

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government, that it used prior year CCFS-311 reports, and noted that a similar finding was made in the previous Controller's audit of this mandate for previous fiscal years.

"INAPPROPRIATE" METHOD

The draft audit report states that the District prepared its indirect cost rate as a "proposal" in accordance with OMB A-21. The draft audit utilizes the Controller's FAM-29C method base don the CCFS-311.

The draft audit report is factually in error when it states that the District prepared the indirect cost rate proposals in accordance with OMB A-21. No proposal was made to any state or federal agency for an "approved" indirect cost rate. The District used the same CCFS-311 process as the auditor for all four fiscal years but made different allocations of indirect costs. No federally prepared or approved cost rate was used for any of the fiscal years.

The parameters and guidelines for the Health Fee Elimination program (as last amended on May 25, 1989), which are legally enforceable standards for claiming costs, state that: "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." (Emphasis added) Therefore, the parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller. Since the Controller's claiming instructions were never adopted as rules or regulations, they have no force of law. The burden is on the Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the

Controller wishes to enforce difference audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

PRIOR YEAR CCFS-311

The draft audit report notes that the District did not use the most recent CCFS-311 information available for the calculation of the indirect cost rate. For each fiscal year the District used the prior year CCFS-311, prepared based on annual costs from the prior fiscal year for use in the current budget year. This is how the CCFS-311 process operates.

The draft audit report asserts that since the CCFS-311 is due to the state by October 15 each year, that district annual financial audits (the source of depreciation information for a method used in later fiscal years by the Controller) are due December 31 each year, and that claims are due February 15 every year, the claimants have adequate time to utilize the current CCFS-311 report rather than the report from the prior year. The audit report errs when it states that all of these claims were due on February 15. The February 15 due date was effective starting with the FY 2006-07 claims. The annual claim due date for the previous fiscal year claims was January 15. The audit report also assumes that districts will have received the prior year financial statements by January 1 each year, which is a conclusion of fact without foundation. Further, the audit report does not indicate an enforceable requirement to use the most current CCFS-311.

As a practical example of the baselessness of the Controller's position on prior year CCSF-311 reports, note that the federally approved indirect cost rates (that the Controller allows for some mandate programs) are approved for periods of two to four years. This means the data from which the rates were calculated can be three to five years prior to the last year in which the federal rate is used.

PREVIOUS AUDIT

The draft audit report notes that this same finding was made in the previous audit of this program for prior years at this District. The Controller knows that the District has appealed that audit to the Commission on State Mandates and that the District is therefore neither legally nor practically compelled to alter its position until a final adjudication of this issue.

SCO's Comment

The fiscal effect of the finding remains unchanged. However, we modified our finding to clarify the methodology used by the district in preparing its indirect cost rates and the due date of the filed claims.

"INAPPROPRIATE" METHOD

The finding has been updated to state that the district prepared its indirect cost rates using Title 2, *Code of Federal Regulations*, Part 220 (OMB Circular A-21) for FY 2003-04 and the SCO's FAM-29C methodology for FY 2004-05 through FY 2006-07.

The parameters and guidelines state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." The district misinterprets the phrase "may be claimed" by concluding that compliance with the claiming instructions is voluntary. The district's assertion is invalid, as such an interpretation would allow districts to claim indirect costs in whatever manner they choose. Instead, "may be claimed" simply permits the district to claim indirect costs. However, if the district claims indirect costs, then it must comply with the SCO's claiming instructions.

PRIOR YEAR CCFS-311

The district states that, "... the District used the prior year CCFS-31, prepared based on annual costs from the prior fiscal year for use in the current budget year. This is how the CCFS-31 process operates." Although this is how the district used its data, there are no mandate-related authoritative criteria supporting this methodology. Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. In addition, the parameters and guidelines require the district to report actual costs. For each fiscal year, "actual costs" are costs of the current fiscal year, not costs from a prior fiscal year.

State regulations require every college district to complete and file the financial statements on Form CCFS-311 on or before October 15, and file the annual audit report on or before December 31. The district had the information on hand or could have obtained it from its external auditors before submitting its claims for reimbursement.

PREVIOUS AUDIT

We do recognize that the Commission on State Mandates has not scheduled a hearing to respond to a prior Incorrect Reduction Claim that the district filed.

**FINDING 2—
Understated authorized
health service fees**

The district understated its reported authorized health service fees by \$699,317 during the audit period.

There are two reasons for the error. The district reported actual health service fee revenue that it collected rather than authorized health service fees. This same issue was noted in Finding 3 of the SCO audit report dated October 5, 2005, covering the period from July 1, 2000, through June 30, 2003. The district believes that only the actual health fees collected should be reported. In addition, for FY 2006-07, the district did not recognize students enrolled at its Compton Community Educational Center (Compton Center).

The Compton Center was created in August 2006 based on a partnership agreement between the El Camino Community College District (El Camino CCD) and the Compton Community College District (Compton CCD). The agreement length is based on the time necessary for the Compton Center to regain full accreditation as a two-year public college. Under this partnership, the El Camino CCD provides instructional services, as well as financial aid and related student support services, to the students at the Compton Center. The El Camino CCD excluded 2,775 students in the fall semester of 2006 and 2,834 students in the spring semester of 2007, totaling 5,609 students enrolled at the Compton Center, resulting in understated health service fees of \$84,135 (5,609 students multiplied by the authorized health fee of \$15).

Education Code section 74292, subdivision (j)(2), states that students enrolling in classes provided by the partner district shall be considered students of the partner district. In this case, El Camino CCD is the partner district. In addition, we rely on Item 2 of the August 24, 2006 Memorandum of Understanding (MOU) between the El Camino CCD and the Compton CCD, which states that the El Camino CCD would offer a full range of credit and non-credit offerings and related student support services. Student support services include the health center.

The Compton CCD does not have a health facility; however, El Camino CCD does provide a health center. The El Camino CCD is approximately 8 miles from the Compton CCD. The California Community Colleges Chancellor's Office's (CCCCO) Legal Affairs Division published its October 31, 2006 Student Fee Handbook, which reflects changes in student fees resulting from actions of the Legislature and the Board of Governors as well as pertinent formal or informal legal opinions issued from its office through October 31, 2006.

Section 3.1 of the handbook states that:

... the health fee may be charged to students who take only online classes or who attend classes at sites away from where the health services center is physically located. The health fee is not designated as a "use" fee, and it appears that so long as the statutory exemptions are offered to all affected students, the fact that their classes may not be physically proximate to a student health center does not remove the fee obligation.

Further, El Camino CCD staff advised us that no processes were in place to formally or informally prevent Compton Center students from receiving services at the El Camino CCD health services center as long as they individually paid the health fees.

Mandated costs do not include costs that are reimbursable from authorized fees. Government Code section 17514 states that "costs mandated by the state" means any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, Government Code section 17556 states that the Commission on State Mandates (CSM) shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

For the audit period until December 31, 2005, Education Code section 76355, subdivision (c), states that health fees are authorized for all students except those who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need. Effective January 1, 2006, Education Code section 76355, subdivision (c), no longer excludes students who have a financial need. The CCCCC identified the fees authorized by Education Code section 76355, subdivision (a). The authorized health fees per semester are \$12 for FY 2003-04, \$13 for FY 2004-05, \$14 for FY 2005-06, and \$15 for FY 2006-07.

We obtained student enrollment and Board of Governors Grant (BOGG) recipient data from the CCCCC. The CCCCC data is based on student data that the district reported. We calculated total authorized health service fees using the authorized health service fee rates that the CCCCC identified.

The following table shows the authorized health service fees and audit adjustment:

	Semester		Total
	Fall	Spring	
FY 2003-04:			
Student enrollment	27,497	25,948	
BOGG recipients	(6,088)	(4,169)	
Students subject to health service fee	21,409	21,779	
Authorized health service fee rate	× \$ (12)	× \$ (12)	
Audited health service fee	<u>\$ (256,908)</u>	<u>\$ (261,348)</u>	\$ (518,256)
Less authorized health service fee claimed			<u>365,650</u>
Audit adjustment, FY 2003-04			<u>(152,606)</u>
FY 2004-05:			
Student enrollment	25,576	24,730	
BOGG recipients	(6,623)	(7,323)	
Students subject to health service fee	18,953	17,407	
Authorized health service fee rate	× \$ (13)	× \$ (13)	
Audited health service fee	<u>\$ (246,389)</u>	<u>\$ (226,291)</u>	(472,680)
Less authorized health service fee claimed			<u>301,410</u>
Audit adjustment, FY 2004-05			<u>(171,270)</u>

	Semester		Total
	Fall	Spring	
FY 2005-06:			
Student enrollment	24,663	23,154	
BOGG recipients	(6,372)	—	
Students subject to health service fee	18,291	23,154	
Authorized health service fee rate	× \$ (14)	× \$ (14)	
Audited health service fee	<u>\$ (256,074)</u>	<u>\$ (324,156)</u>	(580,230)
Less authorized health service fee claimed			<u>417,078</u>
Audit adjustment, FY 2005-06			<u>(163,152)</u>
FY 2006-07:			
Students subject to health service fee	26,823	26,032	
Authorized health service fee rate	× \$ (15)	× \$ (15)	
Audited health service fee	<u>\$ (402,345)</u>	<u>\$ (390,480)</u>	(792,825)
Less authorized health service fee claimed			<u>580,536</u>
Audit adjustment, FY 2006-07			<u>(212,289)</u>
Total audit adjustment			<u>\$ (699,317)</u>

Recommendation

We recommend that the district deduct authorized health service fees from mandate-related costs claimed. The district should maintain records that support its calculation of authorized health service fees. These records should identify the actual non-duplicated student enrollment and students who are exempt from health service fees under Education Code section 76355, subdivision (c).

District’s Response

The draft audit report concludes that the student health service fee revenue offsets were understated for the four-year audit period. The audit report states that there are two reasons for this “error.” The first is that the District utilized actual revenues reviewed rather than a calculation of the student health service fees potentially collectible. The second is that the District did not “recognize” the students enrolled at Compton Center for FY 2006-07. Since the District did not calculate the fees based on student enrollment, this is not a District annual claim issue, but a Controller’s audit adjustment rationale.

COLLECTIBLE STUDENT HEALTH SERVICE FEES

The auditor calculated “authorized health fee revenues,” that is, the student fees collectible, based on the highest student health service fee chargeable from all eligible students, rather than the full-time or part-time student health service fee actually charged to the student and actually collected by the District.

“Authorized” Fee Amount

The draft audit report alleges that claimants must compute the total student health fees collectible based on the highest “authorized” rate. The draft audit report does not provide the statutory basis for the calculation of the “authorized” rate, nor the source of the legal right of any state entity to “authorize” student health services rates absent rulemaking or compliance with the Administrative Procedure Act by the “authorizing” state agency.

Optional Fee

Education Code Section 76355, subdivision (a), states that “[t]he governing board of a district maintaining a community college *may require* community college students to pay a fee...for health supervision and services . . .” There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states: “*If*, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, *if any*, that a part-time student is required to pay. *The governing board may decide whether the fee shall be mandatory or optional.*” (Emphasis supplied in both instances)

Government Code Section 17514

The draft audit report relies upon Government Code Section 17514 for the conclusion that “[t]o the extent that community college districts can charge a fee, they are not required to incur a cost.” First, charging a fee has no relationship to whether costs are incurred to provide the student health services program. Second, Government Code Section 17514, as added by Chapter 1459, Statutes of 1984, actually states:

“Costs mandated by the state” means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.

There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenues to increased cost, nor any language that describes the legal effect of fees collected.

Government Code Section 17556

The draft audit report relies upon Government Code Section 17556 for the conclusion that “the Commission on State Mandate (CSM) shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.” Government Code Section 17556, as amended by Statutes of 2004, Chapter 895, actually states:

The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if after a hearing, the commission finds that: . . .

(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.

The draft audit report misrepresents the law. Government Code Section 17556 prohibits the Commission on State Mandates from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement, where the authority exists to levy fees in an amount sufficient to offset the entire mandate costs. Here, the Commission has already approved the test claim and made a finding of a new program or higher level of service for which the claimants do not have the ability to levy a fee in an amount sufficient to offset the entire mandate costs.

Parameters and Guidelines

The parameters and guidelines, as last amended on May 25, 1989, state, in relevant part: "Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed. . . . This shall include the amount of [student fees] as authorized by Education Code Section 72246(a)." The use of the term "any offsetting savings" further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not, because uncollected fees are "offsetting savings" that were not "experienced."

COMPTON CENTER

The draft audit report concludes Compton Center students should be included in the count of students from which student health service fees are collectible. SixTen and Associates responded to this issue in a letter dated December 8, 2008, to Art Luna, the audit supervisor. That letter is incorporated into this response by reference.

Education Code Section 76355

. . . Compton Community College District is not subject to this requirement [Education Code section 76355] because it did not provide a student health service program in FY 1986-87 and does not now operate a student health services center.

. . . Compton CCD governing board does not require and has not previously required or collected a student health services fee. The El Camino CCD governing board has no authority to impose a student health service fee on Compton CCD students and did not do so.

Section 75355 [sic] does not require the Compton CCD governing board to provide a student health service program. Compton CCD did not provide such a program, and the Compton CCD governing board did not authorize the collection of a student health services fee. Therefore, there are no collected or collectible fees from the Compton Center students.

Enabling Legislation: Chapter 50, Statutes of 2006 (AB 318)

AB 318 was enacted to provide for uninterrupted education of students attending Compton CCD through another accredited district, the "partner district." The partner district is El Camino CCD.

Education Code section 71093, as amended by AB 318, states that the state Board of Governors has the authority to suspend the authority of the Compton CCD governing board, that is, to make governance decisions for the District. While so empowered by AB 318, neither the Chancellor nor Board of Governors has authorized or directed the governing board of the Compton CCD to commence a student health services program for Compton students.

Section 74292 enumerates the "continuing services" to be provided to Compton CCD. The partner district (at subdivision (d)(1)) is authorized to enter into agreements to provide instructional services or other services and related necessary administrative or support services to ensure that services to Compton students will not be interrupted. Subdivision (e) states that any programs or courses previously

approved by the Compton CCD board of governor may continue to be offered by the partner district in the territory of the Compton CCD. The El Camino CCD governing board has not authorized El Camino CCD to provide student health services within the territory of the Compton CCD, and there was no such program in the Compton CCD to "continue."

The MOU and Agreement

A. The MOU established August 24, 2006, is a contract between Compton CCD and El Camino CCD. The MOU requires:

-Item 1 reiterates the purposes of AB 318.

-Item 2 reiterates the AB 318 duties of the partner district.

-Item 3 lists the independent programs and services to be provided by El Camino, which does not include student health services.

-Item 4 specifies that if El Camino CCD does not currently offer instructional programs or services mutually determined to be in the best interests of the students and residents of Compton, El Camino shall undertake reasonable efforts to adopt appropriate curriculum and services. No such undertaking has been made regarding student health services at Compton Center.

-Item 5 states that the instructional programs and support services provided at Compton Center shall be under the authority of El Camino CCD. Note that, as describing above, the El Camino CCD governing board has not authorized providing student health services at Compton Center.

-Item 14 B states that business and other administrative functions that relate exclusively to the management of the Compton CCD shall remain independent of the Center and be managed exclusively by Compton CCD. Compton CCD does not have a student health services program to continue to manage.

-Item 18 states that the budget for the Center shall be jointly developed and approved by the parties. The Center has its own independent budget that does not include a student health services program, nor are Center costs included in El Camino CCD annual mandate reimbursement claims.

B. The Agreement established July 1, 2008, is not relevant to any year that is the subject of this audit. However, in the interest of resolving this issue for the future, I have included a review of its terms and conditions, which are essentially similar to the previous agreement.

-Items 5 and 6 enumerate the Compton Center programs and support services, and the enumeration does not include student health services.

-Item 11, of particular interest to you, states that:

"As authorized by the Education Code, El Camino shall collect fees as follows:

A. Non-resident tuition fees, materials fees, health fees, Associated Student Body fees, and ASB Student Representation fees, which shall be set by El Camino upon the recommendation of Compton.

- B. ...All fees collected by El Camino from students enrolled at the Center, or others who use the Center's facilities or participate in its programs or services, shall be devoted to supporting programs and services at the Center or remitted to Compton, as the parties may from time to time specify."

... it must somehow be inferred that the two words "health services" specifically means the universal "student health services fee" for this provision to be relevant. Even assuming that to be so, as previously stated, the Compton CCD governing board never authorized the collection of student health service fees, and the El Camino CCD governing board did not and cannot authorize (or "set") the collection of universal student health service fees from Compton CCD students. Which is to say, El Camino CCD cannot collect a fee, even if authorized by both governing boards, for a program that does not exist.

El Camino CCD has collected fees from five or fewer Compton Center students that were provided services at El Camino College. These fees certainly qualify as "health fees" as specified in the MOU, but not as student health services fees universally collected from all Compton Center students. By collecting those few fees, El Camino CCD has fulfilled the MOU by collecting actual fees for services that were actually provided at El Camino College.

Notwithstanding the MOU, all student fees at Compton Center are actually collected by Compton USD, deposited into the Compton bank accounts, reported as Compton income in the general ledger, annual financial statements, and the State CCSF-311.

Chancellor's "Student Fee Handbook"

... Unlike the MOU's which are contracts between the districts required by AB 318, the Chancellor's student fee handbook does not appear to have the force of law.

Further, the factual basis for the state's conclusion, and indeed the language on page 17 of the handbook, appears speculative in that it proceeds from an unfounded premise. Compton Center is not in a site located "away from" El Camino College. Compton CCD students are enrolled at Compton Center, not El Camino College. The other premise, that "such students" will travel to the health center or otherwise receive student health services," has been refuted by El Camino College student health services staff. . .

Compton Center Student Handbook and Planner

The Compton Center Student Handbook and Planner indicates that the "health fee" is optional. This clearly indicates that there is no universal "student health service fee" collected or collectible from the Compton Center students.

Generally Accepted Accounting Principles

Legal requirements and the facts aside, your audit is subject to generally accepted accounting principles that, among other things, require revenues and expenses to be "matched." If you include the enrollment of the Compton Center in the El Camino CCD cost claim as an offset, you are applying revenues with no corresponding matching expenses. The insignificant actual cost and revenues of the five or

fewer Compton Center students obtaining health services at the El Camino College campus have already been included in the El Camino general ledger and have thus been accurately "matched."

In sum, there is no legal compulsion or factual circumstance to support your position that Compton Center student enrollment should be included in the mandated cost claim for El Camino Community College District, and to do so would be contrary to accounting principles.

PREVIOUS AUDIT

The draft audit report notes that this same finding was made in the previous audit of this program for prior years at this District. The Controller knows that the District has appealed that audit to the commission on State Mandates and that the District is neither legally nor practically compelled to alter its position until a final adjudication of this issue.

Since the draft audit report has stated no legal basis to disallow actual revenues as the amount of the offsetting revenues, the adjustments should be withdrawn. If actual revenues are used, the Compton Center student count is no longer an issue since student count is not the basis for the calculation of the revenue offset.

SCO's Comments

The finding and recommendation remain unchanged.

The district states, "Since the District did not calculate the fees based on student enrollment, this is not a District annual claim issue, but a Controller's audit adjustment rationale." We disagree; this *is* a district annual claim issue. The district failed to follow specific SCO claiming instructions. For the audit period, the district did not report student enrollment and did not calculate the total health fee that could have been collected.

COLLECTIBLE STUDENT HEALTH SERVICE FEES

"Authorized" Fee Amount

Education Code section 76355 (specifically, subdivision (a)) authorizes the health service fee rate. The statutory section also provides the basis for calculating the authorized rate applicable to each fiscal year. The statutory section states:

- (1) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

- (2) The governing board of each community college district may increase this fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).

The CCCCCO *notifies* districts when the authorized rate increases pursuant to Education Code section 76355, subdivision (a)(2). Therefore, the Administrative Procedures Act is irrelevant.

Optional Fee

We agree that community college districts may choose not to levy a health service fee or to levy a fee that is less than the authorized amount. Regardless of the district's decision to levy or not levy the authorized health service fee, Education Code section 76355, subdivision (a), provides districts the *authority* to levy the fee.

Government Code Section 17514

Government Code section 17514 states, "Costs mandated by the state' means any increased costs which a local agency or school district is *required* [emphasis added] to incur. . ." The district ignores the direct correlation that if it has authority to collect fees attributable to health service expenses, then it is not *required* to incur a cost. Therefore, those health service expenses do not meet the statutory definition of mandated costs.

Government Code Section 17556

The CSM recognized that the Health Fee Elimination Program's costs are not uniform between districts. Districts provided different levels of service in FY 1986-87 (the "base year"). Furthermore, districts provided these services at varying costs. As a result, the fee authority may be sufficient to pay for some districts' mandated program costs, while being insufficient to pay the "entire" costs of other districts. Meanwhile, Education Code section 76355 (formerly section 72246) established a uniform health service fee assessment for students statewide. Therefore, the CSM adopted parameters and guidelines that clearly recognize an available funding source by identifying the health service fees as offsetting reimbursements. To the extent that districts have authority to charge a fee, they are not required to incur a cost.

Two court cases addressed the issue of fee authority.¹ Both cases concluded that "costs" as used in the constitutional provision, exclude "expenses that are recoverable from sources other than taxes." In both cases, the source other than taxes was fee authority.

¹ *County of Fresno v. California* (1991) 53 Cal. 3d 482; *Connell v. Santa Margarita* (1997) 59 Cal. App. 4th 382.

Parameters and Guidelines

The district incorrectly interprets the parameters and guidelines' requirement regarding authorized health service fees. The CSM clearly recognized the *availability* of another funding source by including the fees as offsetting savings in the parameters and guidelines. The CSM's staff analysis of May 25, 1989, states the following regarding the proposed parameters and guidelines amendments that the CSM adopted that day:

Staff amended Item "VIII. Offsetting Savings and Other Reimbursements" to reflect the reinstatement of [the] fee authority.

In response to that amendment, the [Department of Finance (DOF)] has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants' reimbursable costs:

"If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied."

Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII.

Thus, the CSM intended that claimants deduct authorized health service fees from mandate-reimbursable costs claimed. Furthermore, the staff analysis included an attached letter from the CCCCCO dated April 3, 1989, stating that the CCCCCO concurred with the DOF and the CSM regarding authorized health service fees.

The CSM did not revise the proposed parameters and guidelines amendments further, as the CSM's staff concluded that the DOF's proposed language did not substantively change the scope of the proposed language. The CSM's meeting minutes of May 25, 1989, show that the CSM adopted the proposed parameters and guidelines on consent, with no additional discussion. Therefore, no community college districts objected and there was no change to the CSM's interpretation regarding authorized health service fees.

COMPTON CENTER

The December 8, 2008 letter from SixTen and Associates states that Education Code section 76355, the enabling legislation for Compton CCD students to be provided uninterrupted education, and the MOU Agreement between Compton CCD and El Camino CCD, supports the district's assertion that health service fees do not apply to Compton CCD students.

Education Code Section 76355

Based on Chapter 50, Statutes of 2006 (AB 318), students formerly under the Compton CCD became students under the El Camino CCD. Therefore, they are subject to the same fees as other El Camino Students. It is irrelevant that the Compton CCD provided a student health service program in FY 1986-87 or provides one currently, or that the Compton

CCD governing board, which had its authority suspended by this same law, required a health fee. Education Code Section 76355 applies to all El Camino students.

Enabling Legislation: Chapter 50, Statutes of 2006 (AB 318)

We agree that AB 318 was enacted to provide accredited instructional programs to students residing in the Compton Community College District through a partner district. In addition, the partner district would provide related administrative and support services. El Camino CCD is the partner district.

The fact that Education Code section 71093, as amended by AB 318, allows the Board of Governors to suspend the authority of the Compton CCD is irrelevant because the students formerly under the Compton CCD are now El Camino students.

Education Code section 74292, as added by AB 318, unambiguously states, in relevant part:

- (j) Students enrolled in the Compton Community College District as of January 31, 2006, shall be subject to the following conditions: . . .
 - (2) Students enrolling in classes provided by the partner district pursuant to this section shall be considered students of the partner district.

As a result, if the students are “considered students of the partner district,” which is the El Camino CCP, then they should be included in any authorized health service fee calculation that the district performs.

The MOU and Agreement

- A. We agree that the MOU established August 24, 2006, is a contract between Compton CCD and El Camino CCD. We also based our stance on Item 2 of the MOU, which states:

As authorized by the Chapter 50 of the Statutes of 2006 (A.B. 318), El Camino shall establish an education center to be known as the “El Camino Community College District Compton Community Educational Center,” also known as El Camino College Compton Center” (hereinafter referred to as the “Center”) on Compton’s facilities in Compton, California. The educational program offered by El Camino at the Center shall consist of a full range of credit and non-credit offerings, and related student support services. . .

It is our position that “related student support services” includes student health services. In addition, the fact that the name El Camino Community College District is included in the Center’s name makes it apparent that the students attending the Center are El Camino CCD students, who are subject to the health fees.

- B. Although the agreement was entered into on July 1, 2008, the conditions were the same as those of the MOU dated August 24, 2006. As indicated in Mr. Petersen's response, the El Camino CCD is required to collect health fees. The health fees can be used only to offset health services costs and no other purpose. As the health center is located at the El Camino Campus, the fees would go to El Camino CCD and not to Compton CCD.

Chancellor's "Student Fee Handbook"

The Legal Opinion M06-11 included the Student Fee Handbook issued by the Legal Affairs Division of the Chancellor's Office provides guidance to all community colleges in California. Although M06-11 is not law, it presents the Chancellor's Legal Division's opinion that the health fee may be charged to all students whether or not they choose to use the health services. In addition, it states that a health fee can be charged to students taking online classes or classes that are offered at sites away from the student health center. Consequently, we believe that students from the Center can be charged the health fee.

Compton Center Student Handbook and Planner

We agree that the El Camino College Community District Compton Center Student Handbook and Planner indicates that the "health fee" is optional. However, the current law exempts only students who depend exclusively on prayer for healing and students attending an approved apprenticeship training program. We believe that the students in question are El Camino students and are thus subject to the health fee.

Generally Accepted Accounting Principles

The statement, "your audit is subject to generally accepted accounting principles that, among other things, require revenues and expenses to be 'matched'" presents those principles out of context. Generally accepted accounting principles are not controlling criteria in identifying authorized health fee revenues attributable to the Health Fee Elimination mandated program. If a district voluntarily assesses less than the authorized health service fees, or fails to collect fees assessed, it is the district's responsibility to "match" health service expenditures with other district revenue sources.

PREVIOUS AUDIT

We do recognize that the Commission on State Mandates has not scheduled a hearing to respond to a prior Incorrect Reduction Claim that the district filed. However, contrary to the district's contention, we have stated the legal basis for our position and why we believe that reporting actual revenues received, rather than the fees that could have been collected as the amount of the offsetting revenues, is invalid.

**FINDING 3—
Overstated offsetting
reimbursements**

The district overstated offsetting reimbursements by \$6,363.

The district reported \$3,342 for FY 2004-05 and \$3,021 for FY 2005-06 as offsetting savings and again as other reimbursements. The district indicated that the errors were due to oversight.

The parameters and guidelines state that any offsetting savings the claimants experience as a direct result of this statute must be deducted from the costs claimed. It further states that reimbursement for this mandate received from any source—e.g., federal, state, etc.—must be identified and deducted from this claim.

The following table summarizes the overstated offsetting revenues:

	Fiscal Year		Total
	2004-05	2005-06	
Offsetting savings/reimbursements	\$ 3,342	\$ 3,021	\$ 6,363
Audit adjustment	\$ 3,342	\$ 3,021	\$ 6,363

Recommendation

We recommend that the district ensure that it does not duplicate offsetting savings or other reimbursements.

District's Response

The District is not disputing this adjustment at this time.

OTHER ISSUES

The district's response included comments related to the statute of limitations applicable to the district's FY 2003-04 mandated cost claims and a public records request.

Statute of Limitations

The district's response included comments related to the statute of limitations applicable to the district's FY 2003-04 mandated cost claims. The district's response and SCO's comment are as follows:

District's Response

The District FY 2003-04 claim was mailed to the Controller on January 7, 2005. According to Government Code Section 17558.5, the Controller has three years to commence an audit of claims filed after January 1, 2005. The entrance conference date for this audit was September 11, 2008, which is after the three-year period (January 7, 2008) to commence the audit had expired. Therefore, the proposed audit adjustments for FY 2003-04 are barred by the statute of limitations set forth in Government Code Section 17558.5

SCO's Comment

The findings and recommendations remain unchanged. The district cited only a portion of Government Code section 17558.5, subdivision (a), which actually states:

A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter 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 [emphasis added].

For its FY 2003-04 claim, the district received no payment. Therefore, the time for the SCO to initiate an audit has not yet commenced. Therefore, the SCO properly initiated an audit of these claims within the statutory time allowed.

Public Records Request

The district's response included a public records request. The district's response and SCO's comment are as follows:

District's Response

The District requests that the Controller provide the District any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period to Finding 1 (indirect cost rate calculation standards) and Finding 2 (calculation of the student health services fees offset).

SCO's Comment

The SCO provided the district with the requested records by separate letter dated April 7, 2009.

**Attachment—
District's Response to
Draft Audit Report**



EL CAMINO COMMUNITY COLLEGE DISTRICT

16007 Crenshaw Boulevard Torrance, California 90506-0001
Telephone (310)532-3670 or 1-877-ECAMINO

March 18, 2009

Mr. Jim L. Spano, Chief
Mandated Costs Audits Bureau
Division of Audits, California State Controller
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 1, Statutes of 1984
Health Fee Elimination
El Camino Community College District
Annual Claim Fiscal Years: 2003-04, 2004-05, 2005-06 and 2006-07

Dear Mr. Spano:

This letter is the response of the El Camino Community College District to the draft audit report for the above referenced program and fiscal years transmitted by the letter from Jeffrey Brownfield, Chief, Division of Audits, State Controller's Office, dated February 27, 2009, and received by the District on March 12, 2009.

Finding 1 - Overstated indirect cost rates

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government, that it used prior year CCFS-311 reports, and noted that a similar finding was made in the previous Controller's audit of this mandate for previous fiscal years.

"INAPPROPRIATE" METHOD

The draft audit report states that the District prepared its indirect cost rate as a "proposal" in accordance with OMB A-21. The draft audit utilizes the Controller's FAM-29C method based on the CCFS-311.

The draft audit report is factually in error when it states that the District prepared the indirect cost rate proposals in accordance with OMB A-21. No proposal was made to any state or federal agency for an "approved" indirect cost rate. The District used the same CCFS-311 process as the auditor for all four fiscal years but made different allocations of indirect costs. No federally prepared or approved cost rate was used for any of the fiscal years.

The parameters and guidelines for the Health Fee Elimination program (as last amended on May 25, 1989), which are the legally enforceable standards for claiming costs, state

that: "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." (Emphasis added) Therefore, the parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller. Since the Controller's claiming instructions were never adopted as rules or regulations, they have no force of law. The burden is on the Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the Controller wishes to enforce different audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

PRIOR YEAR CCFS-311

The draft audit report notes that the District did not use the most recent CCFS-311 information available for the calculation of the indirect cost rate. For each fiscal year, the District used the prior year CCFS-311, prepared based on annual costs from the prior fiscal year for use in the current budget year. This is how the CCFS-311 process operates.

The draft audit report asserts that since the CCFS-311 is due to the state by October 15 each year, that district annual financial audits (the source of depreciation information for a method used in later fiscal years by the Controller) are due December 31 each year, and that claims are due February 15 every year, the claimants have adequate time to utilize the current CCFS-311 report rather than the report from the prior year. The audit report errs when it states that all of these claims were due on February 15. The February 15 due date was effective starting with the FY 2006-07 claims. The annual claim due date for the previous fiscal year claims was January 15. The audit report also assumes that districts will have received the prior year financial statements by January 1 each year, which is a conclusion of fact without foundation. Further, the audit report does not indicate an enforceable requirement to use the most current CCFS-311.

As a practical example of the baselessness of the Controller's position on prior year CCFS-311 reports, note that the federally approved indirect cost rates (that the Controller allows for some mandate programs) are approved for periods of two to four years. This means the data from which the rates were calculated can be three to five years prior to the last year in which the federal rate is used.

PREVIOUS AUDIT

The draft audit report notes that this same finding was made in the previous audit of this program for prior years at this District. The Controller knows that the District has appealed that audit to the Commission on State Mandates and that the District is therefore neither legally nor practically compelled to alter its position until a final adjudication of this issue.

Since the draft audit report has stated no legal basis to disallow the indirect cost rate calculation method used by the District, and has not shown a factual basis to reject the rates as unreasonable or excessive, the adjustments should be withdrawn.

Finding 2 - Understated authorized health fees

The draft audit report concludes that the student health service fee revenue offsets were understated for the four-year audit period. The audit report states that there are two reasons for this "error." The first is that the District utilized actual revenues received rather than a calculation of the student health service fees potentially collectible. The second is that the District did not "recognize" the students enrolled at Compton Center for FY 2006-07. Since the District did not calculate the fees based on student enrollment, this is not a District annual claim issue, but a Controller's audit adjustment rationale.

COLLECTIBLE STUDENT HEALTH SERVICE FEES

The auditor calculated "authorized health fee revenues," that is, the student fees collectible, based on the highest student health service fee chargeable from all eligible students, rather than the full-time or part-time student health service fee actually charged to the student and actually collected by the District.

"Authorized" Fee Amount

The draft audit report alleges that claimants must compute the total student health fees collectible based on the highest "authorized" rate. The draft audit report does not provide the statutory basis for the calculation of the "authorized" rate, nor the source of the legal right of any state entity to "authorize" student health services rates absent rulemaking or compliance with the Administrative Procedure Act by the "authorizing" state agency.

Optional Fee

Education Code Section 76355, subdivision (a), states that "[t]he governing board of a district maintaining a community college may require community college students to pay a fee . . . for health supervision and services . . ." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states: "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

Government Code Section 17514

The draft audit report relies upon Government Code Section 17514 for the conclusion that "[t]o the extent that community college districts can charge a fee, they are not required to incur a cost." First, charging a fee has no relationship to whether costs are incurred to provide the student health services program. Second, Government Code Section 17514, as added by Chapter 1459, Statutes of 1984, actually states:

“Costs mandated by the state” means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.

There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenue to increased cost, nor any language that describes the legal effect of fees collected.

Government Code Section 17556

The draft audit report relies upon Government Code Section 17556 for the conclusion that “the Commission on State Mandates (CSM) shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.” Government Code Section 17556, as amended by Statutes of 2004, Chapter 895, actually states:

The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if after a hearing, the commission finds that: . . .

(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.

The draft audit report misrepresents the law. Government Code Section 17556 prohibits the Commission on State Mandates from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement, where the authority exists to levy fees in an amount sufficient to offset the entire mandated costs. Here, the Commission has already approved the test claim and made a finding of a new program or higher level of service for which the claimants do not have the ability to levy a fee in an amount sufficient to offset the entire mandated costs.

Parameters and Guidelines

The parameters and guidelines, as last amended on May 25, 1989, state, in relevant part: “Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed . . . This shall include the amount of [student fees] as authorized by Education Code Section 72246(a).” The use of the term “any offsetting savings” further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not, because uncollected fees are “offsetting savings” that were not “experienced.”

COMPTON CENTER

The draft audit report concludes Compton Center students should be included in the count of students from which student health service fees are collectible. SixTen and Associates responded to this issue in a letter dated December 8, 2008, to Art Luna, the audit supervisor. That letter is incorporated into this response by reference.

PREVIOUS AUDIT

The draft audit report notes that this same finding was made in the previous audit of this program for prior years at this District. The Controller knows that the District has appealed that audit to the Commission on State Mandates and that the District is neither legally nor practically compelled to alter its position until a final adjudication of this issue.

Since the draft audit report has stated no legal basis to disallow actual revenues as the amount of the offsetting revenue, the adjustments should be withdrawn. If actual revenues are used, the Compton Center student count is no longer an issue since student count is not the basis for the calculation of the revenue offset.

Finding 3 - Overstated offsetting revenues

The District is not disputing this adjustment at this time.

Statute of Limitations

The District's FY 2003-04 claim was mailed to the Controller on January 7, 2005. According to Government Code Section 17558.5, the Controller has three years to commence an audit of claims filed after January 1, 2005. The entrance conference date for this audit was September 11, 2008, which is after the three-year period (January 7, 2008) to commence the audit had expired. Therefore, the proposed audit adjustments for FY 2003-04 are barred by the statute of limitations set forth in Government Code Section 17558.5.

The audit report should be changed to exclude findings for the FY 2003-04 annual claim.

Public Records Request

The District requests that the Controller provide the District any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period to Finding 1 (indirect cost rate calculation standards) and Finding 2 (calculation of the student health services fees offset).

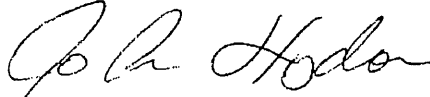
Government Code section 6253, subdivision (c), requires the state agency that is the subject of the request, within 10 days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of disclosable public records in its possession and to promptly notify the requesting party of that determination

and the reasons therefor. Also, as required, when so notifying the District, please state the estimated date and time when the records will be made available.

O O O

The District requests that the audit report be changed to comply with the appropriate application of the parameters and guidelines regarding allowable activity costs and the Government Code sections concerning audits of mandate claims.

Sincerely,



Jo Ann Higdon, Vice-President
El Camino Community College District

Attachment: Letter dated December 8, 2008, to Art Luna from Keith Petersen

SixTen and Associates Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
E-Mail: Kbpsixten@aol.com

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645

Sacramento
3841 North Freeway Blvd., Suite 170
Sacramento, CA 95834
Telephone: (916) 565-6104
Fax: (916) 564-6103

FAX TO: 310-342-5670

December 8, 2008

Art Luna, Audit Manager
Division of Audits
California State Controller
600 Corporate Pointe, Suite 1000
Culver City, CA 90230

Re: El Camino Community College District
Health Fee Elimination-State Controller's Audit
Fiscal Years: 2003-04 through 2006-07

Dear Mr. Luna:

At the pre-exit conference on November 19, 2008, attended by Janice Ely and Marie Yatman, you presented a proposed audit adjustment (Finding #1, student health services fees) which, commencing FY 2006-07, includes Compton Center students in the calculation of "collectible" student health service fees. As you know, the District reported actual student health center revenues as an offset to the program costs which it believes is more accurate than the calculation of collectible fees. This will be the subject of an incorrect reduction claim for this audit as it was for the previous audit on this program at this district. Our position on that general issue remains the same as stated in the incorrect reduction claim filed for the previous audit. Therefore, the scope of this letter is limited to the issue of whether the Compton Center students should be included in your calculation of collectible fees.

At the meeting, you stated that there were three sources of documentation supporting your assertion that Compton Center enrollment should be included in the calculation of "collectible" fees: the Memorandum of Understanding dated August 24, 2006, the Agreement dated July 1, 2008, and the Chancellor's Student Handbook and Planner. However, before the significance of those documents can be addressed, the applicable law must be considered.

Education Code Section 76355

The collection of student health service fees is controlled by Education Code Section 76355, but also requires independent action by the district governing board. Section 76355, as amended by Chapter 320, Statutes of 2005, effective January 1, 2006, at subdivision (e) requires that "[a]ny community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter." El Camino Community College District is subject to this requirement. I am informed and believe that Compton Community College District is not subject to this requirement because it did not provide a student health services program in FY 1986-87 and does not now operate a student health services center.

Subdivision (a) provides to the governing boards the authority to require the collection of a student health services fee. The El Camino CCD governing board requires a student health services fee for El Camino CCD students. I am informed and believe that the Compton CCD governing board does not require and has not previously required or collected a student health services fee. The El Camino CCD governing board has no authority to impose a student health service fee on Compton CCD students and did not do so.

Section 75355 does not require the Compton CCD governing board to provide a student health services program. Compton CCD did not provide such a program, and the Compton CCD governing board did not authorize the collection of a student health services fee. Therefore, there are no collected or collectible fees from the Compton Center students.

Enabling Legislation: Chapter 50, Statutes of 2006 (AB 318)

AB 318 was enacted to provide for uninterrupted education of students attending Compton CCD through another accredited district, the "partner district." The partner district is El Camino CCD.

Education Code section 71093, as amended by AB 318, states that the state Board of Governors has the authority to suspend the authority of the Compton CCD governing board, that is, to make governance decisions for the District. While so empowered by AB 318, neither the Chancellor nor Board of Governors has authorized or directed the governing board of the Compton CCD to commence a student health services program for Compton students.

Section 74292 enumerates the "continuing services" to be provided to Compton CCD. The partner district (at subdivision (d)(1)) is authorized to enter into agreements to provide instructional services or other services and related necessary administrative or support services to ensure that services to Compton students will not be interrupted. Subdivision (e) states that any programs or courses previously approved by the

Compton CCD board of governors may continue to be offered by the partner district in the territory of the Compton CCD? The El Camino CCD governing board has not authorized El Camino CCD to provide student health services within the territory of the Compton CCD, and there was no such program in the Compton CCD to "continue."

The MOU and Agreement

- A. The MOU established August 24, 2006, is a contract between Compton CCD and El Camino CCD. The MOU requires:
- Item 1 reiterates the purposes of AB 318.
 - Item 2 reiterates the AB 318 duties of the partner district.
 - Item 3 lists the independent programs and services to be provided by El Camino, which does not include student health services.
 - Item 4 specifies that if El Camino CCD does not currently offer instructional programs or services mutually determined to be in the best interests of the students and residents of Compton, El Camino CCD shall undertake reasonable efforts to adopt appropriate curriculum and services. No such undertaking has been made regarding student health services at Compton Center.
 - Item 5 states that the instructional programs and support services provided at Compton Center shall be under the authority of El Camino CCD. Note that, as described above, the El Camino CCD governing board has not authorized providing student health services at Compton Center.
 - Item 14 B states that business and other administrative functions that relate exclusively to the management of the Compton CCD shall remain independent of the Center and be managed exclusively by Compton CCD. Compton CCD does not have a student health services program to continue to manage.
 - Item 18 states that the budget for the Center shall be jointly developed and approved by the parties. The Center has its own independent budget that does not include a student health services program, nor are Center costs included in El Camino CCD annual mandate reimbursement claims.
- B. The Agreement established July 1, 2008, is not relevant to any fiscal year that is the subject of this audit. However, in the interest of resolving this issue for the future, I have included a review of its terms and conditions, which are essentially similar to the previous agreement.
- Items 5 and 6 enumerate the Compton Center programs and support services, and the enumeration does not include student health services.

-Item 11, of particular interest to you, states that:

"As authorized by the Education Code, El Camino shall collect fees as follows:

A. Non-resident tuition fees, materials fees, health fees, Associated Student Body fees, and ASB Student Representation fees, which shall be set by El Camino upon the recommendation of Compton.

B. . . .

All fees collected by El Camino from students enrolled at the Center, or others who use the Center's facilities or participate in its programs or services, shall be devoted to supporting programs and services at the Center or remitted to Compton, as the parties may from time to time specify."

For your purposes, it must somehow be inferred that the two words "health services" specifically means the universal "student health services fee" for this provision to be relevant. Even assuming that to be so, as previously stated, the Compton CCD governing board never authorized the collection of student health service fees, and the El Camino CCD governing board did not and cannot authorize (or "set") the collection of universal student health service fees from Compton CCD students. Which is to say, El Camino CCD cannot collect a fee, even if authorized by both governing boards, for a program that does not exist.

El Camino CCD has collected fees from five or fewer Compton Center students that were provided services at El Camino College. These fees certainly qualify as "health fees" as specified in the MOU, but not as student health service fees universally collected from all Compton Center students. By collecting those few fees, El Camino CCD has fulfilled the MOU by collecting actual fees for services that were actually provided at El Camino College.

Notwithstanding the MOU, all student fees at Compton Center are actually collected by Compton CCD, deposited into the Compton bank accounts, reported as Compton income in the general ledger, annual financial statements, and the State CCSF-311.

Chancellor's "Student Fee Handbook"

You have provided us page 17 of what appears to be the Chancellor's "Student Fee Handbook" which states that, it is the opinion of the Chancellor's legal or other staff that attending classes at sites away from where the health services center is physically located can be charged a universal student health services fee. Unlike the MOU's, which are contracts between the districts required by AB 318, the Chancellor's student fee handbook does not appear to have the force of law.

Further, the factual basis for the state's conclusion, and indeed the language on page 17 of the handbook, appears speculative in that it proceeds from an unfounded premise. Compton Center is not in a site located "away from" El Camino College. Compton CCD students are enrolled at Compton Center, not El Camino College. The other premise, that "such students" will "travel to the health center or otherwise receive student health services," has been refuted by El Camino College student health services staff who have stated that five or fewer Compton Center students have "traveled" to El Camino College to receive these services, which is an insignificant number compared to the total enrollment at Compton Center.

Compton Center Student Handbook and Planner


The Compton Center Student Handbook and Planner indicates that the "health fee" is optional. This clearly indicates that there is no universal "student health service fee" collected or collectible from the Compton Center students.

Generally Accepted Accounting Principles

Legal requirements and the facts aside, your audit is subject to generally accepted accounting principles that, among other things, require revenues and expenses to be "matched." If you include the enrollment of the Compton Center in the El Camino CCD cost claim as an offset, you are applying revenues with no corresponding matching expenses. The insignificant actual cost and revenue of the five or fewer Compton Center students obtaining health services at the El Camino College campus have already been included in the El Camino general ledger and have thus been accurately "matched."

In sum, there is no legal compulsion or factual circumstance to support your position that the Compton Center student enrollment should be included in the mandated cost claim for El Camino Community College District, and to do so would be contrary to accounting principles.

Sincerely,



Keith Petersen, President

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>

FOREWORD

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controller's Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, unless otherwise specified, these instructions should not be construed in any manner to be statutes, regulations, or standards.

If you have any questions concerning the enclosed material, write to the address below or call the Local Reimbursements Section at (916) 324-5729, or email to lrsdar@sco.ca.gov.

State Controller's Office
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Prepared by the State Controller's Office
Updated September 30, 2003

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET
SACRAMENTO, CA 95814-6511
(916) 445-8752
HTTP://WWW.CCCCO.EDU



March 5, 2001

To: Superintendents/Presidents
Chief Business Officers
Chief Student Services Officers
Health Services Program Directors
Financial Aid Officers
Admissions and Records Officers
Extended Opportunity Program Directors

From: Thomas J. Nussbaum
Chancellor

Subject: Student Health Fee Increase

Education Code Section 76355 provides the governing board of a community college district the option of increasing the student health services fee by the same percentage as the increase in the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar above the existing fee, the fee may be increased by \$1.00.

Based on calculations by the Financial, Economic, and Demographic Unit in the Department of Finance, the Implicit Price Deflator Index has now increased enough since the last fee increase of March 1997 to support a one dollar increase in the student health fees. Effective with the Summer Session of 2001, districts may begin charging a maximum fee of \$12.00 per semester, \$9.00 for summer session, \$9.00 for each intersession of at least four weeks, or \$9.00 for each quarter.

For part-time students, the governing board shall decide the amount of the fee, if any, that the student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

The governing board operating a health services program must have rules that exempt the following students from any health services fee:

- Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

- Students who are attending a community college under an approved apprenticeship training program.
- Students who receive Board of Governors Enrollment Fee Waivers, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

All fees collected pursuant to this section shall be deposited in the Student Health Fee Account in the Restricted General Fund of the district. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors. Allowable expenditures include health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both. Allowable expenditures exclude athletic-related salaries, services, insurance, insurance deductibles, or any other expense that is not available to all students. No student shall be denied a service supported by student health fee on account of participation in athletic programs.

If you have any questions about this memo or about student health services, please contact Mary Gill, Dean, Enrollment Management Unit at 916.323.5951. If you have any questions about the fee increase or the underlying calculations, please contact Patrick Ryan in Fiscal Services Unit at 916.327.6223.

CC: Patrick J. Lenz
Ralph Black
Judith R. James
Frederick E. Harris

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**COLLEGES AND UNIVERSITIES—COMPTON COMMUNITY COLLEGE
DISTRICT—EMERGENCY APPORTIONMENTS**

CHAPTER 50

A.B. No. 318

AN ACT to amend Sections 41329.50, 41329.51, 41329.52, 41329.55, and 71093 of, to add Sections 41329.58 and 41329.59 to, and to add Article 5 (commencing with Section 74292) to Chapter 5 of Part 46 of, the Education Code, and to amend Section 63049.67 of the Government Code, relating to community colleges, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Filed with Secretary of State June 30, 2006.]

LEGISLATIVE COUNSEL'S DIGEST

AB 318, Dymally Community colleges: Compton Community College District.

(1) Existing law establishes the California Community Colleges under the administration of the Board of Governors of the California Community Colleges. Existing law requires the board of governors to appoint a chief executive officer, known as the Chancellor of the California Community Colleges. Existing law provides for the establishment of community college districts throughout the state, including the Compton Community College District. Existing law authorizes these districts to provide instruction to students at the campuses operated by these districts.

This bill would express various findings and declarations of the Legislature with respect to the withdrawal of accreditation from the Compton Community College District and the

Additions or changes indicated by underline; deletions by asterisks * * *

1039

impact the withdrawal would have on the students and residents of the Compton Community College District.

(2) Existing law authorizes emergency advance apportionments to be provided to a school district that complies with prescribed requirements, including the submission of a report issued by an independent auditor with respect to the financial conditions and budgetary controls of the district, a written management review conducted by a qualified management consultant approved by the county superintendent of schools, and a fiscal plan adopted by the governing board to resolve the financial problems of the district.

This bill would authorize a community college district that has had a trustee appointed pursuant to specified provisions to request, and receive an emergency apportionment. The bill would appropriate \$30,000,000 from the General Fund to the Board of Governors of the California Community Colleges for apportionment to the Compton Community College District as an emergency apportionment, as specified.

To the extent the funds appropriated by this bill are allocated to a community college district, as defined by existing law for purposes of Section 8 of Article XVI of the California Constitution, those funds may be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

(3) Existing law establishes the County Office Fiscal Crisis and Management Assistance Team (FCMAT), which consists of persons having extensive experience in school district budgeting, accounting, data processing, telecommunications, risk management, food services, pupil transportation, purchasing and warehousing, facilities maintenance and operation, and personnel administration, organization, and staffing. Existing law authorizes community college districts to request the FCMAT to provide specified services, at that district's expense, as specified.

This bill would require the FCMAT to conduct an extraordinary audit of the Compton Community College District on or before October 30, 2006. The bill would require the FCMAT to conduct a comprehensive assessment and prepare a recovery plan, to be delivered to the Chancellor's Office of the California Community Colleges and the Department of Finance, for the Compton Community College District addressing 5 specified operational areas, on or before January 31, 2007. The bill would require the FCMAT to file a written status report at regular intervals with the appropriate fiscal and policy committees of the Legislature, the advisory committee to the special trustee, the Chancellor of the California Community Colleges, the Director of Finance, and the Secretary for Education. The bill would require these status reports to include the progress that the Compton Community College District is making in meeting the recommendations of the FCMAT comprehensive assessment and addressing the deficiencies identified by the Accrediting Commission for Community and Junior Colleges. The bill would require that up to \$500,000 be provided to the Compton Community College District from a specified item of the annual Budget Act to fund this audit.

(4) Existing law, until January 1, 2008, authorizes the board of governors to authorize the chancellor to suspend, for a period of up to one year, in accordance with a prescribed procedure, the authority of the Board of Trustees of the Compton Community College District, or of any of the members of the board, to exercise and any powers or responsibilities or to take any official actions with respect to the management of the district. Existing law authorizes the chancellor to renew a suspension under this provision as many times, and as often, as he or she finds it necessary during the period of the operation of the provision. Existing law authorizes the chancellor to appoint a special trustee, at district expense, to manage the district, in accordance with a prescribed procedure.

This bill would instead authorize the board of governors to suspend the authority of the Board of Trustees of the Compton Community College District under this provision for a period of up to 5 years from the effective date of this bill, plus a period lasting until the chancellor, the FCMAT, the Director of Finance, and the Secretary for Education concur with the special trustee that the district has, for 2 consecutive academic years, met the requirements of the comprehensive assessment conducted, and the recovery plan prepared, pursuant to the bill. The bill would delete the authority of the chancellor to renew a suspension under this provision as many times, and as often, as he or she finds it necessary during the period of

the operation of the provision. The bill would exempt the chancellor from complying with specified requirements relating to preferences for disabled veterans, and from complying with the State Contract Act, in appointing the special trustee. The bill would authorize the chancellor to assume, and delegate to the special trustee, powers and duties of the Compton Community College District Personnel Commission that the chancellor determines are necessary for the management of the personnel functions of the district. The bill would authorize the special trustee to be a member of the State Teachers' Retirement System or the Public Employees' Retirement System for the period of service as a special trustee, if that person has been a member of either of those systems, unless the special trustee elects, in writing, not to be a member.

The bill would authorize the special trustee to do all of the following: implement substantial changes in the fiscal policies and practices of the Compton Community College District; revise the academic program of the Compton Community College District to reflect realistic income projections in response to the dramatic effect of the changes in fiscal policies and practices upon program quality; encourage all members of the college community to accept a fair share of the burden of the full recovery of the Compton Community College District in 5 specified operational areas; enter into agreements on behalf of the Compton Community College District and, subject to any contractual and statutory obligation of the Compton Community College District, change any existing district rules, regulations, policies, or practices as necessary for the effective implementation of the recovery plan, as specified; and appoint an advisory committee, as specified.

The bill would extend the operation of this provision indefinitely.

(5) Existing law sets forth procedures to be followed in the event of the formation of a new community college district or the reorganization of an existing community college district.

This bill would set forth procedures to be followed in the event that the Compton Community College's accreditation is terminated by the regional accrediting body recognized by the board of governors.

The bill would authorize the chancellor to oversee all actions at the Compton Community College District related to the loss of the college's accreditation. The bill would require the district to complete the provision of instruction in all classes for which it intends to claim apportionment prior to the date of the loss of accreditation. The bill would provide that, notwithstanding any other provision of law, the Compton Community College District would continue to be eligible to receive state funding as provided under the bill even if the accreditation is terminated.

The bill would require the Compton Community College District to identify a partner district that would agree to provide accredited instructional programs to students residing in the Compton Community College District. The bill would authorize the special trustee and the partner district to enter into one or more agreements for the provision of instructional services or other services. The bill would specify the educational services that the partner district would agree to provide to Compton Community College District students.

The bill would require that the Compton Community College District receive an apportionment, as specified, for courses provided at the Compton Community Educational Center by the partner district. The bill would provide that a statute requiring that 50% of the current expense of education, as defined, be expended on the salaries of classroom instructors would not apply to the Compton Community College District from the 2003-04 fiscal year to the 2008-09 fiscal year, inclusive.

Because the bill would impose new duties on the Compton Community College District, it would constitute a state-mandated local program.

(6) A provision of the California Constitution requires that a local or a special statute is invalid in any case if a general statute can be made applicable.

This bill would express the finding and declaration of the Legislature that, due to the unique circumstances relating to the accreditation status of Compton Community College, a general statute cannot be made applicable, and the enactment of specified provisions of the bill as a special statute is therefore necessary.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(8) The bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. With respect to the general background and intent of the act that adds this section, the Legislature finds and declares all of the following:

(a) Accreditation is a means for ensuring the academic quality and accountability for the colleges in the California Community College system. Additionally, students of the California Community Colleges must attend an accredited community college in order to participate in federal financial assistance programs.

(b) All colleges within the California Community Colleges system should be accredited by the recognized regional accrediting association serving California.

(c) The loss of accreditation by a college of the California Community Colleges presents a severe burden for the students of that college and for the residents of the community served by that college. Neither the students nor the residents should be deprived of educational opportunities due to the loss of accreditation by a community college.

(d) The Legislature finds that a California community college district whose colleges have lost accreditation presents the state with financial and educational emergencies and that extraordinary measures are required to address those emergencies.

(e) The Accrediting Commission for Community and Junior Colleges has found that Compton Community College does not meet accreditation standards, and has decided to withdraw accreditation. That decision may become effective on or before June 30, 2006. It is in the public interest to provide services through an accredited college to the persons adversely affected by the loss of accreditation by Compton Community College. Accordingly, it is the intent of the Legislature to provide for uninterrupted educational opportunities through another accredited community college for the students who currently attend the Compton Community College District and to provide continued meaningful access to that educational opportunity within the California Community College system to the residents of the Compton Community College District.

(f) In order to provide for continuing educational opportunities through an accredited college for the residents of the Compton Community College District and for the preservation of federal funding for students of the Compton Community College District, extraordinary legislative measures are required.

SEC. 2. With respect to meeting the needs of current students and residents of the Compton Community College District, the Legislature finds and declares all of the following:

(a) The appropriate way to provide for immediate continuing educational opportunities to the students and residents of the Compton Community College District is for the Compton Community College District to identify another community college district that is willing to serve as a partner and provide accredited educational and related administrative and support services using the facilities of the Compton Community College District as an educational center in that area. Those educational and support services should include offering a full range of credit courses leading to an associate degree for Compton students, making provisions for continuing or accelerating educational offerings for current Compton Community College students who are close to graduating, providing special counseling services to assist Compton Community College students who are considering transferring to other community colleges or baccalaureate institutions, and meeting the transitional needs of significant numbers of students who previously attended the Compton Community College District.

(b) Although uninterrupted service to existing students is the highest priority, a critically important measure of ongoing educational success in the Compton area will be the extent to which the community college system is able to identify problems that lead to the loss of

accreditation and to construct a recovery plan to address those problems. In the near future, significant efforts must be made to determine the needs and desires of students served by the elementary and secondary schools within the Compton Community College District and to formulate long-term success strategies for them within the California Community College system.

(c) The Compton Community College District will require enhanced state assistance and resources in order to address the issues that led to loss of accreditation and to contract for continued educational and support services for the students and residents of the Compton Community College District. The Board of Governors of the California Community Colleges will also require additional resources to oversee federally required actions resulting from the loss of accreditation and to support the educational recovery efforts.

(d) The Compton Community College District will also have responsibilities related to its loss of accreditation, including, but not limited to, actions mandated by federal authorities for reconciling student financial assistance programs. The Compton Community College District must also continue to support the efforts of the partner district to provide the services described in this act. The Board of Governors of the California Community Colleges must be authorized to continue its oversight role of the Compton Community College District to ensure that these transitional responsibilities are met.

(e) Because of circumstances beyond the control of the state, there may be a period of time before the partner district is authorized to distribute federal financial assistance to Compton students. Should this occur, state resources should be available to replace federal funding so as to allow affected students to complete the academic term they began before federal funding became unavailable.

SEC. 3. With respect to financing the activities described in this act, the Legislature finds and declares all of the following:

(a) The Legislature must provide fiscal support to the Compton Community College District to maximize its efforts to contract for educational services and to provide stability for the students and residents of the Compton Community College District.

(b) It is not possible to identify all actions that may be required to give effect to this bill or the expenses related to those actions.

(c) The Compton Community College District should also have access to existing emergency funding resources.

SEC. 4. Section 41329.50 of the Education Code is amended to read:

41329.50. The following definitions apply to this article, and, except as provided in subdivision (d), apply to Article 2 (commencing with Section 41320) * * * and Article 2.5 (commencing with Section 41325), unless the context clearly indicates or requires another or different meaning:

(a) "Bank" means the California Infrastructure and Economic Development Bank.

(b) "Bonds" has the same meaning specified in Section 63010 of the Government Code.

(c) "Loan" and "emergency apportionments" means the financing described in Sections 41329.51, 41329.52, and 41329.53. The financing does not constitute a borrowing, but, instead, constitutes an advance payment of apportionments subject to repayment with interest as described in the article.

(d) "School district" means a school district that requests an emergency apportionment pursuant to Section 41320, including * * * an administrator appointed pursuant to Article 2 (commencing with Section 41320) and a trustee appointed pursuant to Article 2.5 (commencing with Section 41325), or, for the purposes of this article only, a community college district, including a special trustee appointed pursuant to Section 71093 or 84040.

SEC. 5. Section 41329.51 of the Education Code is amended to read:

41329.51. Notwithstanding any other law, an emergency apportionment is a financing provided to a community college district as authorized by the Legislature or to a school district, other than a community college district, complying with the requirements contained in Article 2 (commencing with Section 41320) and Article 2.5 (commencing with Section 41325). The emergency apportionment shall be made pursuant to either Section 41329.52 or

Section 41329.53, as determined by statute. The school district, the bank, and the Superintendent of Public Instruction, or the Board of Governors of the California Community Colleges, as appropriate, shall promptly perform the duties specified in the statute making the emergency apportionment.

SEC. 6. Section 41329.52 of the Education Code is amended to read:

41329.52. (a) A school district may receive a two-part financing designed to provide an advance of apportionments owed to the district from the State School Fund.

(b) The initial emergency apportionment shall be an interim loan from the General Fund to the school district. General Fund money shall not be advanced to a school district until that district agrees to obtain a lease financing as described in subdivision (c) and the bank adopts a reimbursement resolution governing the lease financing. The interim loan shall be repaid in full, with interest, from the proceeds of the lease financing pursuant to subdivision (c) * * * at a time mutually agreed upon between the Department of Finance and the bank. The interest rate on the interim loan shall be the rate earned by moneys in the Pooled Money Investment Account as of the date of the initial disbursement of emergency apportionments to the school district.

(c) The school district shall enter into a lease financing with the bank for the purpose of financing the emergency apportionment, including a repayment to the General Fund of the amount advanced pursuant to subdivision (b). In addition to the emergency apportionment, the lease financing may include funds necessary for reserves, capitalized interest, credit enhancements and costs of issuance. The bank shall issue bonds for that purpose pursuant to the powers granted pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act as set forth in Division 1 (commencing with Section 63000) of Part 6.7 of the Government Code. The term of the lease shall not exceed 20 years, except that if at the end of the lease term any rent payable is not fully paid, or if the rent payable has been abated, the term of the lease shall be extended for a period not to exceed 10 years.

SEC. 7. Section 41329.55 of the Education Code is amended to read:

41329.55. (a) Simultaneous with the execution of the lease financing authorized pursuant to Section 41329.52, the bank shall provide to the Controller and the school district a notification of its lease financing. The notice shall include a schedule of rent payments to become due to the bank from the school district and the * * * bond trustee. The Controller shall make the apportionment to the bond trustee of those amounts on the dates shown on the schedule. The bank may further authorize the apportionments to be used to pay or reimburse the provider of any credit enhancement of bonds and other ongoing or periodic ancillary costs of the bond financing issued by the bank in connection with this article. If the amount of rent payments vary from the schedule as a result of variable interest rates on the bonds, early redemptions, or changes in expenses, the bank shall amend or supplement the schedule accordingly.

(b) Except where financing is for a community college district, the Controller shall make the apportionment only from moneys in Section A of the State School Fund designated for apportionment to the district and any apportionment authorized pursuant to this subdivision shall constitute a lien senior to any other apportionment or payment of State School Fund moneys to or for that district not made pursuant to this subdivision.

(c) If financing is for the Compton Community College District, the Controller shall make the apportionment only from moneys in Section B of the State School Fund. Any apportionment authorized pursuant to this subdivision shall constitute a lien senior to any other apportionment or payment of Section B State School Fund moneys.

(d) The amount apportioned for a school district pursuant to this section is an allocation to the district for purposes of subdivision (b) of Section 8 of Article XVI of the California Constitution. For purposes of computing revenue limits pursuant to Section 42238 for any school district, the revenue limit for any fiscal year in which funds are apportioned for the district pursuant to this section shall include any amounts apportioned by the Controller pursuant to subdivisions (a), (b), and (c), as well as Section 41329.57.

(e) No party, including the school district or any of its creditors, shall have any claim to the money apportioned or to be apportioned to the bond trustee by the Controller pursuant to this section.

SEC. 8. Section 41329.58 is added to the Education Code, to read:

41329.58. The sum of thirty million dollars (\$30,000,000) is hereby appropriated, without regard to fiscal year, from the General Fund to the Board of Governors of the California Community Colleges for apportionment to the Compton Community College District as an emergency apportionment to finance, among other things, the activities described in Article 5 (commencing with Section 74292) of Chapter 5 of Part 46.

SEC. 9. Section 41329.59 is added to the Education Code, to read:

41329.59. (a) On or before October 30, 2006, the Fiscal Crisis and Management Assistance Team (FCMAT) shall conduct an extraordinary audit of the Compton Community College District, to be delivered to the Board of Governors of the California Community Colleges and the Director of Finance, focused upon an examination of alleged fraud, misappropriation of funds, or other illegal fiscal practices. The audit shall be conducted in a timely and efficient manner.

(b) On or before January 31, 2007, the FCMAT shall conduct a comprehensive assessment and prepare a recovery plan, to be delivered to the Board of Governors of the California Community Colleges and the Department of Finance, for the Compton Community College District addressing the five operational areas: financial management, academic achievement, personnel management, facilities management, and governance/community relations.

(c) The FCMAT shall file a written status report at regular intervals with the appropriate fiscal and policy committees of the Legislature, the advisory committee to the special trustee, the Board of Governors of the California Community Colleges, the Director of Finance, and the Secretary for Education. The status reports shall include the progress that the Compton Community College District is making in meeting the recommendations of the FCMAT comprehensive assessment and addressing the deficiencies identified by the Accrediting Commission for Community and Junior Colleges.

(d) Notwithstanding any other provision of law, an amount of up to five hundred thousand dollars (\$500,000) shall be provided to the Compton Community College District from any funds budgeted for FCMAT in Item 6110-107-0001 of Section 2.00 of the annual Budget Act or any other funds available from prior budget years for FCMAT for the purpose of funding the audit described in subdivision (a) of this section.

SEC. 10. Section 71093 of the Education Code is amended to read:

71093. Notwithstanding any other provision of law:

(a) The board of governors may authorize the chancellor to suspend * * * the authority of the Board of Trustees of the Compton Community College District, or of any of the members of that board, to exercise any powers or responsibilities or to take any official actions with respect to the management of the district, including any of the district's assets, contracts, expenditures, facilities, funds, personnel, or property. * * * The board of governors may authorize suspension for a period up to five years from the effective date of Assembly Bill 318 of the 2005-06 Regular Session, plus a period lasting until the chancellor, the Fiscal Crisis and Management Assistance Team, the Director of Finance, and the Secretary for Education concur with the special trustee that the district has, for two consecutive academic years, met the requirements of the comprehensive assessment conducted, and the recovery plan prepared, pursuant to Section 41329.59.

(b) A suspension authorized by this section becomes effective immediately upon the delivery of a document to the administrative offices of the Compton Community College District that sets forth the finding of the chancellor that a suspension pursuant to this section is necessary for the establishment of fiscal integrity and security in that district.

(c)(1) If and when the chancellor suspends the authority of the Board of Trustees of the Compton Community College District or any of its members pursuant to this section, the chancellor may appoint a special trustee as provided in paragraph (3) of subdivision (c) of Section 84040, at district expense, to manage the district. The chancellor is authorized to assume, and delegate to the special trustee, those powers and duties of the Board of Trustees of the Compton Community College District that the chancellor determines, with the approval of the board of governors, are necessary for the management of that district. The Board of Trustees of the Compton Community College District may not exercise any of the duties or powers assumed by the chancellor under this section.

(2) The chancellor may appoint as a special trustee under this section a person who has served in a similar capacity prior to the enactment of the act that adds this section. A special trustee appointed under this section shall serve at the pleasure of the chancellor.

* * *

(3) Notwithstanding any other provision of law, in order to facilitate the appointment of the special trustee, the chancellor is exempt, for the purposes of this section, from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of the Public Contract Code.

(d) Notwithstanding any other provision of law, at any time that this section is in effect, the chancellor is authorized to assume, and delegate to the special trustee, those powers and duties of the Compton Community College District Personnel Commission that the chancellor determines are necessary for the management of the personnel functions of the Compton Community College District. The personnel commission may not exercise any of the powers or duties assumed by the chancellor.

(e) Notwithstanding any other provision of law, if the special trustee has been a member of the State Teachers' Retirement System or the Public Employees' Retirement System at any time prior to appointment, he or she shall, for the period of service as special trustee, be a member of the system to which he or she belonged, unless the special trustee elects, in writing, not to be a member. If the special trustee chooses to be a member, the special trustee shall be placed on the payroll of the district, or the payroll of another local education agency or other entity with which the district has an exchange agreement pursuant to Section 87422 or other applicable provisions of law, for the purpose of providing appropriate contributions to the applicable retirement system.

(f) The special trustee appointed pursuant to this section is authorized to do all of the following:

(1) Implement substantial changes in the fiscal policies and practices of the Compton Community College District.

(2) Revise the academic program of the Compton Community College District to reflect realistic income projections in response to the dramatic effect of the changes in fiscal policies and practices upon program quality.

(3) Encourage all members of the college community to accept a fair share of the burden of the full recovery of the Compton Community College District in the five operational areas of finance, academics, personnel facilities, and governance.

(4) Enter into agreements on behalf of the Compton Community College District and, subject to any contractual and statutory obligation of the Compton Community College District, change any existing district rules, regulations, policies, or practices as necessary for the effective implementation of the recovery plan. Any agreement authorized by this section shall be binding upon the district for the term of the agreement, notwithstanding the removal of the special trustee for any reason or the reinstatement of any powers or responsibilities of the board of trustees. No agreement authorized by this paragraph shall materially impair the security and other interests of the holders of any bonds issued pursuant to Article 9 (commencing with Section 63049.67) of Chapter 2 of Division 1 of Title 6.7 of the Government Code.

(5) Appoint an advisory committee to advise the special trustee with respect to the management of the Compton Community College District and the establishment and implementation of the arrangements for provision of services by a partner district pursuant to Article 5 (commencing with Section 74292) of Chapter 5 of Part 46. This advisory committee may include residents of the communities served by the Compton Community College District, and any outside experts deemed appropriate by the special trustee. No member of the advisory committee shall receive any compensation or benefits for his or her services as a member of the advisory committee.

(g) In the event of a vacancy in the special trustee position, the chancellor shall temporarily assume all of the powers and duties of the special trustee until another special trustee can be appointed pursuant to this section.

SEC. 11. Article 5 (commencing with Section 74292) is added to Chapter 5 of Part 46 of the Education Code, to read:

Article 5. Continuing Services If Compton Community College Loses Accreditation

74292. Notwithstanding any other provision of law, the following steps shall be taken to address the imminent risk that Compton Community College's accreditation will be terminated by the regional accrediting body recognized by the Board of Governors of the California Community Colleges:

(a) The Chancellor of the California Community Colleges is authorized to oversee all actions at the Compton Community College District related to the loss of the college's accreditation and efforts described in this article to address that situation. The Compton Community College District shall reimburse the Board of Governors of the California Community Colleges for any expenses incurred by the chancellor or his or her staff in carrying out this oversight responsibility.

(b) The Compton Community College District shall complete the provision of instruction for all classes for which it intends to claim apportionment prior to the date of its loss of accreditation.

(c) Notwithstanding any other provision of law, the Compton Community College District shall continue to be eligible to receive state funding as provided in this article even if its accreditation is terminated.

(d)(1) The Compton Community College District shall identify a partner district that will agree to provide accredited instructional programs to students residing in the Compton Community College District. The special trustee assigned to the Compton Community College District pursuant to Section 71093 and the partner district are authorized to enter into one or more agreements to provide instructional services or other services, and to make any other necessary preparations to implement the educational programs described in this article, as well as any related necessary administrative or support services, in a timely manner so as to ensure that services to Compton Community College students will not be interrupted and that those students will remain eligible for federal financial assistance. The agreement or agreements shall provide that the partner district is entitled to receive a reasonable administrative fee to be fixed by the mutual agreement of the parties.

(2) The partner district shall be a district in good standing with the Accrediting Commission for Community and Junior Colleges (ACCJC), and shall have successfully completed the accreditation cycle and secured accreditation for its colleges. A district with a college that is on warning, probation, or show-cause status with the ACCJC, or that is being monitored for fiscal stability by the chancellor's office is not considered a district in good standing for the purposes of this article.

(e) The partner district may offer any programs or courses for which it has secured applicable approvals. In addition, any programs and courses that were previously approved by the board of governors to be offered by the Compton Community College District may continue to be offered by the partner district in the territory of the Compton Community College District without additional state approval until June 30, 2011.

(f) No later than 30 days after Compton Community College's loss of accreditation, the board of governors shall approve the facilities of Compton Community College as an off-campus educational center of the partner district. The center shall be known as the Compton Community Educational Center. The board of governors shall give notice of its approval to the county committee and county superintendent having jurisdiction over any territory affected by the action.

(g) The board of governors may permanently or temporarily waive any of its regulatory requirements necessary to effectuate this article, including, but not necessarily limited to, its regulations regarding educational centers.

(h) The partner district is eligible to provide instruction at the center without the recommendation of the California Postsecondary Education Commission under Section 66904 until the district secures the commission's recommendation for the facility to operate as an off-campus educational center or until June 30, 2011, whichever occurs first.

(i) The partner district shall comply with all federal requirements to ensure that students taking classes offered by the partner district at the Compton Community Educational Center remain eligible for federal financial assistance.

(j) Students enrolled in the Compton Community College District as of January 31, 2006, shall be subject to the following conditions:

(1) The partner district shall ensure that any student who, by the end of the Spring 2006 term, has completed at least 75 percent of the courses required for the degree or certificate he or she is pursuing will be able to complete that program. Every reasonable effort shall be made to allow other students who have begun work toward a certificate or degree, but who have not completed 75 percent of the required coursework, to continue and complete their programs.

(2) Students enrolling in classes provided by the partner district pursuant to this section shall be considered students of the partner district, shall receive credit from the partner district for classes they successfully complete, shall receive certificates or degrees they earn from the partner district, and shall receive financial aid through the partner district if they meet all applicable eligibility requirements.

(3) The partner district shall maintain student records related to the attendance of students in classes it offers pursuant to this section in accordance with all applicable state and federal laws.

(4) The partner district shall consider each student who enrolls for classes no later than the Spring 2007 term to be a continuing student for purposes of enrollment priorities.

(5) Any regulations of the board of governors relating to minimum residence at the college granting a degree shall not be applicable.

(k) The board of governors shall adopt any regulations necessary to implement this article. These regulations may be adopted as emergency regulations that may remain in effect for up to one year from the date of adoption, and shall not be subject to paragraph (5) or (6) of subdivision (a) of Section 70901.5 or to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(l)(1) The partner district shall provide the services described in this article for a minimum of five years from the date those services commence pursuant to subdivision (d), and shall thereafter provide the services for any additional period determined necessary by the board of governors. In addition, the board of governors may require, in its sole discretion, that the services described herein be modified or terminated at an earlier date based on the best interests of the California Community Colleges system and its students.

(2) Notwithstanding paragraph (1), either the partner district or the special trustee appointed pursuant to Section 71093 may initiate termination of the agreements described in subdivision (d) by giving 180 days' written notice to the other party and to the board of governors. No termination pursuant to this subdivision may take effect until the end of the semester following the notice provided under this paragraph, so as to protect students from a mid-term interruption of educational services. Should the partner district provide notice of a desire to terminate any agreements at a time when the trustee determines that services provided under those agreements are still necessary to serve the interests of Compton students and residents or at a time when the Compton Community College District is not fully accredited and bonds issued pursuant to Section 41329.52 are outstanding, the partner district shall continue the services until it can secure a district to provide uninterrupted comparable services to the satisfaction of the special trustee.

(m)(1) The Compton Community College District shall continue to be responsible for ensuring that all of its permanent records are retained and stored as required by state law and that all records related to its administration of programs under Title IV of the federal Higher Education Act are retained for a minimum of three years after the conclusion of its participation in those programs.

(2) The Compton Community College District shall be responsible for institutional actions related to the loss of accreditation, including actions that are required under Section 688.26 of Title 34 of the Code of Federal Regulations, related to the ending of the participation of the Compton Community College District in programs under Title IV of the federal Higher Education Act, refunding any students' unearned tuition and fees, refunding to the federal

government any unexpended federal student financial aid funds, returning to lenders any loan proceeds not distributed to students, or the collection of outstanding student debts to the Compton Community College District.

(n) In addition to addressing the ongoing educational needs of the students of the Compton Community College District, the partner district and the special trustee appointed pursuant to Section 71093 shall take steps aimed at achieving the goal of seeking renewed accreditation for Compton Community College at the earliest feasible date. Progress toward achieving this goal shall be periodically reported to the board of governors.

(o) No person, firm or organization shall, without the permission of the Compton Community College District, use the name "Compton Community College," or any name of which these words are a part, or any abbreviation thereof.

74292.5. Notwithstanding any other provision of law, so long as any bond issued pursuant to Section 63049.67 of the Government Code for the Compton Community College District is outstanding, all real property leases securing those bonds shall be leased by the Compton Community College District, and not the Compton Community Educational Center or any partner district.

74292.7. Cal Grant awards to students of the Compton Community College District shall not be adversely affected by this article.

74293. Notwithstanding any other provision of law:

(a) The partner district shall provide educational programs, as described in Section 74292, at the Compton Community Educational Center on the following terms:

(1) To the extent determined necessary by agreement between the Compton Community College District and the partner district, the Compton Community College District shall assign its current employees, or reemploy former employees, to provide educational or support services to students under the instructional services or other agreements described in Section 74292. The Compton Community College District has no obligation to assign or to reemploy persons who occupy or previously occupied administrative or supervisory positions to those positions. Notwithstanding any other provision of law, a person who provides services pursuant to this paragraph shall not be deemed to be an employee of the partner district or gain any status with the partner district for any purpose.

(2) Individuals providing educational or support services pursuant to paragraph (1) who serve as academic employees or educational administrators shall meet applicable minimum qualifications established by the Board of Governors of the California Community Colleges as well as any other job-related qualifications for service that are established by the partner district.

(3) The partner district shall have the primary right to direct activities under the contract or contracts in a manner that is consistent with the role of Compton Community College District as the employer of the individuals who are assigned duties under the agreements by the partner district. The partner district shall provide performance assessments to the special trustee appointed pursuant to Section 71093 regarding the services provided by employees of the Compton Community College District.

(b) Nothing in this section shall be construed to limit the ability of the Compton Community College District to employ employees of any type or class as otherwise authorized by law as needed to provide necessary services.

(c) The Compton Community College District shall continue to be responsible for all retiree benefits that it offered its employees prior to the date of its loss of accreditation and for retirement and other benefits for its employees assigned to provide services pursuant to subdivision (a). The partner district shall have no responsibility for any retiree or other benefits for persons provided by the Compton Community College District to serve under instructional services or other agreements described in this article.

(d) Nothing in this section shall be construed to limit the ability of the partner district to assign its existing personnel to oversee or manage services provided under instructional services or other agreements described in Section 74292 or to employ employees of any type or class as otherwise authorized by law as needed to provide oversight and management of those services. Any person who provides services pursuant to this subdivision shall not be

deemed to be an employee of the Compton Community College District or gain any status with that district for any purpose, and that person shall not lose any rights, benefits, or status that he or she had previously acquired with the partner district.

(e) Nothing in this article shall be construed to interfere with, or require any change in, the existing bargaining units and collective bargaining agreements of the Compton Community College District.

(f) All existing statutory due process protections for employees of the Compton Community College District shall remain in effect including, but not necessarily limited to, the provisions governing layoff or dismissal, acquisition of tenure, and all other provisions of the Education Code except as expressly provided in this article.

(g) Nothing in this article shall be construed to interfere with or preclude negotiations with employee organizations in either of the districts over the effects, if any, of the partner district's operation of the Compton Community College District.

74295. Notwithstanding any other provision of law:

(a) The Compton Community College District shall receive apportionment for courses provided at the Compton Community Educational Center by the partner district pursuant to Section 74292, subject to the transfer of moneys described in Sections 41329.53 and 41329.55 and in accordance with the following schedule:

(1) For the 2005-06 fiscal year, an amount not less than the amount that was received by the Compton Community College District for the attendance of full-time equivalent students for the 2004-05 fiscal year.

(2) For the 2006-07 fiscal year, an amount not less than 90 percent of the amount that was received by the Compton Community College District for the attendance of full-time equivalent students for the 2004-05 fiscal year.

(3) For the 2007-08 fiscal year, an amount not less than 80 percent of the amount that was received by the Compton Community College District for the attendance of full-time equivalent students for the 2004-05 fiscal year.

(4) For the 2008-09 fiscal year, an amount not less than 70 percent of the amount that was received by the Compton Community College District for the attendance of full-time equivalent students for the 2004-05 fiscal year.

(b) In allocating funds for categorical aid to the Compton Community College District, the Chancellor of the California Community Colleges shall treat the Compton Community Educational Center as a separate college.

(c) The Compton Community College District shall not be subject to Section 84362 for the 2003-04 fiscal year to the 2008-09 fiscal year, inclusive.

(d) Should the loss of accreditation by the Compton Community College result in a lapse of federal financial assistance to otherwise eligible students before their eligibility is recognized through the partner district, the Compton Community College District may use a portion of the proceeds from the loan described in Section 41329.58 to provide comparable amounts of assistance to eligible students. This replacement funding shall not extend beyond the end of the term during which the lapse of federal funding occurred.

(e) The provisions of subdivision (a) shall be used solely to determine the apportionment funding to be allocated to the Compton Community College District. In computing statewide entitlements to funding based upon the attendance of full-time equivalent students, neither the Compton Community College District nor its partner district shall be credited with more full-time equivalent students for the Compton Community College District than were actually enrolled in attendance. It is the intent of the Legislature that any amounts necessary to make the apportionments required pursuant to subdivision (a) shall be drawn from the total statewide funding available for community college apportionments.

74296. Notwithstanding any other provision of law:

(a) In any action in which a court finds that any provision of this article is unlawful, or in any action challenging the implementation of this article, the Board of Governors of the California Community Colleges, the partner district, the Compton Community College District, and their respective officers, employees, and agents, are immune from the imposition

of any award of money damages, including the award of attorney's fees, except to the extent that any liability for those claims arises from the gross negligence or willful misconduct of the party claiming the immunity.

(b) The state shall, from funds specifically appropriated for that purpose, indemnify and defend the partner district from and against any claims, other than claims based upon gross negligence or willful misconduct, arising out of its participation in the activities specified in this article.

SEC. 12. Section 63049.67 of the Government Code is amended to read:

63049.67. (a) Notwithstanding any other provision of this division, a financing of emergency apportionments upon the request of a school district pursuant to Article 2.7 (commencing with Section 41329.50) of Chapter 3 of Part 24 of the Education Code, is deemed to be in the public interest and eligible for financing by the bank. Article 3 (commencing with Section 63041), Article 4 (commencing with Section 63042) and Article 5 (commencing with Section 63043) do not apply to the financing provided by the bank in connection with an emergency apportionment.

(b) The bank may issue bonds pursuant to Chapter 5 (commencing with Section 63070) and provide the proceeds to a school district pursuant to a lease agreement. The proceeds may be used as an emergency apportionment, to reimburse the interim emergency apportionment from the General Fund authorized pursuant to subdivision (b) of Section 41329.52 of the Education Code, or to refund bonds previously issued under this section. Bond proceeds may also be used to fund necessary reserves, capitalized interest, credit enhancement costs, and costs of issuance.

(c) Bonds issued under this article are not deemed to constitute a debt or liability of the state or of any political subdivision of the state, other than a limited obligation of the bank, or a pledge of the faith and credit of the state or of any political subdivision. All bonds issued under this article shall contain on the face of the bonds a statement to the same effect.

(d) Any fund or account established in connection with the bonds shall be established outside of the centralized treasury system. Notwithstanding any other law, the bank shall select the financing team and the trustee for the bonds, and the trustee shall be a corporation or banking association authorized to exercise corporate trust powers.

(e) Pursuant to Section 41329.55 of the Education Code, a school district other than the Compton Community College District shall instruct the Controller to repay the lease from moneys in the State School Fund designated for apportionment to the school district. Pursuant to Section 41329.55, if the school district is the Compton Community College District, the Controller shall be instructed to repay the lease from moneys in Section B of the State School Fund. Any amounts necessary to make this repayment shall be drawn from the total statewide funding available for community college apportionment consisting of funds in Section B of the State School Fund. Thereafter the Controller shall transfer to Section B of the State School Fund, either in a single or multiple transfers, an amount equal to the total repayment, which amount shall be transferred from the amount designated for apportionment to the Compton Community College District from the State School Fund. If these transfers from the district prove inadequate to repay any repayments for any reason, the Compton Community College District is required to use any revenue sources available to it for transfer and repayment purposes.

(f) Notwithstanding any other law, as long as any bonds issued pursuant to this section are outstanding, the following requirements apply:

(1) The school district for which the bonds were issued is not eligible to be a debtor in a case under Chapter 9 of the United States Bankruptcy Code, as it may be amended from time to time, and no governmental officer or organization is or may be empowered to authorize the school district to be a debtor under that chapter.

(2) It is the intent of the Legislature that the Legislature should not in the future abolish the Compton Community College District or take any action that would prevent the Compton Community College from entering into or performing binding agreements or invalidate any prior binding agreements of the Compton Community College District, where invalidation may have a material adverse effect on the bonds issued pursuant to this section.

(3) The Compton Community College District shall not be reorganized or merged with another community college district unless all of the following apply:

(A) The successor district becomes by operation of law the owner of all property previously owned by the Compton Community College District.

(B) Any agreement entered into by the Compton Community College District in connection with bonds issued pursuant to this section are assumed by the successor district.

(C) The apportionment authorized by subdivision (e) remains in effect.

(D) Receipt by the bank of an opinion of bond counsel that the bonds issued for the Compton Community College District will remain tax exempt following the reorganization or merger.

(g) Nothing in this section limits the authority of the Legislature to abolish the Compton Community College District when bonds issued for that district are no longer outstanding. Further, the Legislature may provide for the redemption or defeasance of the bonds at any time so that no bonds are outstanding. If the Legislature provides for the redemption or defeasance of the bonds issued for the Compton Community College District in order to abolish that district, it is the intent of the Legislature that the funds required for the redemption or defeasance should be appropriated from Section B of the State School Fund.

(h) The bank may enter into contracts or agreements with banks, insurers, or other financial institutions or parties that it determines are necessary or desirable to improve the security and marketability of, or to manage interest rates or other risks associated with, the bonds issued pursuant to this section. The bank may pledge apportionments made by the Controller directly to the bond trustee pursuant to Section 41329.55 of the Education Code as security for repayment of any obligation owed to a bank, insurer, or other financial institution pursuant to this subdivision.

SEC. 13. It is the intent of the Legislature that the funds provided in Item 6110-107-0001 of Section 2.00 of the annual Budget Act for the County Office Fiscal Crisis and Management Assistance Team (FCMAT) be available for FCMAT to undertake activities related to community colleges as authorized pursuant to Sections 84040 and 84041 of the Education Code.

SEC. 14. The Legislature finds and declares that, due to the unique circumstances relating to the accreditation status of Compton Community College, a general statute cannot be made applicable, and the enactment of Sections 7, 8, 9, and 11 of this act as a special statute is therefore necessary.

SEC. 15. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because this act provides for offsetting savings to local agencies or school districts that result in no net costs to the local agencies or school districts, within the meaning of Section 17556 of the Government Code.

SEC. 16. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for educational programs and services to continue in the Compton Community College District to address financial hardships and accreditation challenges in time for the commencement of the 2006-07 academic year, it is necessary that this act take effect immediately.

August 24, 2006

**MEMORANDUM OF UNDERSTANDING BETWEEN THE EL CAMINO COMMUNITY
COLLEGE DISTRICT AND THE
COMPTON COMMUNITY COLLEGE DISTRICT**

This Memorandum of Understanding is made and entered into on the 24st day of August, 2006, by and between the El Camino Community College District (hereinafter referred to as "El Camino") and the Compton Community College District (hereinafter referred to as "Compton"), acting by and through the Special Trustee appointed by, and acting on behalf of, the Chancellor of the California Community Colleges. In consideration of the mutual commitments contained herein, the parties agree as follows:

1. This Memorandum of Understanding, and the parties' implementation of it, is intended to provide a set of binding mutual understandings to achieve the following goals:
 - A. Provide the students and residents of Compton with access to accredited community college programs and services without interruption and in a way that minimizes the disruption students will experience.
 - B. Specify the various rights and responsibilities of each party in providing those programs and services.
 - C. Create the conditions under which Compton will have a genuine opportunity to re-establish its accreditation and regain its independence as an autonomous institution.
 - D. Build effective, mutually respectful relationships between and among the faculty, staff and administrators of El Camino and Compton.
2. As authorized by the Chapter 50 of the Statutes of 2006 (A.B. 318), El Camino shall establish an educational center to be known as the "El Camino Community College District Compton Community Educational Center," also known as "El Camino College Compton Center" (hereinafter referred to as the "Center") on Compton's facilities in Compton, California. The educational program offered by El Camino at the Center shall consist of a full range of credit and non-credit offerings, and related student support services, as specifically agreed to (and from time to time modified as may be necessary) by the two parties. All programs and services offered at the Center shall be offered exclusively by El Camino. Compton shall not use the term "College" to refer to Compton nor in connection with any activities undertaken by Compton.

3. Without implying any limitation on the programs and services to be provided, the parties agree that El Camino will include the following among the programs and services it provides at the Center:
 - A. EOPS, DSPPS, CalWorks, GAIN and other categorical programs that are separate from and independent of equivalent programs at El Camino's main campus;
 - B. An Associated Student Body organization at the Center that is separate from and independent of the Associated Student Body organization at El Camino's main campus; and
 - C. Subject to approval by the Commission on Athletics of the Community College League of California, intercollegiate athletic teams that are separate from and independent of the athletic teams at El Camino's main campus.
4. If El Camino does not currently offer programs or services that El Camino and Compton, after consulting with the other through the curriculum and program review process, reasonably determines are appropriate and necessary to meet the educational needs of the students and residents of Compton (for example, a larger number of non-credit and developmental courses than now appears in El Camino's curriculum), El Camino shall promptly undertake all reasonable efforts to adopt appropriate curriculum or services. If El Camino reasonably determines that it cannot adopt appropriate curriculum or services requested by Compton, or that doing so would be impractical or ill-advised, El Camino shall work with Compton to attempt to find an alternative means of providing the programs or services. If necessary, such action will require approval from the Accrediting Commission for Community and Junior Colleges (ACCJC) through the substantive change proposal process.
5. The educational program and student support services offered at the Center shall be clearly identified as exclusively programs and services of El Camino, and El Camino shall have full authority over all aspects of the programs and services offered at the Center, including but not limited to, curriculum development and approval, program review, student assessment, faculty and staff qualifications and evaluation of performance, student services and institutional planning for the Center. However, El Camino and its Academic Senate shall initiate appropriate measures by which faculty employed by Compton but assigned to provide educational and support services at the Center are appropriately engaged in those activities and accorded appropriate professional standing in academic and professional matters as they relate to the Center.

6. El Camino shall have the responsibility to ensure compliance with all federal requirements to ensure that eligible students enrolled at the Center remain eligible for federal financial assistance.
7. Compton shall make appropriate District facilities available to El Camino without charge and shall name those facilities the "El Camino College Compton Center."
8. The Chief Operating Administrator of the Center shall be a Provost, who shall be responsible to, and supervised by, the Superintendent/President of El Camino in connection with the proper oversight and administration of the educational and student support services at the Center. The Provost shall be appointed with the concurrence of El Camino and Compton and shall serve at the pleasure of El Camino and Compton. While the Provost will report to the Superintendent/President of El Camino, he or she shall be an employee of Compton and Compton shall retain the discretion to assign additional duties to the Provost, including duties as the Chief Executive Officer of the Compton Community College District. In the event the Provost simultaneously serves as Compton's Chief Executive Officer, he or she shall be responsible to, and supervised by, the Special Trustee of the Compton Community College District only for those aspects of his or her assignment that relate to service as Compton's Chief Executive Officer.
9. El Camino and Compton shall agree upon a staffing plan for the Center that identifies every position, in addition to the position of Provost, which will be needed to provide educational and support services at the Center and that specifies which of the positions Compton will fund. The parties shall implement the staffing plan as follows:
 - A. To the extent the parties determine necessary and appropriate, Compton shall propose assignment of its current employees to provide services at the Center pursuant to the staffing plan. Before any individual employee is assigned to provide services at the Center, El Camino, in its sole discretion, shall have the right to review the employee's qualifications and to determine if the assignment is an appropriate one. If El Camino determines that the assignment is appropriate, the employee shall remain an employee of Compton and shall not become an employee of El Camino, but he or she will provide services at the Center under the day-to-day supervision of El Camino. If El Camino determines that the assignment is not appropriate and declines to accept the employee, he or she shall not be assigned to provide services for El Camino at the Center.

B. If new employees need to be hired by Compton pursuant to the staffing plan, Compton shall promptly undertake reasonable efforts to recruit qualified employees for those positions. Before extending an offer of employment to any individual who will provide services at the Center, Compton shall consult with El Camino to ensure that El Camino has the opportunity to review the prospective employee's qualifications and to determine if his or her assignment to provide services at the Center under El Camino's day-to-day supervision is appropriate pursuant to El Camino's authority under Section 9.A, above, to approve assignments. The process by which El Camino completes its review and confirms its assent to the selection of a prospective employee shall be specified in the search and selection procedures that Compton and El Camino shall jointly develop. Barring an urgent need to hire new employees, the parties intend to avoid all hiring until they have developed appropriate search and selection procedures. If it is deemed necessary to hire an employee before procedures are developed and adopted, Compton shall use search and selection procedures that are analogous to El Camino's existing procedures and delegate responsibility for conducting the administrative aspects of the recruitment and selection process to El Camino.

C. Every Compton employee who is assigned to provide services at the Center shall do so pursuant to Education Code Section 74293. No such employee shall be deemed to be an employee of El Camino nor shall any such employee gain any status with El Camino for any purpose.

10. El Camino shall have the primary right to direct the activities of employees assigned to provide educational and student support services at the Center consistent with Compton's role as the employer of those individuals. El Camino shall provide employee performance assessments to Compton regarding the services provided by Compton's employees and, if El Camino finds that it is necessary to do so, El Camino may reassign a Compton employee back to Compton after providing Compton with a reasonable opportunity to remedy any circumstances that El Camino believes warrants the reassignment.

11. Nothing in this agreement shall be construed to limit El Camino's ability to assign its own employees to oversee activities or to manage the educational and student support services at the Center, or to employ employees of any type or class as otherwise authorized by law as needed to provide oversight of activities or the management of educational and student support services at the Center. Any person who provides services pursuant to this paragraph shall remain an employee of El Camino and shall not be deemed to be an employee of Compton nor shall any such employee gain any status with Compton for any

purpose. If they deem it to be appropriate, El Camino and Compton may also enter into inter-jurisdictional agreements with each other to exchange employees needed for an interim period for a specific job classification.

12. Compton shall remain responsible for the salary and benefits of its employees assigned to provide educational and student support services at the Center and El Camino shall remain responsible for the salary and benefits of its employees assigned to provide educational and student support services at the Center. Neither party shall have any responsibility for the salary or benefits of the other party's employees.
13. As soon as it is achievable following the approval of this agreement, the parties shall organize meetings between appropriate representatives of their respective Academic Senates. The purpose of the meetings is to initiate a dialog between the parties regarding the academic and professional implications of establishing an educational center that is geographically separate from the El Camino campus and that serves a student population that has its own particular educational needs and expectations.
14. All of the following functions shall remain independent of the Center and shall be managed exclusively by Compton:
 - A. Bond-funded construction and other capital improvement projects associated with the facilities in Compton at which the Center is located.
 - B. Business and other administrative functions that relate exclusively to the management of the Compton Community College District and not the Center.

The parties may agree on other functions or activities that will remain under the supervision and control of Compton; provided, however, that Compton shall not assume any responsibility that requires status as an accredited institution or which, if performed by Compton, would pose a demonstrable risk to El Camino's accreditation.

15. As soon after the approval of this Memorandum of Understanding as practicable, the parties shall begin work on devising an explicit methodology by which they will attempt to resolve any disputes that arise between them regarding the interpretation and application of this agreement.
16. The term of this Memorandum of Understanding shall be from August 24, 2006, through the end of business on June 30, 2007; provided, however, that it is the intent of the parties to negotiate a comprehensive agreement regarding

the continued operation of the El Camino College Compton Center for a period of at least five years. El Camino's decision to enter into such a contract is conditional upon enactment of urgency cleanup legislation compatible with the termination/waiver provisions set out in Paragraph 17 of this MOU, and conditional upon El Camino receiving additional state funding of at least \$2,000,000 based upon operating a Center and based upon enrollment in excess of 20,000 FTES. The parties agree to begin negotiations on that comprehensive agreement immediately with the aim of completing the negotiations no later than December 31, 2006. Once approved by the Chancellor of the California Community Colleges, acting through the Special Trustee of the Compton Community College District, and the Board of Trustees of the El Camino Community College District, the comprehensive agreement between the parties will supersede this Memorandum of Understanding in its entirety.

17. Notwithstanding Paragraph 16 regarding the term of this Memorandum of Understanding, or any other provision of this agreement to the contrary, either party may initiate termination of this Memorandum of Understanding, or any subsequent agreements between the parties, by giving 90 days written notice to the other party and to the Board of Governors of the California Community Colleges. No termination pursuant to this paragraph may take effect until the end of the semester following the notice provided under this paragraph so as to protect students from a mid-term interruption of educational services. It is expressly understood, however, that in the event El Camino terminates this or any successor agreement between the parties pursuant to this paragraph, the Chancellor of California Community Colleges shall meet with the Superintendent/President of El Camino to determine if the proposed termination by El Camino relates to factors that can be resolved with the Chancellor's assistance. If that is not the case, and if El Camino declines to withdraw its notice of termination within ninety days after it was initially given to Compton and the Board of Governors, the Special Trustee shall immediately exercise the discretion delegated to him or her under Education Code Section 74292(1)(2), regarding termination of the agreement. In that event, the Special Trustee, the Chancellor and the Board of Governors of the California Community Colleges will be deemed to have waived any and all rights whatsoever that they may have to require El Camino to continue to provide services. This waiver provision is irrevocable; and is a material inducement for El Camino's agreement to execute this Memorandum of Understanding.

18. El Camino shall provide fiscal and administrative oversight for the operation of the Center and all matters related to the Center. The budget for the Center shall be jointly developed and approved by El Camino and Compton. Compton

shall provide fiscal and administrative oversight of any activities of Compton which are separate from, and unrelated to, the Center; e.g., Compton's bond program.

19. Within thirty days of the execution of this Memorandum of Understanding, Compton shall remit to El Camino the sum of \$500,000 towards the full compensation that El Camino shall be entitled to receive for administrative overhead it will incur preparing for and implementing this Memorandum of Understanding. Other reimbursable expenditures, not to exceed \$1,000,000 annually, shall be paid promptly by Compton upon submission by El Camino of appropriate invoices.
20. Compton shall save, defend, hold harmless, and indemnify El Camino in connection with any and all claims, actions or lawsuits that arise in any manner from the acts or omissions of Compton, its officers, employees or agents in the performance of this agreement or that arise in any manner from the acts or omissions of El Camino, its officers, employees or agents in the performance of this agreement. It is expressly understood that in the event of a claim, action, or lawsuit based upon an act or omission of a Compton employee assigned to provide services at the Center under this agreement, the Compton employee shall not be deemed to be an agent of El Camino unless the act or omission giving rise to the claim, action or lawsuit was one required by El Camino or taken at the explicit direction of an El Camino supervisor or manager.

IN WITNESS WHEREOF, the parties have executed this agreement on August 24, 2006.

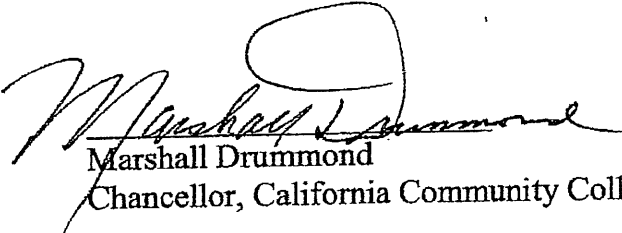
COMPTON COMMUNITY COLLEGE DISTRICT

By Thomas Henry
Thomas Henry
Special Trustee

EL CAMINO COMMUNITY COLLEGE DISTRICT

By Thomas M. Fallo
Thomas M. Fallo
Superintendent President

I have reviewed this Memorandum of Understanding and assent to its terms. I also confirm that the Special Trustee has the power to sign it and, acting in accordance with the authority I have granted him under the law, to bind the Compton Community College District to the terms set forth in the agreement.


Marshall Drummond
Chancellor, California Community Colleges

original

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET
SACRAMENTO, CA 95814-6511
(916) 445-8752
HTTP://WWW.CCCCO.EDU



October 31, 2006

TO: Board of Governors
Superintendents and Presidents
Presidents, Boards of Trustees
Consultation Council
Chief Business Officials
Chief Instructional Officers
Chief Student Services Officers
Admissions Officers and Registrars
Financial Aid Officers
Community College Attorneys
Other Interested Parties

FROM: **Steven Bruckman**
Executive Vice Chancellor and General Counsel

SUBJECT: Student Fee Handbook
Legal Opinion M 06-11

Synopsis: In 2004 the Legal Affairs Division of the Chancellor's Office published the Student Fee Handbook. We have now revised and updated the Handbook to reflect the current status of the law on student fees. The new version of the Fee Handbook is attached and is also available through a direct link on the Legal Affairs portion of the Chancellor's Office website at <http://www.cccco.edu/divisions/legal/StudentFeeHandbook>.

The 2006 Student Fee Handbook reflects changes in student fees resulting from actions of the Legislature and the Board of Governors as well as pertinent formal or informal legal opinions issued from this office through October 31, 2006.

Because this material is lengthy and complex, we have used underlining to indicate changes in the law or our interpretation of the law. Material in boldface is pre-existing information, which we believe continues to deserve particular emphasis.

Action/Date Requested: Districts should ensure that all their fees are authorized and appropriate in amount and that students are properly informed of their rights and responsibilities regarding district fees.

cc: Management

FEES FOR SERVICES

Some fees for services are explicitly authorized by statute. Other fees for services may be charged under the authority of the permissive code so long as they are not required as a condition of registration, enrollment or completion of a course, or as a condition of access to functions of the college which are funded by the state (such as financial aid). In other words, the student can be required to pay for a service where the service is truly optional and is not tied to registration, course enrollment, or completion and where the service is not otherwise funded by the state.

In deciding whether to charge for a particular service, we recommend that districts balance the need to cover their operating costs with the reality that even modest additional fees may effectively restrict access for students who are least able to pay. The State has exempted students receiving public benefits and those who demonstrate financial need from many mandatory fees, and districts may wish to consider extending this policy to optional service fees.

Even where fees are authorized, any exemptions from the payment of the fees should be clearly communicated to the students. Similarly, optional fees should be clearly identified as optional.

A reasonable student reviewing district information or going through the registration or enrollment process should be able to understand that he or she may be eligible for an exemption from a particular fee or that a particular fee is optional. The mechanism for claiming an exemption or for declining to pay an optional fee should not be unduly burdensome to students.

3.1. Health Fee: Education Code section 76355 authorizes a community college district to charge a fee not to exceed \$10 per semester, up to \$7 for summer sessions or for intersessions of at least four weeks in length, or up to \$7 per quarter for health supervision and health services. The governing board of a district may increase the health fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever the calculation produces an increase of \$1 above the existing fee, the fee may be increased by \$1.

Effective with the Summer Session of 2006, districts were authorized to raise the maximum health fees to \$15.00 per semester and \$12.00 per summer session or intersession of at least four weeks, or \$12.00 per quarter. The fee increase was based on calculations by the Department of Finance.

Generally speaking, the fee may be charged of all students, whether or not they choose to use the health services. Districts may choose to charge or exempt noncredit students at their discretion. Part-time students may be exempted or required to pay a portion of the full fee. Section 76355 provides that if a district requires a fee, "the governing board of

Chapter 3

the district shall decide the amount of the fee, if any, that a part-time student is required to pay." We believe this language indicates a legislative intent that governing boards need to specifically determine whether part-time students will be charged a health fee. Making a clear determination concerning part-time students demonstrates clear compliance with the statute and may insulate districts from potential claims from part-time students that health fees were collected from them without appropriate board approval.

Section 76355 also requires boards to adopt rules and regulations that exempt certain students from the payment of health fees. Under subsection (c), districts **must** exempt students who depend on prayer for healing, and students attending community college under an approved apprenticeship program. A 2005 amendment to section 76355 eliminated the requirement that low-income students (students eligible for a Board of Governors Enrollment Fee Waiver) be exempted from the health fee. Districts are now free to charge the health fee to low income students or to continue to exempt them if the district so chooses.⁸ Districts should ensure that they have appropriate rules and regulations that recognize both of the applicable required exemptions. Districts should also ensure that the existence of the two statutory exemptions is communicated effectively to the students so that they will be aware of potential applicable exemptions.

Questions have arisen about the authority of districts to exempt additional categories of students such as special admit students and students taking only distance education courses. Because the language of the statute is permissive, designating additional categories of students as exempt from the health fee is not prohibited under section 76355 so long as the designation of additional categories does not otherwise violate nondiscrimination laws.

On the other side of the coin, we believe that the health fee may be charged to students who take only online classes or who attend classes at sites away from where the health services center is physically located. The health fee is not designated as a "use" fee, and it appears that so long as the statutory exemptions are offered to all affected students, the fact that their classes may not be physically proximate to a student health center does not remove the fee obligation. Additionally, even though students may take online classes or be enrolled in classes that are offered at sites away from the student health center, that does not necessarily mean that such students will not travel to the health center or otherwise receive student health services.

The Chancellor's Office has been asked whether a district that has previously provided health services may terminate its health services program if it also stops charging students a health services fee. In Legal Opinion 06-06, we concluded that the maintenance of effort requirement contained in Education Code section 76355 applies to

⁸ However, districts which choose to continue exempting low-income students after the requirement to do so has been eliminated should be aware that this is likely to result in a reduction in the dollar amount recoverable from any mandate claim.

Chapter 3

any district that provided health services in the 1986-87 fiscal year, and that it applies even if the district chooses not to charge the authorized health fee. Therefore, any district that provided health services in fiscal year 1986-87 must continue to offer those services, regardless of whether it charges the health fee.

Regulations that address accounting procedures for, and proper uses of, health fee funds appear in title 5, beginning with section 54700.

3.2. Parking Fee: Section 76360(a) authorizes districts to require students and employees to pay a fee of up to \$40 per semester (\$20 per intersession) for parking services.⁹ "Parking services" means "the purchase, construction, and operation and maintenance of parking facilities." (Ed. Code, § 76360(g).) For students who are ridesharing or carpooling, as defined, section 76360 reduces the maximum fee to \$30 per semester and \$10 per intersession. Districts may charge a discounted parking fee to students who voluntarily purchase an Associated Student Body card, provided that students who do not choose to purchase the Associated Student Body card are not charged more than the statutory maximum specified in Education Code section 76360.

Districts may charge parking fees above these limits under specific circumstances as follows:

"(b) The governing board may require payment of a parking fee at a campus in excess of the limits set forth in subdivision (a) for the purpose of funding the construction of on-campus parking facilities if both of the following conditions exist at the campus:

- (1) The full-time equivalent (FTES) per parking space on the campus exceeds the statewide average FTES per parking space on community college campuses.
- (2) The market price per square foot of land adjacent to the campus exceeds the statewide average market price per square foot of land adjacent to community college campuses.

If the governing board requires payment of a parking fee in excess of the limits set forth in subdivision (a), the fee may not exceed the actual cost of constructing a parking structure."

Under section 76360, low income students are exempt from parking fees over \$20 per semester. Low income students are described in section 76300(g) as those who demonstrate financial need under federal standards or income standards established by the Board of Governors and students receiving benefits under the Temporary Assistance to Needy Families Program (formerly Aid to Families With Dependent Children), the

⁹ Title 5, section 54100 provides that districts may charge the regular parking fee to disabled students, but no additional fee may be imposed on students with disabilities for use of designated disabled parking.

Withdrawal from Class

Official withdrawal from class must be processed through the online system in the Admissions and Records Office. Failure to complete this process may result in the assignment of a letter grade of A through F.

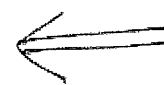
Dropping a Class

It is the responsibility of the student to officially drop a class by the deadline date.

FEES AT A GLANCE

(All fees are subject to change.)

Enrollment Fee	.....	\$20 per unit
Parking Fee - Car	.....	\$12 for each semester
Health Fee	.....	\$14 for each semester (optional for Compton Center students)
Out-of-state Fee	.....	\$173 per unit plus the enrollment fee
Out-of-country Fee	.....	\$192 per unit plus the enrollment fee
F-1 Visa Student Health Insurance	.....	\$396 per semester (subject to change)
Auditing	.....	\$15 per unit
Credit by Examination	.....	\$20 per unit
Transcripts	.....	First two free; \$2 for each thereafter. \$5 for emergency
College Catalog	.....	\$5 in Bookstore; \$7 by U.S. Mail
ASB Activity/Discount Sticker	.....	\$10 per semester
Student Representation Fee	.....	\$500 per semester (required)



Fees: You are liable for all fees unless you drop the class by the refund deadline date. Fees are due within 7 days of phone or Web registration.

Fees are due at time of registration.

Bursar's Office (C-36) Hours: Monday, Tuesday, Thursday, 8:30 a.m.-4:00 p.m.
Wednesday, 8:30 a.m. to 6:30 p.m.
Friday, 8:30am-1:00pm

First Two Weeks of the Semester Hours: Monday-Thursday, 8:30 a.m.-6:30 p.m.
Friday, 8:30 a.m. to 4:30 p.m.

All fees are subject to change.

*⁸ SOURCE: *STUDENT HAND BOOK AND PLANNER*
EL CAMINO - COMPTON COMMUNITY EDUCATIONAL CENTER
2007 - 2008

Fiscal Year

2003 - 2004

SixTen and Associates

Mandate Reimbursement Services

Claim File Copy

KEITH B. PETERSEN, MPA, JD, President
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone: (858) 514-8605
Fax: (858) 514-8645
E-Mail: Kbpsixten@aol.com

January 7, 2005

CERTIFIED MAIL # 7003 1010 0003 2876 7449

Ms. Virginia Brummels, Section Manager
Local Reimbursement Section
Division of Accounting and Reporting
Office of the State Controller
P.O. Box 942850
Sacramento, CA 94250

RE: Annual Reimbursement Claim
El Camino Community College District CC19140

Dear Ms. Brummels:

Enclosed please find the original claim and extra copy of the FAM-27 for El Camino Community College District's reimbursement claim listed below:

1/84

Health Fee Elimination

2003-2004

If you have any questions regarding this claim, please contact me at (858) 514-8605.

Sincerely,



Keith B. Petersen

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use only	Program 234
	(19) Program Number 00234	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

L A B E L H E R E	(01) Claimant Identification Number: CC19140	Reimbursement Claim Data	
	(02) Claimant Name: El Camino Community College District	(22) HFE-1.0, (04)(b)	216,844
	County of Location: Los Angeles	(23)	
	Street Address: 16007 Crenshaw Boulevard	(24)	
	City: Torrance	(25)	
	State: CA		
	Zip Code: 90506-0002		

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06) 2004-2005	(12) 2003-2004	(30)
Total Claimed Amount	(07) \$ 238,000	(13) \$ 216,844	(31)
Less : 10% Late Penalty		(14) \$ -	(32)
Less : Prior Claim Payment Received		(15) \$ -	(33)
Net Claimed Amount		(16) \$ 216,844	(34)
Due from State	(08) \$ 238,000	(17) \$ 216,844	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK) Date

Pamela Fees 12-21-04

Pamela Fees Business Manager

 Type or Print Name Title

(38) Name of Contact Person for Claim Telephone Number: (858) 514-8605

SixTen and Associates E-mail Address: kbpsixten@aol.com

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
--	-------------------------

(01) Claimant: El Camino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2003-2004
--	--	------------------------------

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. El Camino College	\$216,843.92
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(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 216,844
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PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant: <p style="text-align:center;">El Camino Community College District</p>	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2003-2004
--	--	--------------------------

(03) Name of College:

El Camino College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 30.97%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 463,177	\$ 143,446	\$ 606,623
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 463,177	\$ 143,446	\$ 606,623

(08) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code \$76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code \$76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per Fall Semester	3,566	14,952	\$ 10.00	\$ 35,660	\$ 10.00	\$ 149,520	\$ 185,180
2. Per Spring Semester	4,021	14,026	\$ 10.00	\$ 40,210	\$ 10.00	\$ 140,260	\$ 180,470
3. Per Summer Session				\$ -		\$ -	\$ -
4. Per First Quarter				\$ -		\$ -	\$ -
5. Per Second Quarter				\$ -		\$ -	\$ -
6. Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 365,650
(10) Subtotal	[Line (07) - line (09)]	\$ 240,973

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ 24,129.00
(13) Total Amount Claimed	\$ 216,844

[Line (10) - {(line (11) + line (12))}]

Program 029	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2	
(01) Claimant El Camino Community College District	(02) Fiscal Year costs were incurred: 2003-2004		
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim	
Accident Reports	X	X	
Appointments			
College Physician, surgeon	X	X	
Dermatology, Family practice	X	X	
Internal Medicine	X	X	
Outside Physician	X	X	
Dental Services			
Outside Labs, (X-ray, etc.)	X	X	
Psychologist, full services	X	X	
Cancel/Change Appointments	X	X	
Registered Nurse	X	X	
Check Appointments	X	X	
Assessment, Intervention and Counseling			
Birth Control	X	X	
Lab Reports	X	X	
Nutrition	X	X	
Test Results, office	X	X	
Venereal Disease	X	X	
Communicable Disease	X	X	
Upper Respiratory Infection	X	X	
Eyes, Nose and Throat	X	X	
Eye/Vision	X	X	
Dermatology/Allergy	X	X	
Gynecology/Pregnancy Service	X	X	
Neuralgic	X	X	
Orthopedic	X	X	
Genito/Urinary	X	X	
Dental	X	X	
Gastro-Intestinal	X	X	
Stress Counseling	X	X	
Crisis Intervention	X	X	
Child Abuse Reporting and Counseling	X	X	
Substance Abuse Identification and Counseling	X	X	
Eating Disorders	X	X	
Weight Control	X	X	
Personal Hygiene	X	X	
Burnout	X	X	
Other Medical Problems, list			
Examinations, minor illnesses			
Recheck Minor Injury	X	X	
Health Talks or Fairs, Information			
Sexually Transmitted Disease	X	X	
Drugs	X	X	
Acquired Immune Deficiency Syndrome	X	X	
Child Abuse	X	X	

Program 029	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
------------------------------	--	-----------------------------

(01) Claimant El Camino Community College District	(02) Fiscal Year costs were incurred: 2003-2004
---	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
--	----------------------	-----------------------

Birth Control/Family Planning	X	X
Stop Smoking	X	X
Library, Videos and Cassettes	X	X
First Aid, Major Emergencies	X	X
First Aid, Minor Emergencies	X	X
First Aid Kits, Filled	X	X
Immunizations		
Diphtheria/Tetanus	X	X
Measles/Rubella	X	X
Influenza	X	X
Information	X	X
Insurance		
On Campus Accident		
Voluntary		
Insurance Inquiry/Claim Administration		
Laboratory Tests Done	X	X
Inquiry/Interpretation	X	X
Pap Smears	X	X
Physical Examinations		
Employees		
Students	X	X
Athletes	X	X
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X
Ear Drops	X	X
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps	X	X
Other, list-->	X	X
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry		
Elevator Passes		
Temporary Handicapped Parking Permits		

Fiscal Year

2004 - 2005

Sixten and Associates Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
E-Mail: Kbpsixten@aol.com

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645

Sacramento
3841 North Freeway Blvd., Suite 170
Sacramento, CA 95834
Telephone: (916) 565-6104
Fax: (916) 564-6103

Claim File Copy

January 9, 2007

CERTIFIED MAIL # 7003 3110 0000 2900 4891

Ms. Virginia Brummels, Section Manager
Local Reimbursement Section
Division of Accounting and Reporting
Office of the State Controller
P.O. Box 942850
Sacramento, CA 94250

RE: Annual Reimbursement Claims
El Camino Community College District CC19140

Dear Ms. Brummels:

Enclosed please find the original claims and extra copies of the FAM-27 for El Camino Community College District's reimbursement claims listed below:

465/76	Peace Officers Procedural Bill of Rights	2005-2006
1/84	Health Fee Elimination	2004-2005
1/84	Health Fee Elimination	2005-2006

If you have any questions regarding these claims, please contact me at (858) 514-8605.

Sincerely,



Keith B. Petersen, President

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use only	Program 234
	(19) Program Number 00234	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

(01) Claimant Identification Number: CC 19140	Reimbursement Claim Data	
(02) Claimant Name: El Camino Community College District	(22) HFE-1.0, (04)(b)	307,966
County of Location: Los Angeles	(23)	
Street Address: 16007 Crenshaw Blvd.	(24)	
City: Torrance State: CA Zip Code: 90506-0002	(25)	

Type of Claim	Estimated Claim	Reimbursement Claim			
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)		
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)		
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)		
			(29)		
Fiscal Year of Cost	(06)	(12) 2004-2005	(30)		
Total Claimed Amount	(07)	(13) \$ 307,966	(31)		
Less : 10% Late Penalty, not to exceed \$1,000		(14) \$ 1,000	(32)		
Less : Prior Claim Payment Received		(15) \$ -	(33)		
Net Claimed Amount		(16) \$ 306,966	(34)		
Due from State	(08)	(17) \$ 306,966	(35)		
Due to State		(18)	(36)		

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK)

Janice Ely

Date

1-2-2007

Janice Ely

Director of Accounting

Type or Print Name

Title

(38) Name of Contact Person for Claim

SixTen and Associates

Telephone Number: (858) 514-8605

E-mail Address: kbpsixten@aol.com

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
--	-------------------------

(01) Claimant: El Camino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2004-2005
--	--	------------------------------

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. El Camino College	\$307,966.45
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(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 307,966
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PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
--	--	-------------------------------

(01) Claimant: El Camino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2004-2005
--	--	--------------------------

(03) Name of College: El Camino College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 35.22%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 471,296	\$ 165,990	\$ 637,286
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 471,296	\$ 165,990	\$ 637,286

(08) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per Fall Semester				\$ -		\$ -	\$ -
2. Per Spring Semester				\$ -		\$ -	\$ -
3. Per Summer Session				\$ -		\$ -	\$ -
4. Per First Quarter				\$ -		\$ -	\$ -
5. Per Second Quarter				\$ -		\$ -	\$ -
6. Per Third Quarter				\$ -		\$ -	\$ -

(9) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 301,410
(0) Subtotal	[Line (07) - line (09)]	\$ 335,876

Cost Reduction

1) Less: Offsetting Savings, if applicable	\$ 24,568.00
2) Less: Other Reimbursements, if applicable	\$ 3,342.00
3) Total Amount Claimed	\$ 307,966

[Line (10) - {line (11) + line (12)}]

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2	
(01) Claimant El Camino Community College District	(02) Fiscal Year costs were incurred: 2004-2005		
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim	
Accident Reports	X	X	
Appointments			
College Physician, surgeon	X	X	
Dermatology, Family practice	X	X	
Internal Medicine	X	X	
Outside Physician	X	X	
Dental Services			
Outside Labs, (X-ray, etc.,)	X	X	
Psychologist, full services	X	X	
Cancel/Change Appointments	X	X	
Registered Nurse	X	X	
Check Appointments	X	X	
Assessment, Intervention and Counseling			
Birth Control	X	X	
Lab Reports	X	X	
Nutrition	X	X	
Test Results, office	X	X	
Venereal Disease	X	X	
Communicable Disease	X	X	
Upper Respiratory Infection	X	X	
Eyes, Nose and Throat	X	X	
Eye/Vision	X	X	
Dermatology/Allergy	X	X	
Gynecology/Pregnancy Service	X	X	
Neuralgic	X	X	
Orthopedic	X	X	
Genito/Urinary	X	X	
Dental	X	X	
Gastro-Intestinal	X	X	
Stress Counseling	X	X	
Crisis Intervention	X	X	
Child Abuse Reporting and Counseling	X	X	
Substance Abuse Identification and Counseling	X	X	
Acquired Immune Deficiency Syndrome	X	X	
Eating Disorders	X	X	
Weight Control	X	X	
Personal Hygiene	X	X	
Burnout	X	X	
Other Medical Problems, list	X	X	
Examinations, minor illnesses			
Recheck Minor Injury	X	X	
Health Talks or Fairs, Information			
Sexually Transmitted Disease	X	X	
Drugs	X	X	
Acquired Immune Deficiency Syndrome	X	X	
Child Abuse	X	X	

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
------------------------	--	-----------------------

(01) Claimant El Camino Community College District	(02) Fiscal Year costs were incurred: 2004-2005
---	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning	X	X
Stop Smoking	X	X
Library, Videos and Cassettes	X	X
First Aid, Major Emergencies	X	X
First Aid, Minor Emergencies	X	X
First Aid Kits, Filled	X	X
Immunizations		
Diphtheria/Tetanus	X	X
Measles/Rubella	X	X
Influenza	X	X
Information	X	X
Insurance		
On Campus Accident		
Voluntary		
Insurance Inquiry/Claim Administration		
Laboratory Tests Done		
Inquiry/Interpretation	X	X
Pap Smears	X	X
Physical Examinations		
Employees		
Students	X	X
Athletes	X	X
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X
Ear Drops	X	X
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps	X	X
Other, list-->	X	X
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry		
Elevator Passes		
Temporary Handicapped Parking Permits		

Fiscal Year

2005 - 2006

Sixten and Associates Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
E-Mail: Kbpsixten@aol.com

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645

Sacramento
3841 North Freeway Blvd., Suite 170
Sacramento, CA 95834
Telephone: (916) 565-6104
Fax: (916) 564-6103

Claim File Copy

January 9, 2007

CERTIFIED MAIL # 7003 3110 0000 2900 4891

Ms. Virginia Brummels, Section Manager
Local Reimbursement Section
Division of Accounting and Reporting
Office of the State Controller
P.O. Box 942850
Sacramento, CA 94250

RE: Annual Reimbursement Claims
El Camino Community College District CC19140

Dear Ms. Brummels:

Enclosed please find the original claims and extra copies of the FAM-27 for El Camino Community College District's reimbursement claims listed below:

465/76	Peace Officers Procedural Bill of Rights	2005-2006
1/84	Health Fee Elimination	2004-2005
1/84	Health Fee Elimination	2005-2006

If you have any questions regarding these claims, please contact me at (858) 514-8605.

Sincerely,



Keith B. Petersen, President

State Controller's Office

CLAIM FOR PAYMENT
 Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

For State Controller Use Only
 (19) Program Number 00234
 (20) Date Filed / /
 (21) LRS Input / /

Program
234

(01) Claimant Identification Number: CC 19140
 (02) Claimant Name: El Camino Community College District
 County of Location: Los Angeles
 Street Address: 16007 Crenshaw Blvd.
 City: Torrance State: CA Zip Code: 90506-0002

Reimbursement Claim Data

(22) HFE-1.0, (04)(b) 252,878
 (23)
 (24)
 (25)
 (26)
 (27)
 (28)
 (29)
 (30)
 (31)
 (32)
 (33)
 (34)
 (35)
 (36)

Type of Claim	Estimated Claim	Reimbursement Claim
(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	
Fiscal Year of Cost (06) 2006-2007	(12) 2005-2006	
Total Claimed Amount (07) \$ 278,000	(13) \$ 252,878	
Less: 10% Late Penalty, not to exceed \$1,000	(14) \$ -	
Less: Prior Claim Payment Received	(15) \$ -	
Net Claimed Amount	(16) \$ 252,878	
Due from State (08) \$ 278,000	(17) \$ 252,878	
Due to State	(18)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK)

Janice Ely

Janice Ely
 Type or Print Name

Date

1-2-2007

Director of Accounting
 Title

(38) Name of Contact Person for Claim

SixTen and Associates

Telephone Number: (858) 514-8605

E-mail Address: kbpsixten@aol.com

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
--	-------------------------

(01) Claimant: El Camino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2005-2006
--	--	------------------------------

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. El Camino College	\$252,877.94
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3.	
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(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)] \$ 252,878

PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
------------------------------	--	-------------------------------

1) Claimant: Camino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2005-2006
---	--	--------------------------

3) Name of College: El Camino College

4) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is owed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 35.02%	Total
Cost of Health Services for the Fiscal year of Claim	\$ 514,720	\$ 180,255	\$ 694,975
Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 514,720	\$ 180,255	\$ 694,975

Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code \$76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code \$76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Per Fall Semester				\$ -		\$ -	\$ -
Per Spring Semester				\$ -		\$ -	\$ -
Per Summer Session				\$ -		\$ -	\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 417,078
Subtotal	[Line (07) - line (09)]	\$ 277,897

Cost Reduction

Less: Offsetting Savings, if applicable	\$ 21,998.00
Less: Other Reimbursements, if applicable	\$ 3,021.00
Total Amount Claimed	\$ 252,878

[Line (10) - {line (11) + line (12)}]

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
------------------------------	--	-----------------------------

(01) Claimant El Camino Community College District	(02) Fiscal Year costs were incurred: 2005-2006
---	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments	X	X
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services	X	X
Outside Labs, (X-ray, etc.)	X	X
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling	X	X
Birth Control	X	X
Lab Reports	X	X
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service	X	X
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Acquired Immune Deficiency Syndrome	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list	X	X
Examinations, minor illnesses	X	X
Recheck Minor Injury	X	X
Health Talks or Fairs, Information	X	X
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse	X	X

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
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(01) Claimant El Camino Community College District	(02) Fiscal Year costs were incurred: 2005-2006
---	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning	X	X
Stop Smoking	X	X
Library, Videos and Cassettes	X	X
First Aid, Major Emergencies	X	X
First Aid, Minor Emergencies	X	X
First Aid Kits, Filled	X	X
Immunizations		
Diphtheria/Tetanus	X	X
Measles/Rubella	X	X
Influenza	X	X
Information	X	X
Insurance		
On Campus Accident		
Voluntary		
Insurance Inquiry/Claim Administration		
Laboratory Tests Done	X	X
Inquiry/Interpretation	X	X
Pap Smears	X	X
Physical Examinations		
Employees	X	X
Students	X	X
Athletes		
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X
Ear Drops	X	X
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps	X	X
Other, list-->		
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry		
Elevator Passes		
Temporary Handicapped Parking Permits		

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
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(01) Claimant El Camino Community College District	(02) Fiscal Year costs were incurred: 2005-2006
---	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies	X	X
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG		
Strep A Testing	X	X
PG Testing	X	X
Monospot	X	X
Hemacult		
Others, list		
Miscellaneous		
Absence Excuses/PE Waiver	X	X
Allergy Injections	X	X
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change	X	X
Rest	X	X
Suture Removal	X	X
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal	X	X
Others, list		
Committees		
Safety	X	X
Environmental	X	X
Disaster Planning	X	X

Fiscal Year

2006 - 2007

SixTen and Associates Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
E-Mail: Kbpsixten@aol.com

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645

Sacramento
3841 North Freeway Blvd., Suite 170
Sacramento, CA 95834
Telephone: (916) 565-6104
Fax: (916) 564-6103

Claim File Copy

February 13, 2008

CERTIFIED MAIL # 7006 3450 0000 3941 8741

Ms. Virginia Brummels, Section Manager
Local Reimbursement Section
Division of Accounting and Reporting
Office of the State Controller
P.O. Box 942850
Sacramento, CA 94250

RE: Annual Reimbursement Claim
El Camino Community College District CC19140

Dear Ms. Brummels:

Enclosed please find the original claim and an extra copy of the FAM-27 for El Camino Community College District's reimbursement claim listed below:

1/84

Health Fee Elimination

2006-2007

If you have any questions regarding this claim, please contact me at (858) 514-8605.

Sincerely,



for Keith B. Petersen, President

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use only (19) Program Number 00234 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program 234
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L A B E L H E R E	(01) Claimant Identification Number: CC 19140	Reimbursement Claim Data	
	(02) Claimant Name: El Camino Community College District	(22) HFE-1.0, (04)(b)	108,137
	County of Location: Los Angeles	(23)	
	Street Address: 16007 Crenshaw Blvd.	(24)	
	City: Torrance State: CA Zip Code: 90506-0002	(25)	
		(26)	

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06) 2007-2008	(12) 2006-2007	(30)
Total Claimed Amount	(07) \$ 118,000	(13) \$ 108,137	(31)
Less: 10% Late Penalty, not to exceed \$1,000		(14) \$.	(32)
Less: Prior Claim Payment Received		(15) \$ 161,112	(33)
Net Claimed Amount		(16) \$ (52,975)	(34)
Due from State	(08) \$ 118,000	(17)	(35)
Due to State		(18) \$ 52,975	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK)

Date



2/11/2008

Janice Ely

Director of Accounting

Type or Print Name

Title

(38) Name of Contact Person for Claim

Telephone Number: (858) 514-8605

SixTen and Associates

E-mail Address: kbpsixten@aol.com

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
--	-------------------------

(01) Claimant: El Camino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Fiscal Year Estimated <input type="checkbox"/> 2006-2007
--	--

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. El Camino College	\$ 108,137.08
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	

(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 108,137
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PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant: El Camino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> <input type="checkbox"/> Estimated <input type="checkbox"/> <input type="checkbox"/>	Fiscal Year 2006-2007
--	--	--------------------------

(03) Name of College: El Camino College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 32.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 536,569	\$ 171,702	\$ 708,271
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 536,569	\$ 171,702	\$ 708,271

(08) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per Fall Semester				\$ -		\$ -	\$ -
2. Per Spring Semester				\$ -		\$ -	\$ -
3. Per Summer Session				\$ -		\$ -	\$ -
4. Per First Quarter				\$ -		\$ -	\$ -
5. Per Second Quarter				\$ -		\$ -	\$ -
6. Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 580,536
(10) Subtotal	[Line (07) - line (09)]	\$ 127,735

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ 19,598.00
(12) Less: Other Reimbursements, if applicable	
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]
	\$ 108,137

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2	
(01) Claimant El Camino Community College District	(02) Fiscal Year costs were incurred: 2006-2007		
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim	
Accident Reports	X	X	
Appointments	X	X	
College Physician, surgeon	X	X	
Dermatology, Family practice	X	X	
Internal Medicine	X	X	
Outside Physician	X	X	
Dental Services			
Outside Labs, (X-ray, etc.,)	X	X	
Psychologist, full services	X	X	
Cancel/Change Appointments	X	X	
Registered Nurse	X	X	
Check Appointments	X	X	
Assessment, Intervention and Counseling			
Birth Control	X	X	
Lab Reports	X	X	
Nutrition	X	X	
Test Results, office	X	X	
Venereal Disease	X	X	
Communicable Disease	X	X	
Upper Respiratory Infection	X	X	
Eyes, Nose and Throat	X	X	
Eye/Vision	X	X	
Dermatology/Allergy	X	X	
Gynecology/Pregnancy Service	X	X	
Neuralgic	X	X	
Orthopedic	X	X	
Genito/Urinary	X	X	
Dental	X	X	
Gastro-Intestinal	X	X	
Stress Counseling	X	X	
Crisis Intervention	X	X	
Child Abuse Reporting and Counseling	X	X	
Substance Abuse Identification and Counseling	X	X	
Acquired Immune Deficiency Syndrome	X	X	
Eating Disorders	X	X	
Weight Control	X	X	
Personal Hygiene	X	X	
Burnout	X	X	
Other Medical Problems, list	X	X	
Examinations, minor illnesses			
Recheck Minor Injury	X	X	
Health Talks or Fairs, Information			
Sexually Transmitted Disease	X	X	
Drugs	X	X	
Acquired Immune Deficiency Syndrome	X	X	
Child Abuse	X	X	

Program
234

MANDATED COSTS
1/84 HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL

FORM
HFE-2

(01) Claimant
El Camino Community College District

(02) Fiscal Year costs were incurred:
2006-2007

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning	X	X
Stop Smoking	X	X
Library, Videos and Cassettes	X	X
First Aid, Major Emergencies	X	X
First Aid, Minor Emergencies	X	X
First Aid Kits, Filled	X	X
Immunizations		
Diphtheria/Tetanus	X	X
Measles/Rubella	X	X
Influenza	X	X
Information	X	X
Insurance		
On Campus Accident		
Voluntary		
Insurance Inquiry/Claim Administration		
Laboratory Tests Done	X	X
Inquiry/Interpretation	X	X
Pap Smears	X	X
Physical Examinations		
Employees		
Students	X	X
Athletes	X	X
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X
Ear Drops	X	X
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps	X	X
Other, list--->		
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry		
Elevator Passes		
Temporary Handicapped Parking Permits		

Program

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MANDATED COSTS
1/84 HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL

FORM
HFE-2

(01) Claimant
 El Camino Community College District

(02) Fiscal Year costs were incurred:

2006-2007

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
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Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies	X	X
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG		
Strep A Testing	X	X
PG Testing	X	X
Monospot	X	X
Hemacult	X	X
Others, list		
Miscellaneous		
Absence Excuses/PE Waiver	X	X
Allergy Injections	X	X
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change	X	X
Rest	X	X
Suture Removal	X	X
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal	X	X
Others, list		
Committees		
Safety	X	X
Environmental	X	X
Disaster Planning	X	X