



JOHN CHIANG
California State Controller

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COMMISSION ON
STATE MANDATES

December 17, 2008

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

Keith B. Petersen
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Re: **Incorrect Reduction Claim**

Health Fee Elimination, 05-4206-I-12

Santa Monica Community College District, Claimant

Education Code Section 76355

Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118

Fiscal Years 2001-02 and 2002-03

Dear Ms. Higashi and Mr. Petersen:

This letter is in response to the above-entitled Incorrect Reduction Claim. The subject claims were reduced primarily because the Claimant claimed excessive indirect costs, based upon an invalid ICRP, and understated authorized health service fees. The reductions were appropriate and in accordance with law.

The Controller's Office is empowered to audit claims for mandated costs and to reduce those that are "excessive or unreasonable."¹ This power has been affirmed in recent cases, such as the Incorrect Reductions Claims (IRCs) for the *Graduation Requirements* mandate.² If the claimant disputes the adjustments made by the Controller pursuant to that power, the burden is upon them to demonstrate that they are entitled to the full amount of the claim. This principle likewise has been upheld in the *Graduation Requirements* line of IRCs.³ See also Evidence Code section 500.⁴ In this case, the audit

¹ See Government Code section 17561, subdivisions (d)(1)(C) and (d)(2), and section 17564.

² See for example, the Statement of Decision in the Incorrect Reduction Claim of San Diego Unified School District [No. CSM 4435-I-01 and 4435-I-37], adopted September 28, 2000, at page 9.

³ See for example, the Statement of Decision in the Incorrect Reduction Claim of San Diego Unified School District [No. CSM 4435-I-01 and 4435-I-37], adopted September 28, 2000, at page 16.

⁴ "Except as otherwise provided by law, a party has the burden of proof as to each fact the existence or nonexistence of which is essential to the claim for relief or defense that he is asserting."

December 17, 2008

Page 2

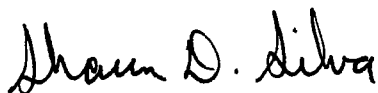
determined that the claimant was claiming indirect costs based on an unapproved ICRP, as required by the Parameters and Guidelines. Therefore, these claimed costs are unsupported and thus, disallowed.

In its claim, the Claimant utilizes an unapproved indirect cost rate proposal. The Parameters and Guidelines provide for the use of an ICRP determined using the OMB Circular A-21 method, or the SCO's FAM-29C. Since the Claimant did not have a current approved ICRP (via the OMB Circular A-21 method), the auditors utilized the FAM-29C and determined that the allowable rate was much less than claimed. The claim was thus reduced to reflect the allowable rate.

In addition, the audit determined that the Claimant understated authorized health services fees, confusing collected with authorized. The Parameters and Guidelines provide that offsetting savings shall include the amount authorized for student fees. The relevant amount is not the amount charged, nor the amount collected, rather, it is the amount authorized. This is consistent with mandates law in general, and specific case law on point.⁵ Therefore, these claimed costs are unsupported and thus, disallowed.

Enclosed please find a complete detailed analysis from our Division of Audits, exhibits, and supporting documentation with declaration.

Sincerely,



SHAWN D. SILVA
Staff Counsel

SDS/ac

Enclosure

cc: Robert Miyashiro, Education Mandated Cost Network
Ginny Brummels, Div. of Acctg. & Rptg., State Controller's Office (w/o encl.)
Jim Spano, Division of Audits, State Controller's Office (w/o encl.)

⁵ See *Connell v. Santa Margarita Water District* (1997) 59 Cal.App.4th 382, 400-03.

1 **PROOF OF SERVICE**

2 I am employed in the County of Sacramento, State of California. At the time of service, I was at least 18
3 years of age, a United States citizen employed in the county where the mailing occurred, and not a party to the
4 within action. My business address is 300 Capitol Mall, Suite 1850, Sacramento, CA 95814.

4 On December 17, 2008, I served the foregoing document entitled:

5 **SCO'S RESPONSE TO THE INCORRECT REDUCTION CLAIM FOR**
6 **SANTA MONICA COMMUNITY COLLEGE DISTRICT, CSM 05-4206-I-12**

7 on all interested parties in this action by placing a true and correct copy thereof enclosed in a sealed envelope,
8 addressed as follows:

8 Paula Higashi (*original*)
9 Executive Director
10 Commission on State Mandates
11 980 Ninth Street, Suite 300
12 Sacramento, CA 95814

Robert Miyashiro, Consultant
Education Mandated Cost Network
c/o School Services of California
1121 L Street, Suite 1060
Sacramento, CA 95814

11 Keith B. Petersen, President
12 SixTen and Associates
13 5252 Balboa Avenue, Suite 807
14 San Diego, CA 92117

13 **BY MAIL**

14 I placed the envelope for collection and processing for mailing following this business's ordinary practice with
15 which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited
16 in the ordinary course of business with the United States Postal Service.

16 **BY PERSONAL SERVICE**

17 I caused to be delivered by hand to the above-listed addressees.

18 **BY OVERNIGHT MAIL/COURIER**


19 To expedite the delivery of the above-named document, said document was sent via overnight courier for next day
20 delivery to the above-listed party.

21 **BY FACSIMILE TRANSMISSION**

22 In addition to the manner of service indicated above, a copy was sent by facsimile transmission to the above-listed
23 party.

24 I declare that I am employed in the office of a member of the bar of this court at whose direction the
25 service was made. I declare under penalty of perjury under the laws of California that the foregoing is true and
correct.

Executed on December 17, 2008, at Sacramento, California.


Amber A. Camarena

**RESPONSE BY THE STATE CONTROLLER'S OFFICE
TO THE INCORRECT REDUCTION CLAIM BY
SANTA MONICA COMMUNITY COLLEGE DISTRICT
Health Fee Elimination Program**

Table of Contents

<u>Description</u>	<u>Page</u>
SCO Response to District's Comments	
Declaration.....	Tab 1
State Controller's Office (SCO) Analysis and Response.....	Tab 2
Excerpt from SCO Claiming Instructions, Section 5B, Indirect Costs (September 2002).....	Tab 3
Health Fee Elimination Claiming Instructions (updated September 1997).....	Tab 4
Excerpt from the Office of Management and Budget Circular A-21—Attachment (Simplified Method for Small Institutions).....	Tab 5
Commission on State Mandates Staff Analysis, Proposed Parameters and Guidelines (May 1989).....	Tab 6
Commission on State Mandates Meeting Minutes (May 1989).....	Tab 7
California Community Colleges Chancellor's Office Letter on Student Fees (March 5, 2001).....	Tab 8
Excerpt of Documentation Supporting District-Provided Records	Tab 9
Attachment – District's Comments	
Incorrect Reduction Claim (July 3, 2006)	
SCO Letter (July 15, 2004).....	Exhibit A
Parameters and Guidelines (amended May 25, 1989)	Exhibit B
SCO Claiming Instructions (updated September 1997).....	Exhibit C
SCO Revised Audit Report (April 19, 2006)	Exhibit D
District's Response to SCO Draft Audit Report (January 4, 2006).....	Exhibit E
District's Letter (March 5, 2001).....	Exhibit F
District's Reimbursement Claims—FY 2001-02 and FY 2002-03	Exhibit G

Tab 1

1 **OFFICE OF THE STATE CONTROLLER**
2 300 Capitol Mall, Suite 1850
3 Sacramento, CA 94250
4 Telephone No.: (916) 445-6854

5 **BEFORE THE**
6 **COMMISSION ON STATE MANDATES**
7 **STATE OF CALIFORNIA**

8
9
10 **INCORRECT REDUCTION CLAIM ON:**

11 *Health Fee Elimination Program*

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

14 **SANTA MONICA COMMUNITY COLLEGE**
15 **DISTRICT, Claimant**

No.: CSM 05-4206-I-12

AFFIDAVIT OF BUREAU CHIEF

16 I, Jim L. Spano, make the following declarations:

- 17 1) I am an employee of the State Controller's Office (SCO) and am over the age of 18
18 years.
- 19 2) I am currently employed as a bureau chief, and have been so since April 21, 2000.
20 Before that, I was employed as an audit manager for two years and three months.
- 21 3) I am a California Certified Public Accountant.
- 22 4) I reviewed the work performed by the SCO auditor.
- 23 5) Any attached copies of records are true copies of records, as provided by the Santa
24 Monica Community College District or retained at our place of business.
- 25 6) The records include claims for reimbursement, along with any attached supporting
documentation, explanatory letters, or other documents relating to the above-entitled
Incorrect Reduction Claim.

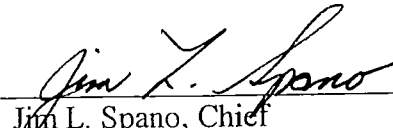
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7) A field audit of the claims for fiscal year (FY) 2001-02 and FY 2002-03 commenced on July 14, 2005, and ended on September 22, 2005.

I do declare that the above declarations are made under penalty of perjury and are true and correct to the best of my knowledge, and that such knowledge is based on personal observation, information, or belief.

Date: October 9, 2007

OFFICE OF THE STATE CONTROLLER

By: 
Jim L. Spano, Chief
Mandate Cost Audits Bureau
Division of Audits
State Controller's Office

Tab 2

**STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE
TO THE INCORRECT REDUCTION CLAIM BY
SANTA MONICA COMMUNITY COLLEGE DISTRICT
For Fiscal Year (FY) 2001-02, and FY 2002-03**

**Health Fee Elimination Program
Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987**

SUMMARY

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim that the Santa Monica Community College District submitted on June 16, 2006. The SCO audited the district's claims for costs of the legislatively mandated Health Fee Elimination Program for the period of July 1, 2001, through June 30, 2003. The SCO issued its final report on March 17, 2006 (**Exhibit D**).

The district submitted reimbursement claims totaling \$364,407 as follows.

- FY 2001-02—\$198,795 (**Exhibit G**)
- FY 2002-03—\$165,612 (**Exhibit G**)

The SCO audit disclosed that the entire amount is unallowable. The unallowable costs occurred primarily because the district overstated indirect costs and understated health fees. The State paid the district \$31,295. The amount paid exceeded allowable costs by \$31,295. The following table summarizes the audit results.

<u>Cost Element</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2001, through June 2002</u>			
Health services costs:			
Salaries and benefits	\$ 443,354	\$ 443,354	\$ —
Services and supplies	67,963	67,963	—
Indirect costs	166,485	95,872	(70,613)
Total health expenditures	677,802	607,189	(70,613)
Less authorized health fees	(479,007)	(750,759)	(271,752)
Adjustment to eliminate negative balance	-	143,570	143,570
Total program costs	<u>\$ 198,795</u>	—	<u>\$ (198,795)</u>
Less amount paid by State		(31,295) ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (31,295)</u>	

<u>Cost Element</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2002, through June 2003</u>			
Health services costs:			
Salaries and benefits	\$ 483,656	\$ 483,656	\$ —
Services and supplies	10,856	10,856	—
Indirect costs	165,612	89,259	(76,353)
Total health expenditures	660,124	583,771	(76,353)
Less authorized health fees	(494,512)	(761,004)	(266,492)
Adjustment to eliminate negative balance	—	177,233	177,233
Total program costs	<u>\$ 165,612</u>	—	<u>\$ (165,612)</u>
Less amount paid by State		— ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	

Summary: July 1, 2001, through June 2003

Health services costs:			
Salaries and benefits	\$ 927,010	\$ 927,010	\$ —
Services and supplies	78,819	78,819	—
Indirect costs	332,097	185,131	146,966)
Total health expenditures	1,337,926	1,190,960	(146,966)
Less authorized health fees	(973,519)	(1,511,763)	(538,244)
Adjustment to eliminate negative balance	-	320,803	320,803
Total program costs	<u>\$ 364,407</u>	—	<u>\$ (364,407)</u>
Less amount paid by State		(31,295) ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (31,295)</u>	

¹ Payment information is based on amount paid when the final report was issued.

The district's IRC contests all audit adjustments, totaling \$364,407. The district believes that its indirect cost rates claimed are appropriate and that it reported the correct amount of health service fee revenues.

**I. SCO REBUTTAL TO STATEMENT OF DISPUTE—
CLARIFICATION OF REIMBURSABLE ACTIVITIES, CLAIM CRITERIA, AND
DOCUMENTATION REQUIREMENTS**

Parameters and Guidelines

On August 27, 1987, the Commission on State Mandates (CSM) adopted parameters and guidelines for Chapter 1, Statutes of 1984, 2nd Extraordinary Session. The CSM amended the parameters and guidelines on May 25, 1989 (Exhibit B), because of Chapter 1118, Statutes of 1987.

The parameters and guidelines (amended May 25, 1989) state:

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 [see Exhibit B for a list of reimbursable items.]

VI. CLAIM PREPARATION

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 . . . authorized by Education Code section 72246 for health services [now Education Code section 76355].

SCO Claiming Instructions and Filing Instructions

The SCO annually issues claiming instructions, which contain filing instructions for mandated cost programs. The September 2002 claiming instructions provide instructions for indirect cost claims. Section 5B(2) of the instructions (**Tab 3**) states, "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 methodology outlined in the following paragraphs [FAM-29C]. . ." The instructions are consistent with the Health Fee Elimination Claim Summary Instructions, Item (05) (**Tab 4**).

The September 2002 indirect cost claiming instructions are believed to be, for the purposes and scope of the audit period, substantially similar to the version extant at the time the district filed its FY 2001-02 and FY 2002-03 reimbursement claims.

II. **THE DISTRICT OVERSTATED INDIRECT COST RATES**

Issue

The district overstated its cost rates, thereby overstating its indirect costs by \$146,966 for the audit period. The district believes its indirect cost rates are appropriate.

SCO Analysis:

The district claimed indirect costs based on indirect cost rate proposals (ICRP) prepared for each fiscal year by an outside consultant using OMB Circular A-21 simplified indirect cost rate methodology. However, the district did not receive federal approval of its ICRPs.

The parameters and guidelines allow community college districts to claim indirect costs according to the SCO's claiming instructions (**Tab 3**). The claiming instructions require that districts obtain federal approval of ICRPs prepared using OMB Circular A-21 methodology. Alternatively, districts may use the SCO's Form FAM-29C to compute indirect cost rates. Form FAM-29C calculates indirect cost rates using total expenditures reported on the *California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)*. Form FAM-29C eliminates unallowable expenses and segregates the adjusted expenses between those incurred for direct and indirect activities relative to the mandated cost program.

For FY 2001-02 and FY 2002-03, the SCO auditor calculated indirect costs using the methodology described in the SCO claiming instructions using Form FAM-29C. The alternative methodology did not support the rates that the district claimed.

Consistent with this methodology, the SCO auditor calculated the indirect cost rates of 18.75% for 2001-02 and 18.05% for FY 2002-03. The district claimed the indirect cost rates of 32.56% for FY 2001-02 and 33.49% for FY 2002-03. The differences between rates claimed and rates computed by the SCO were applied to total direct costs for each corresponding year, resulting in overstated claimed costs of \$70,613 for FY 2001-2002 and \$76,353 for FY 2002-03, totaling \$146,966.

District's Response

The Controller asserts that the District overstated its indirect cost rates and costs in the amount of \$146,966 for the two fiscal years. This finding is based upon the Controller's statement that "the district did not obtain federal approval for its IRCs. We calculated indirect cost rates using the methodology described in the SCO claiming instructions." Contrary to the Controller's ministerial preferences, there is no requirement in law that the claimant's indirect cost rate must be "federally" approved, and the Commission has never specified the federal agencies which have the authority to approve indirect cost rate.

CCFS-311

In fact, both the District's method and the Controller's method utilize the same source document, the CCFS-311 annual financial and budget report required by the state. The difference in the claimed and audited methods is in the determination of which of those cost elements are direct costs and which are indirect costs. . . .

Regulatory Requirements

No particular indirect cost rate calculation is required by statute. The parameters and guidelines state that "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." The District claimed these indirect costs "in the manner" described by the Controller. The correct forms were used and the claimed amounts were entered at the correct locations. In the audit report, the Controller asserts that "the specific directions for the indirect cost rate calculation in the claiming instructions are an extension of the *Parameters and Guidelines*. It is not clear what the legal significance of the concept of "extension" might be, regardless, the reference to the claiming instructions in the parameters and guidelines does not change "may" into a "shall." Since the Controller's claiming instructions were never adopted as law, or regulations pursuant to the Administrative Procedure Act, the claiming instructions are merely a statement of the ministerial interests of the Controller and not law.

Unreasonable or Excessive

Government Code section 17561(d)(2) requires the Controller to pay claims, provided that the Controller may audit the records of any school district to verify the actual amount of the mandated costs, and may reduce any claim that the Controller determines is excessive or unreasonable. The Controller is authorized to reduce a claim only if the controller determines the claim to be excessive or unreasonable. Here, the District has computed its indirect cost rate utilizing cost accounting principles from the Office of Management and Budget Circular A-21, and the Controller has disallowed it without a determination of whether the product of the District's calculation would, or would not, be excessive, unreasonable, or inconsistent with cost accounting principles.

Neither state law nor the parameters and guidelines made with the Controller's claiming instructions a condition of reimbursement. The District has followed the parameters and guidelines. The burden of proof is on the Controller to prove that the District's calculation is unreasonable, not to recalculate the rate according to its unenforceable ministerial preferences. Therefore, the Controller made no determination as to whether the method used by the District was unreasonable, but, merely substituted its FAM-29C method for the method reported by the District. The substitution of the FAM-29C method is an arbitrary choice of the Controller, not a "finding" enforceable either by fact or law. . . .

SCO's Comment

The parameters and guidelines, section VI, state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." The district misinterprets "may be claimed" by implying that compliance with the claiming instructions is voluntary. Instead, "may be claimed" simply permits the district to claim indirect costs. However, if the district chooses to claim indirect costs, then the district must comply with the SCO's claiming instructions. The district's implication that it claimed costs in the manner described by the SCO simply by completing what it interprets to be the correct forms is without merit.

The SCO's claiming instructions (Tab 3) 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 methodology outlined in the following paragraphs [FAM-29C]. . . ." This instruction is consistent with the parameters and guidelines for other community college district mandated programs, including the following.

- Absentee Ballots
- Collective Bargaining
- Health Benefits for Survivors of Peace Officers and Firefighters
- Law Enforcement College Jurisdiction Agreements
- Mandate Reimbursement Process
- Open Meetings Act
- Photographic Record of Evidence
- Sex Offenders Disclosure by Law Enforcement Officers
- Sexual Assault Response Procedure

(Note: These parameters and guidelines provide a third option, a 7% flat rate.) Therefore, the SCO did not act arbitrarily by using the FAM-29C methodology to calculate allowable indirect cost rates.

The SCO developed Form FAM-29C to (1) equitably allocate administrative support costs to personnel that perform community college district mandated cost activities; and (2) provide a consistent indirect cost rate methodology for all community college districts' mandated cost program.

Form FAM-29C is consistent with OMB Circular A-21 cost accounting principles as they apply to mandated cost programs. The circular states that a cost is allocable to a particular cost objective in accordance with the relative benefits received. It also describes a simplified method for indirect cost rate calculations; many California community college districts currently use the simplified method. However, the circular states that the simplified method should not be used in instances where it produces results that appear inequitable.

The OMB Circular A-21 simplified indirect cost rate methodology (Tab 5) does not equitably allocate administrative support costs for personnel who perform mandated cost activities. For example, the circular classifies library costs and a portion of department administration expenses as indirect costs. However, these costs are instructional-related and do not benefit mandated cost activities.

In addition, neither this district nor any other district requested that the Commission review the SCO's claiming instructions pursuant to Title 2, California Code of Regulations (CCR), section 1186. Furthermore, the district's deadline has elapsed to request a review of the claiming instructions applicable to the audit period. Title 2 CCR section 1186, subdivision (j)(2), states, "A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year."

The CSM is not responsible for identifying the district's responsible federal agency. OMB Circular A-21 states:

[Cognizant agency responsibility] is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years . . . In cases where neither HHS nor DOD provides Federal funding to an educational institution, the cognizant agency assignment shall default to HHS.

Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. Government Code section 17561(d)(2) allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, Government Code section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." Therefore, the district's contention that the SCO "is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable" is without merit.

Nevertheless, the SCO did report that the district's claimed indirect costs were excessive. "Excessive" is defined as "exceeding what is usual, proper, necessary, or normal. . . . Excessive implies an amount or degree too great to be reasonable or acceptable. . . ." ² The district did not obtain federal approvals of its ICRPs for FY 2001-02 and FY 2002-03; therefore, the SCO auditor calculated indirect costs using the methodology described in the SCO claiming instructions using Form FAM-29C. The alternative methodology indirect cost rates did not support the rates that the district claimed; thus, the rates claimed were excessive. In conclusion, the indirect costs claimed were not computed in accordance with the SCO

claiming instructions as promulgated by the Parameters and Guidelines. Therefore, the finding stands.

² Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.

III. THE DISTRICT UNDERSTATED AUTHORIZED HEALTH FEE REVENUES CLAIMED

Issue

The district understated authorized health fees by \$538,244 for the audit period because it reported actual revenues received rather than the health service fees it was authorized to collect. The SCO calculated the authorized health fee revenues by multiplying student enrollment by term, net of allowable health fee exemption, by the authorized student health fee. The district believes that it reported the correct amount of health service fee revenues.

SCO Analysis:

The parameters and guidelines require a district to deduct authorized health services fees from costs claimed. Education Code section 76355, subdivisions (a) and (c), authorize health fees from all students except those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; (3) demonstrate financial need.

Government Code section 17514 defines "costs mandated by the state" as 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 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.

District's Response

The Controller asserts that the "authorized health fee revenues" were understated by \$538,244 for the two fiscal years. The District reported the actual student health fees collected as a reduction of health services costs. The adjustments for the student health services revenue are based on two reasons. First, the Controller adjusted the reported number of students subject to payment of the health services fee. Then, the Controller calculated the student fees collectible based on the highest student health service fee chargeable, rather than the fee actually charged the student, resulting in a total adjustment of \$538,244 for the two fiscal years.

Education Code Section 76355

Education Code section 76355, subdivision (a), in relevant part, provides: "The 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 added by district.]

Parameters and Guidelines

This Controller states that the "*Parameters and Guidelines* states that health fees authorized by the Education Code must be deducted from costs claimed." The parameters and guidelines actually state:

"Any offsetting savings that 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 [student fees] as authorized by Education Code section 72246(a)³."

In order for a district to "experience" these "offsetting savings" the district must actually have collected these fees. Student health fees actually collected must be used to offset costs, but not student health fees that could have been collected and were not. The use of the term "*any* offsetting savings" further illustrates the permissive nature of the fees.

Government Code Section 17514

The Controller relies upon Government Code section 17514 for the conclusion that "To the extent community college districts can charge a fee, they are not required to incur a cost." . . . 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 which describes the legal effect of fees collected

Government Code Section 17556

The Controller relies upon Government Code section 17556 for the conclusion that the "CSM shall not find costs mandated by the State if the district has the authority to levy fees to pay for the mandated program or increased level of services." . . . The Controller 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 there is authority 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.

Student Health Service Fee Amount

The Controller asserts that the district should have collected a student health service fee each semester from non-exempt students in the amount of \$12 or \$9 for FY 2001-02 and FY 2002-03. Districts receive notice of these fee amounts from the Chancellor of the California Community Colleges. An example of one such notice is the letter dated March 5, 2001, attached as Exhibit "F." While Education Code section 76355 provides for an increase in the student health service fee, it did not grant the Chancellor the authority to establish mandatory fee amounts or mandatory fee increases. . . . Therefore, the Controller cannot rely upon the Chancellor's notice to adjust the claim for "collectible" student health services fees.

Fees Collected vs. Fees Collectible

This issue is one of student health fees revenue actually received, rather than student health fees which might be collected. The Commission determined, as stated in the parameters and guidelines, that the student health services fees "experienced" would reduce the amount subject to reimbursement. Student fees not collected are student fees not "experienced" and

as such should not reduce reimbursement. Further, the amount "collectible" will never equal actual revenues collected due to changes in a student's BOGG eligibility, bad debt accounts, and refunds.

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

Enrollment and Exempted Student Statistics

The audit report states that the Controller adjusted the reported total student enrollment based on the "the enrollment census' data run" and the reported number of exempt students based on the "list of 'BOGG used' data run." The Controller has not provided any factual basis why these different and later data sources, subject to review and revision after the fact for several years, are preferable to the data reported by the District which was available at the time the claims were prepared

³ Former Education Code section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code section 76355.

SCO's Comment

We agree that community college districts may choose not to levy a health service fee. However, Education Code section 76355, subdivision (a), provides districts the authority to levy a health service fee. The parameters and guidelines state that health fees authorized by the Education Code must be deducted from costs claimed. Education Code section 76355, subdivision (a), states that a governing board of a community college district may require students to pay a health supervision and service fee. Education Code section 76355, subdivision (c), exempts collection of health fees from those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; (3) demonstrate financial need.

We also agree that the California Community Colleges Chancellor's Office (CCCCO) does not have the authority to establish mandatory fee amounts or mandatory fee increases. The CCCCCO merely notifies districts of changes to the authorized fee amount, pursuant to Education Code section 76355, subdivision (a).

Effective beginning the summer of 1987, authorized health service fees, pursuant to Education Code section 76355, were \$8 per student for summer and \$11 per student for the fall and spring semesters. Effective beginning the summer 2001 session, Education Code section 76355(a) authorized a \$1 increase to health service fees, resulting in authorized health service fees of \$9 per student for summer semester and \$12 per student for the fall and spring semesters (Tab 8).

Regardless of the district's decision to levy or not levy a health service fee, the district does have the authority to levy the fees. In addition, contrary to the district's response, the SCO made no distinction between full-time or part-time students regarding the authorized health

service fee. Districts are authorized to levy the full fee amount to both part-time and full time students. Government Code section 17514 states that "costs mandated by the state" means any increased costs that a school district is required to incur. Furthermore, Government Code section 17556, subdivision (d), states that the 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 Health Fee Elimination mandated program, the CSM clearly recognized the availability of another funding source by including the fees as offsetting savings in the parameters and guidelines, section VIII (amended May 25, 1989). To the extent districts have authority to charge a fee, they are not required to incur a cost.

The district misrepresents the CSM's determination regarding authorized health service fees. The CSM's staff analysis of May 25, 1989, regarding the proposed parameters and guidelines amendments (**Tab 6**), states:

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, it is clear that the CSM's intent was 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. In that letter, the CCCCCO concurred with the DOF and the CSM regarding authorized health service fees.

Since the CSM's staff concluded that DOF's proposed language did not substantively change the scope of staff's proposed language, CSM staff did not further revise the proposed parameters and guidelines. The CSM's meeting minutes of May 25, 1989 (**Tab 7**) show that the CSM adopted the proposed parameters and guidelines on consent, with no additional discussion. Therefore, there was no change to the CSM's interpretation regarding authorized health service fees.

Two court cases addressed the issue of fee authority.⁴ 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.

The district also states, "the amount 'collectible' will never equal actual revenues collected due to changes in a student's BOGG eligibility, bad debt accounts, and refunds." The district is responsible for providing accurate enrollment and BOGG grant data, including any changes that result from BOGG grant eligibility or students who disenroll. Consistent with OMB Circular A-21, Section J, the district is responsible for any bad debt accounts.

The SCO calculated authorized health fee revenues from records provided by Chris Bonvenuto, Santa Monica Community College District's Accounting Manager (Tab 9). The SCO multiplied student enrollment by term, net of allowable health fee exemption, by the authorized student health fee. The SCO obtained student enrollment information from the "enrollment census" data run and student waiver information from the list of BOGG used data run. The SCO was not provided any other records in support of authorized health fee revenues.

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

IV. CONCLUSION

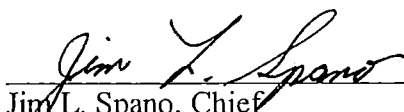
The State Controller's Office audited the Santa Monica Community College District's claims for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. The district claimed \$364,407 for the mandated program. Our audit disclosed that the entire claimed costs are unallowable. The unallowable costs occurred primarily because the district overstated indirect costs and understated health fees.

In conclusion, the Commission on State Mandates should find that: (1) the SCO correctly reduced the district's FY 2001-02 claim by \$198,795; and (2) the SCO correctly reduced the district's FY 2002-03 claim by \$165,612.

V. CERTIFICATION

I hereby certify by my signature below that the statements made in this document are true and correct of my own knowledge, or, as to all other matters, I believe them to be true and correct based upon information and belief.

Executed on October 9, 2007, at Sacramento, California, by:



Jim L. Spano, Chief
Mandated Cost Audits Bureau
Division of Audits
State Controller's Office

TAB 3

B. Indirect Cost

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

(1) Indirect Costs for Schools

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580; respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No. 422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

(2) Indirect Cost Rate for Community Colleges

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 methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.
- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employee performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES				FORM FAM-29C		
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$91,423
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0
Staff Services	345	0	0	0	0	0
Noninstr. Staff Benefit & Incent.	346	10,937	0	10,937	0	10,937
Community Services	6800					
Community Recreation	351	703,858	20,509	683,349	0	683,349
Community Service Classes	352	423,188	24,826	398,362	0	398,362
Community Use of Facilities	353	89,877	10,096	79,781	0	79,781
Ancillary Services	6900					
Bookstores	361	0	0	0	0	0
Child Development Center	362	89,051	1,206	87,845	0	87,845
Farm Operations	363	0	0	0	0	0
Food Services	364	0	0	0	0	0
Parking	365	420,274	6,857	413,417	0	413,417
Student Activities	3663	0	0	0	0	0
Student Housing	67	0	0	0	0	0
Other	379	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	381	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	382	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(07) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

TAB 4

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.

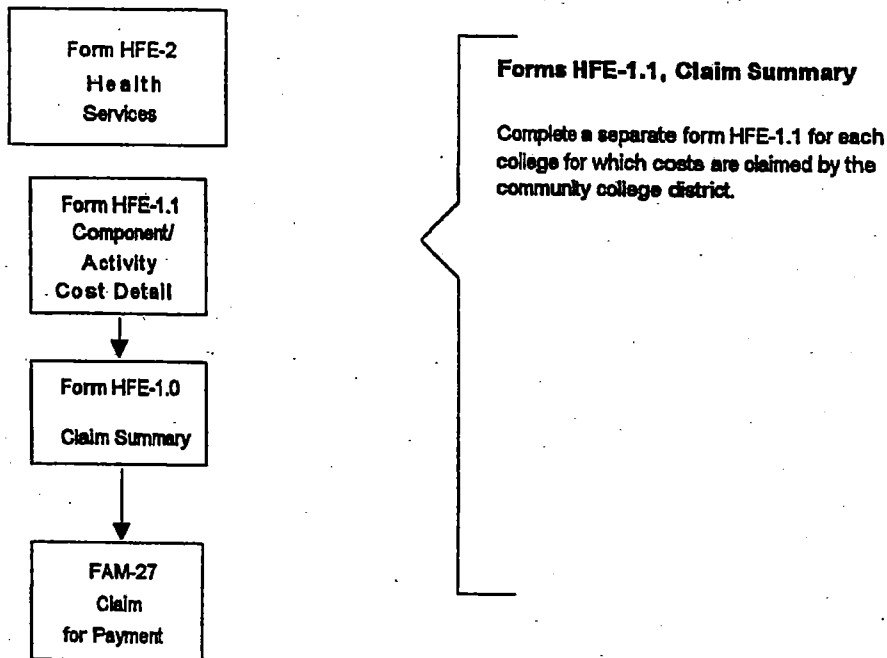
C. Form HFE-1.0, Claim Summary

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: (19) Program Number 00029 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program 029
--	--	----------------------------------

LABEL HERE

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

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input 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) 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 § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, 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 mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

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

Program 029	HEALTH FEE ELIMINATION Certification Claim Form Instructions	FORM FAM-27
------------------------------	---	------------------------------

- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, 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 reimbursement claim from form HFE-1.0, line (04)(b).
- (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 either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a 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 in 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, line (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 a signed certification.
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:

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
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
(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)]	

HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions	FORM HFE-1.0
--	-------------------------

- (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).

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
--	-------------------------

(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	19__/19__

(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 which are in excess of the level provided in 1986/87.			
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]			

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

Period for which health fees were collected	(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 [Line (8.1g) + (8.2g) +(8.6g)]

(10) Sub-total [Line (07) - line (09)]

Cost Reduction

(11) Less: Offsetting Savings, if applicable

(12) Less: Other Reimbursements, if applicable

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

**HEALTH FEE ELIMINATION
CLAIM SUMMARY
Instructions**

**FORM
HFE-1.1**

- (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) 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. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05). Estimated. 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 the claim.
- (04) Compare the level of health 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 expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures 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 (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (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 health services that is 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 amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (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 schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed 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	
(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
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			

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
<ul style="list-style-type: none"> Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes 		
<ul style="list-style-type: none"> First Aid, Major Emergencies 		
<ul style="list-style-type: none"> First Aid, Minor Emergencies 		
<ul style="list-style-type: none"> First Aid Kits, Filled 		
<ul style="list-style-type: none"> Immunizations <ul style="list-style-type: none"> Diphtheria/Tetanus Measles/Rubella Influenza Information 		
<ul style="list-style-type: none"> Insurance <ul style="list-style-type: none"> On Campus Accident Voluntary Insurance Inquiry/Claim Administration 		
<ul style="list-style-type: none"> Laboratory Tests Done <ul style="list-style-type: none"> Inquiry/Interpretation Pap Smears 		
<ul style="list-style-type: none"> Physical Examinations <ul style="list-style-type: none"> Employees Students Athletes 		
<ul style="list-style-type: none"> Medications <ul style="list-style-type: none"> Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list 		
<ul style="list-style-type: none"> Parking Cards/Elevator Keys <ul style="list-style-type: none"> Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits 		

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(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
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			

TAB 5



Office of Management and Budget

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CIRCULAR A-21 **(Revised 05/10/04)**

CIRCULAR NO. A-21 **Revised**

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Cost Principles for Educational Institutions

1. *Purpose.* This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles deal with the subject of cost determination, and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. Agencies are not expected to place additional restrictions on individual items of cost. Provision for profit or other increment above cost is outside the scope of this Circular.

2. *Supersession.* The Circular supersedes Federal Management Circular 73 8, dated December 19, 1973. FMC 73 8 is revised and reissued under its original designation of OMB Circular No. A 21.

3. *Applicability.*

- a. All Federal agencies that sponsor research and development, training, and other work at educational institutions shall apply the provisions of this Circular in determining the costs incurred for such work. The principles shall also be used as a guide in the pricing of fixed price or lump sum agreements.
- b. In addition, Federally Funded Research and Development Centers associated with educational institutions shall be required to comply with the Cost Accounting Standards, rules and regulations issued by the Cost Accounting Standards Board, and set forth in 48 CFR part 99; provided that they are subject thereto under defense related contracts.

4. *Responsibilities.* The successful application of cost accounting principles requires development of mutual understanding between representatives of educational institutions and of the Federal Government as to their scope, implementation, and interpretation.

5. *Attachment.* The principles and related policy guides are set forth in the Attachment, "Principles for determining costs applicable to grants, contracts, and other agreements with educational institutions."

6. *Effective date.* The provisions of this Circular shall be effective October 1, 1979, except for subsequent amendments incorporated herein for which the effective dates were specified in these revisions (47 FR 33658, 51 FR 20908, 51 FR 43487, 56 FR 50224, 58 FR 39996, 61 FR 20880, 63 FR 29786, 63 FR 57332, 65 FR 48566 and 69 FR 25970). Institutions as of the start of their first fiscal year beginning after that date shall implement the provisions. Earlier implementation, or a delay in implementation of individual provisions, is permitted by mutual agreement between an institution and the cognizant Federal agency.

7. *Inquiries.* Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Office of Management and Budget, Washington, DC 20503, telephone (202) 395 3993.

Attachment

**PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS,
CONTRACTS, AND OTHER AGREEMENTS WITH
EDUCATIONAL INSTITUTIONS**

TABLE OF CONTENTS

A. Purpose and scope

1. Objectives
2. Policy guides
3. Application
4. Inquiries

B. Definition of terms

1. Major functions of an institution
2. Sponsored agreement
3. Allocation
4. Facilities and administrative (F&A) costs

C. Basic considerations

1. Composition of total costs
2. Factors affecting allowability of costs
3. Reasonable costs
4. Allocable costs
5. Applicable credits
6. Costs incurred by State and local governments
7. Limitations on allowance of costs
8. Collection of unallowable costs
9. Adjustment of previously negotiated F&A cost rates containing unallowable costs
10. Consistency in estimating, accumulating and reporting costs
11. Consistency in allocating costs incurred for the same purpose
12. Accounting for unallowable costs
13. Cost accounting period
14. Disclosure statement

D. Direct costs

1. General
2. Application to sponsored agreements

E. F&A costs

1. General
2. Criteria for distribution

F. Identification and assignment of F&A costs

1. Definition of Facilities and Administration.
2. Depreciation and use allowances
3. Interest
4. Operation and maintenance expenses
5. General administration and general expenses
6. Departmental administration expenses
7. Sponsored projects administration
8. Library expenses
9. Student administration and services
10. Offset for F&A expenses otherwise provided for by the Federal Government

G. Determination and application of F&A cost rate or rates

1. F&A cost pools
2. The distribution basis
3. Negotiated lump sum for F&A costs
4. Predetermined rates for F&A costs
5. Negotiated fixed rates and carry forward provisions
6. Provisional and final rates for F&A costs
7. Fixed rates for the life of the sponsored agreement
8. Limitation on reimbursement of administrative costs
9. Alternative method for administrative costs
10. Individual rate components
11. Negotiation and approval of F&A rate
12. Standard format for submission

H. Simplified method for small institutions

1. General
2. Simplified procedure

I. Reserved

J. General provisions for selected items of cost

1. Advertising and public relations costs
2. Advisory councils
3. Alcoholic beverages
4. Alumni/ae activities

(2) Other than formal negotiation. The cognizant agency and educational institution may reach an agreement on rates without a formal negotiation conference; for example, through correspondence or use of the simplified method described in this Circular.

- g. Formalizing determinations and agreements. The cognizant agency shall formalize all determinations or agreements reached with an educational institution and provide copies to other agencies having an interest.
- h. Disputes and disagreements. Where the cognizant agency is unable to reach agreement with an educational institution with regard to rates or audit resolution, the appeal system of the cognizant agency shall be followed for resolution of the disagreement.

12. Standard Format for Submission. For facilities and administrative (F&A) rate proposals submitted on or after July 1, 2001, educational institutions shall use the standard format, shown in Appendix C, to submit their F&A rate proposal to the cognizant agency. The cognizant agency may, on an institution by institution basis, grant exceptions from all or portions of Part II of the standard format requirement. This requirement does not apply to educational institutions that use the simplified method for calculating F&A rates, as described in Section H.

H. Simplified method for small institutions.

1. General.

- a. Where the total direct cost of work covered by Circular A 21 at an institution does not exceed \$10 million in a fiscal year, the use of the simplified procedure described in subsections 2 or 3, may be used in determining allowable F&A costs. Under this simplified procedure, the institution's most recent annual financial report and immediately available supporting information shall be utilized as basis for determining the F&A cost rate applicable to all sponsored agreements. The institution may use either the salaries and wages (see subsection 2) or modified total direct costs (see subsection 3) as distribution basis.
- b. The simplified procedure should not be used where it produces results that appear inequitable to the Federal Government or the institution. In any such case, F&A costs should be determined through use of the regular procedure.

2. Simplified procedure Salaries and wages base.

- a. Establish the total amount of salaries and wages paid to all employees of the institution.
- b. Establish an F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:
 - (1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and

scholarships).

(2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under subsection (1) have previously been allocated to other institutional activities, they may be included in the F&A cost pool. The total amount of salaries and wages included in the F&A cost pool must be separately identified.

- c. Establish a salary and wage distribution base, determined by deducting from the total of salaries and wages as established in subsection a the amount of salaries and wages included under subsection b.
 - d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.
 - e. Apply the F&A cost rate to direct salaries and wages for individual agreements to determine the amount of F&A costs allocable to such agreements.
3. Simplified procedure Modified total direct cost base.

- a. Establish the total costs incurred by the institution for the base period.
- b. Establish a F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:

(1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and scholarships).

(2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under subsection (1) have previously been allocated to other institutional activities, they may be included in the F&A cost pool. The modified total direct costs amount

included in the F&A cost pool must be separately identified.

- c. Establish a modified total direct cost distribution base, as defined in Section G.2, that consists of all institution's direct functions.
- d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.
- e. Apply the F&A cost rate to the modified total direct costs for individual agreements to determine the amount of F&A costs allocable to such agreements.

J. General provisions for selected items of cost.

Sections 1 through 54 provide principles to be applied in establishing the allowability of certain items involved in determining cost. These principles should apply irrespective of whether a particular item of cost is properly treated as direct cost or F&A cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case should be based on the treatment provided for similar or related items of cost. In case of a discrepancy between the provisions of a specific sponsored agreement and the provisions below, the agreement should govern.

1. *Advertising and public relations costs.*

- a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.
- b. The term public relations includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.
- c. The only allowable advertising costs are those that are solely for:
 - (1) The recruitment of personnel required for the performance by the institution of obligations arising under a sponsored agreement (See also subsection b. of section J.42, Recruiting);
 - (2) The procurement of goods and services for the performance of a sponsored agreement;
 - (3) The disposal of scrap or surplus materials acquired in the performance of a sponsored agreement except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; or
 - (4) Other specific purposes necessary to meet the requirements of the sponsored agreement.

TAB 6

Hearing: 5/25/89
File Number: CSM-4206
Staff: Deborah Fraga-Decker
WP 0366d

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

Executive Summary

At its hearing of November 20, 1986, the Commission on State Mandates found that Chapter 1, Statutes of 1984, 2nd E.S., imposed state mandated costs upon local community college districts by (1) requiring those community college districts which provided health services for which it was authorized to and did charge a fee to maintain such health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter and (2) repealing the district's authority to charge a health fee. The requirements of this statute would repeal on December 31, 1987, unless subsequent legislation was enacted.

Chapter 1118, Statutes of 1987, was enacted September 24, 1987, and became effective January 1, 1988. Chapter 1118/87 modified the requirements contained in Chapter 1/84, 2nd E.S., to require those community college districts which provided health services in fiscal year 1986-87 to maintain such health services in the 1987-88 fiscal year and each fiscal year thereafter. Additionally, the language contained in Chapter 1/84, 2nd E.S., which repealed the districts' authority to charge a health fee to cover the costs of the health services program was allowed to sunset, thereby reinstating the districts' authority to charge a fee as specified. Parameters and guidelines amendments are appropriate to address the changes contained in Chapter 1118/87 because this statute amended the same Education Code sections previously enacted by Chapter 1/84, 2nd E.S., and found to contain a mandate.

Commission staff included the Department of Finance suggested non-substantive amendment to the staff's proposed parameters and guidelines amendments. The Chancellor's Office, the State Controller's Office, and the claimant are in agreement with these amendments. Therefore, staff recommends that the Commission adopt the parameters and guidelines amendments as requested by the Chancellor's Office and as developed by staff.

Claimant

Rio Hondo Community College District

Requesting Party

California Community Colleges Chancellor's Office

Chronology

12/2/85 Test Claim filed with Commission on State Mandates.
7/24/86 Test Claim continued at claimant's request.
11/20/86 Commission approved mandate.
1/22/87 Commission adopted Statement of Decision.
4/9/87 Claimant submitted proposed parameters and guidelines.
8/27/87 Commission adopted parameters and guidelines
10/22/87 Commission adopted cost estimate
9/28/88 Mandate funded in Commission's Claims Bill, Chapter 1425/88

Summary of Mandate

Chapter 1/84, 2nd E.S., effective July 1, 1984, repealed Education Code (EC) 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. The statute also required that any community college district which provided health services for which it was authorized to charge a fee shall maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter.

Prior to the passage of Chapter 1/84, 2nd E.S., the implementation of a health services program was at the local community college district's option. If implemented, the respective community college district had the authority to charge a health fee up to \$7.50 per semester for day and evening students, and \$5 per summer session.

Proposed Amendments

The Community Colleges Chancellor's Office (Chancellor's Office) has requested parameters and guidelines amendments be made to address the changes in mandated activities effectuated by Chapter 1118/87. (Attachment G) In order to expedite the process, staff has developed language to accomplish the following: (1) change the eligible claimants to those community college districts which provided a health services program in fiscal year 1986-87; and (2) change the offsetting savings and other reimbursements to include the reinstated authority to charge a health fee. (Attachment B)

Recommendations

The Department of Finance (DOF) proposed one non-substantive amendment to clarify the effect of the fee authority language on the scope of the reimbursable costs. With this amendment, the DOF believes the amendments to the parameters and guidelines are appropriate for this mandate and recommends the Commission adopt them. (Attachment C)

The Chancellor's Office recommends that the Commission approve the amended parameters and guidelines developed by staff with the additional language suggested by the DOF. (Attachment D).

The State Controller's Office (SCO), upon review of the proposed amendments, finds the proposals proper and acceptable. (Attachment E)

The claimant, in its recommendation, states its belief that the revisions are appropriate and concurs with the proposed changes. (Attachment F)

Staff Analysis

Issue 1: Eligible Claimants

The mandate found in Chapter 1/84, 2nd E.S., was for a new program with a required maintenance of effort at the fiscal year 1983-84 level. Chapter 1118/87 superseded that level of service by requiring that community college districts which provided a health services program in fiscal year 1986-87 maintain that level of effort in fiscal year 1987-88 and each subsequent year thereafter. Additionally, this expanded the group of eligible claimants because the requirement is no longer imposed on only those community college districts which had charged a health fee for the program. At the time of enactment of Chapter 1118/87, there were 11 community college districts which provided the health services program but had never charged a health fee for the service.

Therefore, staff has amended the language in Item III. "Eligible Claimants" to reflect this change in the scope of the mandate.

Issue 2: Reimbursement Alternatives

In response to Chapter 1/84, 2nd E.S., Item VI.B. contained two alternatives for claiming reimbursement costs. This gave claimants a choice between claiming actual costs for providing the health services program, or funding the program as was done prior to the mandate when a health fee could be charged.

The first alternative was in Item VI.B.1. and provided for the use of the formula which the eligible claimants were authorized to utilize prior to the implementation of Chapter 1/84, 2nd E.S.--total eligible enrollment multiplied by the health fee charged per student in fiscal year 1983-84. With the sunset of the repeal of the health fee authority as contained in Chapter 1/84, 2nd E.S., claimants can now charge the health fee as was allowed prior to fiscal year 1983-84, thereby funding the program as was done prior to the mandate. Therefore, this alternative is no longer applicable to this mandate and has been deleted by staff.

The second alternative was in Item VI.B.2. and provided for the claiming of actual costs involved in maintaining a health services program at the fiscal year 1983-84 level. This alternative is now the sole method of reimbursement for this mandate. However, it has been amended to reflect that Chapter 1118/87 requires a maintenance of effort at the fiscal year 1986-87 level.

Issue 3: Offsetting Savings and Other Reimbursements

With the sunset of the repeal of the fee authority contained in Chapter 1/84, 2nd E.S., Education Code (EC) section 72246(a) again provides community college districts with the authority to charge a health fee as follows:

"72246.(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 seven dollars and fifty cents (\$7.50) for each semester, and five dollars (\$5) for summer school, or five dollars (\$5) 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, authorized by Section 72244, or both."

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

In response to that amendment, the 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.

Issue 4: Editorial Changes

In preparing the proposed parameters and guidelines amendments, it was not necessary for staff to make any of the normal editorial changes as the original parameters and guidelines contained the language usually adopted by the commission.

Staff, the DOF, the Chancellor's Office, the SCO, and the claimant are in agreement with the recommended amendments which are shown in Attachment A with additions indicated by underlining and deletions by strikeout.

Staff Recommendation

Staff recommends the adoption of the staff's proposed parameters and guidelines amendments, which are based on the original parameters and guidelines adopted in response to Chapter 1/84, 2nd E.S., and amended in response to Chapter 1118/87, as well as incorporating the amendment recommended by the DOF. All parties concur with these amendments.

PARAMETERS AND GUIDELINES
Chapter 1118, Statutes of 1987, 2nd E.S.
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 for/fee in 19836-847 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. REIMBURSEMENTABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program ~~without the authority of the state~~. Only services provided ~~for the~~ 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 ~~1987-88~~ 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
Midol - 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
- Bandaids
- 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. // (2) // of // the // total // amount // claimed // by // the // student // and // enrollment // count // of // (2) // actual // costs // of // program // one // of // two // alternatives // (1) // Fee // amount // previously // collected // per

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) now received from individuals other than students who were not covered by former 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

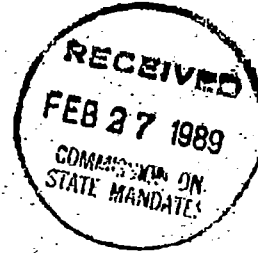
Telephone No.

CALIFORNIA COMMUNITY COLLEGES

NINTH STREET
SACRAMENTO, CALIFORNIA 95814
(916) 445-8752 445-1163



February 22, 1989



Mr. Robert W. Eich
Executive Director
Commission on State Mandates
1130 "K" Street, Suite LL50
Sacramento, CA 95814-3927

Dear Mr. Eich:

As you know, the Commission on August 27, 1987 adopted Parameters and Guidelines for claiming reimbursements of mandated costs related to community college health services. Fees formerly collected by community colleges had been eliminated by Chapter 1, Statutes of 1984, Second Extraordinary Session. Last year's mandate claims bill (AB 2763) included funding to pay all these claims through 1988-89.

The Governor's partial approval of AB 2763 last September included a stipulation that claims for the current year would be paid this fiscal year, but prior-year claims will be paid in equal installments from the next three budget acts. The Governor did not address the fact that the ongoing costs of providing the mandated level of service will continue to exceed the maximum permissible fee of \$7.50 per student per semester.

On behalf of all eligible community college districts, the Chancellor's Office proposes the following changes in the Parameters and Guidelines:

- o Payment of 1988-89 mandated costs in excess of maximum permissible fees. (This amount is payable from AB 2763.)
- o Payment of all prior-year claims in installments over the next three years. (Funds for these payments will be included in the next 3 budget acts.)
- o Payment of future-years mandated costs in excess of the maximum permissible fees. (No funding has yet been provided for these costs.)

Mr. Eich

2

February 22, 1989

If you have any questions regarding this proposal, please contact Patrick Ryan at (916) 445-1163.

Sincerely,

David Mertes

DAVID MERTES
Chancellor

DM:PR:mh

cc: / Deborah Fraga-Decker, CSM
Douglas Burris
Joseph Newmyer
Gary Cook

State of California

Memorandum

March 22, 1989

To : Deborah Fraga-Decker
 Program Analyst
 Commission on State Mandates

From : Department of Finance

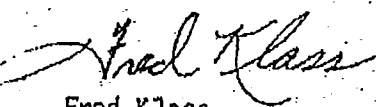
Proposed Amendments to Parameters and Guidelines for Claim No. CSM-4206 -- Chapter 1, Statutes of 1984, 2nd E.S. and Chapter 1118, Statutes of 1987 -- Health Fee Elimination

Pursuant to your request, the Department of Finance has reviewed the proposed amendments to the parameters and guidelines related to community college health services. These amendments, which are requested by the Chancellor's Office, reflect the impact that Chapter 1118/87 has on the original parameters adopted by the Commission for Chapter 1/84 on August 27, 1987. Specifically, Chapter 1118/87:

- (1) requires districts which were providing health services in 1986-87, rather than 1983-84, to continue to provide such services, irrespective of whether or not a fee was charged for the services; and
- (2) allows all districts to again charge a fee of up to \$7.50 per student for the services. In this regard, we would point out that the proposed amendment to "VIII. Offsetting Savings, and Other Reimbursements" could be interpreted to require that, if a district elected not to charge fees it would not have to deduct anything from its claim. We believe that, pursuant to Section 17556 (d) of the Government Code, an amount equal to \$7.50 per student must be deducted whether or not it is actually charged since the district has the authority to levy the fee. We suggest that the following language be added as a second paragraph under "VIII": "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."

With the amendment described above, we believe the amendments to the parameters and guidelines are appropriate for this mandate and recommend the Commission adopt them at its April 27, 1989, meeting.

Any questions regarding this recommendation should be directed to James M. Apps or Kim Clement of my staff at 324-0043.


 Fred Klass
 Assistant Program Budget Manager

cc: see second page

cc: Glen Beatie, Stat' Controller's Office
Pat Ryan, Chancel /'s Office, Community College
Juliet Musso, Legislative Analyst's Office
Richard Frank, Attorney General

LR:1988-2

GOVERNOR'S OFFICE

GEORGE DEUKMEJIAN, Governor



CALIFORNIA COMMUNITY COLLEGES

1400 NINTH STREET

SACRAMENTO, CALIFORNIA 95814

TELEPHONE 445-8752 445-1163

April 3, 1989



Mr. Robert W. Eich
 Executive Director
 Commission on State Mandates
 170 K Street, Suite LL50
 Sacramento, CA 95814

Attention: Ms. Deborah Fraga-Decker

Subject: CSM 4206
 Amendments to Parameters and Guidelines
 Chapter 1, Statutes of 1984, 2nd E.S.
 Chapter 118, Statutes of 1987
Health Fee Elimination

Dear Mr. Eich:

In response to your request of March 8, we have reviewed the proposed language changes necessary to amend the existing parameters and guidelines to meet the requirements of Chapter 1118, Statutes of 1987.

The Department of Finance has also provided us a copy of their suggestion to add the following language in part VIII: "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." This office concurs with their suggestion which is consistent with the law and with our request of February 22.

With the additional language suggested by the Department of Finance, the Chancellor's Office recommends approval of the amended parameters and guidelines as drafted for presentation to the Commission on April 27, 1989.

Sincerely,

David Mertes

DAVID MERTES
 Chancellor

DM:PR:mh

cc: Jim Apps, Department of Finance
 Glen Beatie, State Controller's Office
 Richard Frank, Attorney General's Office
 Juliet Muso, Legislative Analyst's Office
 Douglas Burris
 Joseph Newmyer
 Gary Cook



GRAY DAVIS
Comptroller of the State of California
P.O. BOX 942850
SACRAMENTO, CA 94250-0001

April 3, 1989



Ms. Deborah Fraga-Decker
Program Analyst
Commission on State Mandates
1130 K Street, Suite LL50
Sacramento, CA 95814

Dear Ms. Fraga-Decker:

RE: Proposed Amendments to Parameters and Guidelines: Chapter 1/84, 2nd
E.S., and Chapter 1118/87 - Health Fee Elimination

We have reviewed the amendments proposed on the above subject and find the
proposals proper and acceptable.

However, the Commission may wish to clarify section "VIII. OFFSETTING SAVINGS
AND OTHER REIMBURSEMENTS" that the required offset is the amount received or
would have received per student in the claim year.

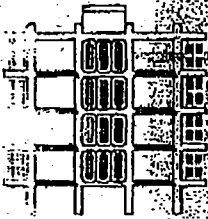
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

Glenn Haas, Assistant Chief
Division of Accounting

GH/GB:dvl

SC81822



HR/60

RIO HONDO COMMUNITY COLLEGE DISTRICT
3600 Workman Mill Road • Whittier, CA 90808 • Phone (213) 692-0921



March 16, 1989

Ms. Deborah Fraga-Decker
Program Analyst
Commission on State Mandates
1130 K Street, Suite LL50
Sacramento, CA 95814

REFERENCE: CSM-4206
AMENDMENTS TO PARAMETERS AND GUIDELINES
CHAPTER 1, STATUTES OF 1984, 2ND E.S.
CHAPTER 1118, STATUTES OF 1987
HEALTH FEE ELIMINATION

Dear Deborah:

We have reviewed your letter of March 7 to Chancellor David Montes and the attached amendments to the health fee parameters and guidelines. We believe these revisions to be most appropriate and concur totally with the changes you have proposed.

I would like to thank you again for your expertise and helpfulness throughout this entire process.

Yours very truly,

Timothy M. Wood
Vice President
Administrative Affairs

TMW:hh

TAB 7

MINUTES

COMMISSION ON STATE MANDATES

May 25, 1989

10:00 a.m.

State Capitol, Room 437
Sacramento, California

Present were: Chairperson Russell Gould, Chief Deputy Director, Department of Finance; Fred R. Buenrostro, Representative of the State Treasurer; D. Robert Shuman, Representative of the State Controller; Robert Martinez, Director, Office of Planning and Research; and Robert C. Creighton, Public Member.

There being a quorum present, Chairperson Gould called the meeting to order at 10:02 a.m.

Item 1 Minutes

Chairperson Gould asked if there were any corrections or additions to the minutes of the Commission's hearing of April 27, 1989. There were no corrections or additions.

The minutes were adopted without objection.

Consent Calendar

The following items were on the Commission's consent agenda:

- Item 2 Proposed Statement of Decision
Chapter 406, Statutes of 1988
Special Election - Bridges
- Item 3 Proposed Statement of Decision
Chapter 583, Statutes of 1985
Infectious Waste Enforcement
- Item 4 Proposed Statement of Decision
Chapter 980, Statutes of 1984
Court Audits
- Item 5 Proposed Statement of Decision
Chapter 1286, Statutes of 1985
Homeless Mentally Ill

- Item 6 Proposed Parameters and Guidelines Amendment
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination
- Item 7 Proposed Parameters and Guidelines Amendment
Chapter 8, Statutes of 1988
Democratic Presidential Delegates
- Item 10 Proposed Statewide Cost Estimate
Chapter 498, Statutes of 1983
Education Code Section 48260.5
Notification of Truancy
- Item 12 Proposed Statewide Cost Estimate
Chapter 1226, Statutes of 1984
Chapter 1526, Statutes of 1985
Investment Reports

There being no discussion or appearances on Items 2, 3, 4, 5, 6, 7, 10, and 12, Member Buenrostro moved adoption of the staff recommendation on these items on the consent calendar. Member Martinez seconded the motion. The vote on the motion was unanimous. The motion carried.

The following items were continued:

- Item 13 Proposed Statewide Cost Estimate
Chapter 1335, Statutes of 1986
Trial Court Delay Reduction Act
- Item 16 Test Claim
Chapter 841, Statutes of 1982
Patients' Rights Advocates
- Item 17 Test Claim
Chapter 921, Statutes of 1987
Countywide Tax Rates

The next item to be heard by the Commission was:

- Item 8 Proposed Parameters and Guidelines Amendment
Chapter 961, Statutes of 1975
Collective Bargaining

The party requesting the proposed amendment, Fountain Valley School District, did not appear at the hearing. Carol Miller, appearing on behalf of the Education Mandated Cost Network, stated that the Network was interested in the issue of reimbursing a school district for the time the district Superintendent spent in, or preparing for, collective bargaining issues.

The Commission then discussed the issue of reimbursing the Superintendent's time as a direct cost to the mandated program or as an indirect cost as required by the federal publications OASC-10, and Federal Management Circular 74-4. Upon conclusion of this discussion, the Commission, staff, and Ms. Miller, agreed that the Commission could deny this proposed amendment by the Fountain Valley School District, and Ms. Miller could assist another district in an attempt to amend the parameters and guidelines to allow reimbursement of the Superintendent's cost relative to collective bargaining matters.

Member Creighton then inquired on the issue of holding collective bargaining sessions outside of normal working hours and the number of teachers the parameters and guidelines reimburse for participating in collective bargaining sessions. Ms. Miller stated that because of the classroom disruption that can result from the use of a substitute teacher, bargaining sessions are sometimes held outside of normal work hours for practical reasons. Ms. Miller also stated that the parameters and guidelines permit reimbursement for five substitute teachers.

Member Martinez moved and Member Buenrostro seconded a motion to adopt the staff recommendation to deny the proposed amendments to the parameters and guidelines. The roll call vote on the motion was unanimous. The motion carried.

Item 9 Proposed Statewide Cost Estimate
Chapter 498, Statutes of 1983
Education Code Section 51225.3
Graduation Requirements

Carol Miller appeared on behalf of the claimant, Santa Barbara Unified School District, Jim Apps and Don Enderton appeared on behalf of the Department of Finance, and Rick Knott appeared on behalf of the San Diego Unified School District.

Carol Miller began the discussion on this matter by stating her objection to the Department of Finance raising issues that were already argued in the parameters and guidelines hearings for this mandate. Based on this objection, Ms. Miller requested that the Commission adopt staff's recommendation and allow the Controller's Office to handle any audit exceptions.

Jim Apps stated that because school districts did not report funds that have been received by them, then the data reported in the survey is suspect. Therefore, the Department of Finance is not convinced that the cost estimate based on the data received by the schools is legitimate.

Discussion continued on the validity of the cost estimate and on the figures presented to the Commission for its consideration.

Member Creighton then made a motion to adopt staff's recommendation. Member Shuman seconded the motion. The vote on the motion was: Member Buenrostro, no; Member Creighton, aye; Member Martinez, no; Member Shuman, aye; and Chairperson Gould, no. The motion failed.

Chairperson Gould made an alternative motion that staff, the Department of Finance, and the school districts, conduct a pre-hearing conference and agree on an estimate to be presented to the Commission at a future hearing. Member Buenrostro seconded the motion. The roll call vote on the motion was unanimous. The motion carried.

Item 11 Statewide Cost Estimate
Chapter 815, Statutes of 1979
Chapter 1327, Statutes of 1984
Chapter 757, Statutes of 1985
Short-Doyle Case Management

Pamela Stone, representing the County of Fresno, stated that the county was in agreement with the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years, and was opposed to the reduction of the costs estimate being proposed by the Department of Mental Health's late filing.

Lynn Whetstone, representing the Department of Mental Health, stated that the Department agrees with the methodology used by Commission staff to develop the cost estimate, however, the Department questioned the manner in which Commission staff extrapolated its survey figures into a statewide estimate. Ms. Whetstone stated that due to the reasons stated in its late filing, the Department believes that the cost estimate be reduced to \$17,280,000.

Member Shuman moved, and Member Martinez seconded a motion to adopt the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years. The roll call vote on the motion was unanimous. The motion carried.

Item 14 State Mandates Apportionment System
Request for Review of Base Year Entitlement
Chapter 1242, Statutes of 1977
Senior Citizens' Property Tax Postponement

Leslie Hobson appeared on behalf of the claimant, County of Placer, and stated agreement with the staff analysis.

There were no other appearances and no further discussion.

Member Creighton moved approval of the staff recommendation. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 15 Test Claim
Chapter 670, Statutes of 1987
Assigned Judges

Vicki Wajdak and Pamela Stone appeared on behalf of the claimant, County of Fresno. Beth Mullen appeared on behalf of the Administrative Office of

the Courts. Jim Apps appeared on behalf of the Department of Finance. Allan Burdick appeared on behalf of the County Supervisors Association of California. Pamela Stone restated the claimant's position that the revenue losses due to this statute were actually increased costs because Fresno is now required to compensate its part-time justice court judges for work performed on another county while on assignment. Beth Mullen stated her opposition to this interpretation because Fresno's part-time justice court judge cannot be assigned elsewhere until all work required to be performed for Fresno has been completed; therefore, Fresno is only required to compensate the judge for its own work.

There followed discussion by the parties and the Commission regarding the applicability of the Supreme Court's decisions in County of Los Angeles and Lucia Mar. Chairperson Gould asked Commission Counsel Gary Hori whether this statute imposed a new program and higher level of service as contemplated by these two decisions. Mr. Hori stated that it did meet the definition of new program and higher level of service as contemplated by the Supreme Court.

Member Creighton moved to adopt the staff recommendation to find a mandate on counties whose part-time justice court judge is assigned within the home county. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 18 Test Claim
Chapter 1247, Statutes of 1977
Chapter 797, Statutes of 1980
Chapter 1373, Statutes of 1980
Public Law 99-372
Attorney's Fees - Special Education

Chairperson Gould recused himself from the hearing on this item.

Clayton Parker, representing the Newport-Mesa Unified School District, submitted a late filing on the test claim rebutting the staff analysis. Member Creighton stated that he had not had an opportunity to review the late filing and inquired on whether the claim should be heard at this hearing. Staff informed Member Creighton and Member Buenrostro that in reviewing the filing before this item was called, the filing appeared to be summary of the claimant's position on the staff analysis, and that there appeared to be no reason to continue the item.

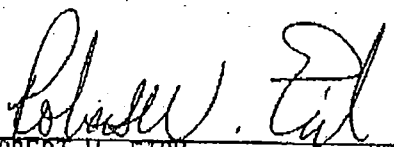
Mr. Parker stated that Commission staff had misstated the events that resulted in the claimant having to pay attorneys' fees to a pupil's guardians, and because of case law, courts do not have any discretion in awarding attorney's fees. Mr. Parker stated that because state legislation has codified the federal Education of the Handicapped Act, school districts are subject to the provisions of Public Law 94-142 and Public Law 99-372. Member Buenrostro then inquired whether staff was comfortable with discussing the issue of a state executive order incorporating federal law.

Minutes
Hearing of May 25, 1989
Page 6

Staff informed the Commission that it was not comfortable discussing this issue, and further noted that it appeared that Mr. Parker was basing his reasoning for finding P.L. 99-372 to be a state mandated program, on the Board of Control's finding that Chapter 1247, Statutes of 1977, and Chapter 797, Statutes of 1980, were a state mandated program. Staff noted that Board of Control's finding is currently the subject of the litigation in Huff v. Commission on State Mandates (Sacramento County Superior Court Case No. 352295).

Member Creighton moved and Member Martinez seconded a motion to continue this item and have legal counsel and staff review the arguments presented by Mr. Parker. The vote on the motion was unanimous. The motion carried.

With no further items on the agenda, Chairperson Gould adjourned the hearing at 11:45 a.m.



ROBERT W. EICH
Executive Director

RWE:GLH:cm:0224g

TAB 8

**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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TAB 9

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Health Fee Elimination Program
Review of Student Count/Health Fees
 July 1, 2001 through June 30, 2003
 C06-MCC-0001

Audit review:

Based on the following documents provided by Chris Bonvenuto, we computed the student health fees that could have been collected.

1. Enrollment Census *3I/6-21*
2. List of BOGG used *3I/20-37*

	Fall	Winter	Spring	Summer	Total
FY 2001-02					
Student enrollment	29,476	13,164	29,390	15,484	
Less allowable health fee exceptions	<u>(6,374)</u>	<u>(4,288)</u>	<u>(6,137)</u>	<u>(2,749)</u>	
Subtotals	23,102	8,876	23,253	12,735	
Authorized student health fee	\$ 12.00	\$ 9.00	\$ 12.00	\$ 9.00	
Audited authorized health fee revenues	\$ 277,224	\$ 79,884	\$ 279,036	\$ 114,615	\$ 750,759
Claimed authorized health fee revenues					<u>(479,007)</u>
Audit adjustment, FY 2001-02					<u>\$ 271,752</u>
FY 2002-03					
Student enrollment	29,803	13,199	28,219	16,781	
Less allowable health fee exceptions	<u>(6,343)</u>	<u>(3,255)</u>	<u>(6,076)</u>	<u>(2,973)</u>	
Subtotals	23,460	9,944	22,143	13,808	
Authorized student health fee	\$ 12.00	\$ 9.00	\$ 12.00	\$ 9.00	
Audited authorized health fee revenues	281,520	89,496	265,716	124,272	\$ 761,004
Claimed authorized health fee revenues					<u>(494,512)</u>
Audit adjustment, FY 2002-03					<u>\$ 266,492</u>
					Total
					\$ 538,244

104
1013

Parameters and Guidelines states that health fees authorized by *Education Code* must be deducted from costs claimed. *Education Code* Section 76355 © states that health fees are authorized from all student except those students who: (1) depends exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need.

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SANTA MONICA COMMUNITY COLLEGE DISTRICT
Health Fee Elimination Program
Review of Student Count/Health Fees
July 1, 2001 through June 30, 2003
C06-MCC-0001

Also, *Government Code* Section 17514 states that costs mandated by the State means any increased costs which a 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 COSM shall not find costs mandated by the State if the district has the authority to levy fees to pay for the mandated program or increased level of services.

CONCLUSION

The district understated authorized health fee revenue by \$538,244 for the audit period.

The district did not use the actual number of student counts and Boards of Governors Grants (BOGG) waiver counts in its reporting of the health fee revenue. We recalculated the authorized health fees the district was authorized to collect, using the enrollment by head count and the annual fee summary-BOGG only.

Audit adjustment

Understated authorized health fee revenues claimed

10
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SANTA MONICA COMMUNITY COLLEGE DISTRICT
 Health Fee Elimination Program
 Analysis of Health fees collected
 July 1, 2001 through June 30, 2003

Semester	PER Form HFE 1.1		CLAIM		PER		AUDIT		VARIANCE	
	Full-time	Part-time	Unit Cost	Total fees collected	Headcount	BOGG waiver	No. of students	Unit Cost	Audited fees collected	
Fiscal Year 2001/02										
Fall 2001					29,476	(6,374)	23,102	\$ 12.00	\$ 277,224	
Winter 2002					13,164	(4,288)	8,876	9.00	79,884	
Spring 2002					29,980	(6,137)	23,263	12.00	279,036	
Summer 2001					13,884	(2,749)	12,735	9.00	114,815	
Total				\$ 479,007	87,514				\$ 750,759	\$ 271,752
Fiscal Year 2002/03										
Fall 2002					29,803	(6,343)	23,460	\$ 12.00	\$ 281,520	
Winter 2003					13,199	(3,255)	9,944	9.00	89,496	
Spring 2003					28,219	(6,076)	22,143	12.00	265,716	
Summer 2002					16,781	(2,973)	13,808	9.00	124,272	
Total				\$ 494,512	88,002				\$ 761,004	266,492
Total				\$ 973,519					\$ 1,511,763	\$ 538,244

Purpose To determine the number of student counts and the health fees could have been collected

Source Enrollment Census - data run received August 24, 2005
 List of BOGG used - data run received August 24, 2005
 Approved claims for FYS 2001/02 and 2002/03
 Chris Bonvenuto, accounting Manager

Scope Scheduled the health fees reported on the claim
 Summarized the headcount and BOGG waiver from the district's data run (CD provided by Chris Bonvenuto)
 Recalculated the health fees by using the actual headcount and BOGG waiver count
 Compared the audited numbers with claimed number
 Summarized the headcount and BOGG waiver from the district's data run (CD provided by Chris Bonvenuto)
 Summarized the variance

Conclusion The district understated health fees credited against the costs of health service by \$538,244 for the audit period
 *Veterans are not allowable BOGG fee waivers for this mandate

Per district's enrollment census data run
 Summer 01 - Fall 01 - Winter 02 - Spring 02 - Summer 02 - Fall 02 - Winter 03 - Spring 03
 15484 29476 13164 29390 16781 29803 13199 28219

Per district's List of BOGG used

	Summer 01	Fall 01	Winter 02	Spring 02	Summer 02	Fall 02	Winter 03	Spring 03
BOGG-A-FDC	243	452	251	406	202	348	183	345
BOGG-B	2082	4338	3388	4178	2164	4450	2291	4235
BOGG-C	237	1184	455	1166	420	1158	610	1130
GR	20	34	31	56	20	42	17	40
Social sec.	167	366	163	331	167	345	154	326
Subtotal	2749	6374	4288	6137	2973	6343	3255	6076
Veterans	8	25	12	27	16	29	19	26
Total	2757	6399	4300	6164	2989	6372	3274	6102

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Santa Monica Community College District
 Health Fee Elimination program
 Summary of BOGG fee waiver student count
 July 1, 2001 through June 30, 2003
 C06-MCC-0001

Term	Data		Run		AFCD Count	Data		Run		BOGG B Count	Data		Run		BOGG C Count	Data		Run		GR Count	Data		Run		Soc. Sec. Count	Data		Run		Veterans Count	BOGG Total Count
	start	end	start	end		start	end	start	end		start	end	start	end		start	end	start	end		start	end	start	end		start	end	start	end		
Summer 01	2	244	243	243	244	2326	245	2326	2082	2327	2327	2564	2564	2563	237	2564	2564	2564	2564	20	2564	2564	2564	2564	167	2750	2750	2751	2751	8	2757
Fall 01	2	453	452	454	4791	4338	454	4791	4338	4792	4792	5976	5976	5975	1184	5976	5976	6010	6375	34	6010	6375	6376	6400	386	6375	6400	6376	6400	25	6399
Winter 02	2	252	251	253	2540	2288	253	2540	2288	2541	2995	2996	2995	455	2995	2996	3027	3189	31	3027	3189	3190	3201	163	3189	3201	3190	3201	12	3200	
Spring 02	2	407	406	408	4885	4178	408	4885	4178	4586	4586	5752	5752	5751	1156	5752	5752	5808	331	5808	6138	6139	6165	331	6138	6165	6139	6165	27	6164	
Summer 02	2	203	202	204	2367	2164	204	2367	2164	2368	2787	2788	2787	420	2787	2788	2808	2974	167	2808	2974	2975	2990	167	2974	2990	2975	2990	16	2989	
Fall 02	2	349	348	350	4799	4450	350	4799	4450	4800	5957	5958	5957	1158	5957	5958	6000	6344	345	6000	6344	6345	6373	345	6344	6373	6345	6373	29	6372	
Winter 03	2	184	183	185	2475	2291	185	2475	2291	2476	3085	3086	3085	610	3085	3086	3103	3256	154	3103	3256	3257	3275	154	3256	3275	3257	3275	19	3274	
Spring 03	2	346	345	347	4581	4235	347	4581	4235	4582	5711	5712	5711	1130	5711	5712	5752	6077	326	5752	6077	6078	6103	326	6077	6103	6078	6103	26	6102	

Handwritten notes:
 6/30
 7/1/03

Purpose To detail summarize the number of BOGG fee waiver for the audit period

Source Data run -List of BOGG-from Chris Bonvenuto, accounting manager

Scope Detailed schedule the BOGG fee waiver identified by type of BOGG

Conclusion BOGG count will be used when we computed the fee revenues that the district should have been collected

Census - Summer 2001

Last Page

OK 9/23/08

BENFORD	JEANISE	787157	11
CADY	KENT	720144	11
DEVON	SCHWARTZ	792931	11
HOKE	KAMAL	793112	11
KAM	KATHY	812800	11
KIL	MISUN	828050	11
KIM	HYEON-SOOK	772961	11
KLINE	CORINNE	828695	11
KLINGENSMITH	THEODOR	823724	11
LEE	ALICE	767431	11
LEE	MICHELLE	729233	11
MAY	LYNETTE	675269	11
NINH	THIEN	812512	11
OMAR	OMAR	765657	11
PHILLIPS	MARCUS	823968	11
RIHA	KLARA	725832	11
TEHRANI	SHAHRAM	826703	11
THOMAS	VERONICA	810352	11
XIONG	SHIYUE	791623	11
YU	EUN	754426	11
ACOSTA	CRISTINA	674643	12
ALANIZ	DANIELA	791564	12
BEAS	RICHARD	757625	12
CHERNOVSKY	STEVEN	628111	12
CONLIN	SEAN	810285	12
FEARON	MARK	742616	12
KAHEN	SAMI	748881	12
KIM	SOO	826128	12
KWON	CHUL-GEUN	677103	12
LAU	ATHENA	819355	12
MAZARIEGO	GLADYS	823317	12
OTA	JENNIFER	717178	12
THOMAS	LUIS	781805	12
YAZDI	REX	760158	12
PENUELA	CARLOS	782399	12.5
HALL	JASON	774080	13
LI	GRACE	823385	13
SHIRLEY	ANDREA	806198	13
CHUNG	CHI	831301	14
KASHANI	FARAZ	727478	14
PACHECO	MONICA	757081	14

inc
5485

Total 18984

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Health Fee Elimination Program
Review of Student Count/Health Fees
July 1, 2001 through June 30, 2003
C06-MCC-0001

PURPOSE

1. To determine if the correct number of student count is applied
2. To determine if the health fees are properly computed

SOURCE

1. Health Fee Elimination claims for FY 2001/02 and FY 2002/03.
2. Enrollment Census - data run
3. List of BOGG used - data run
4. Chris Bonvenuto, Accounting manager, Fiscal Services

SCOPE

1. Summarized the health fee reported in the claim
2. Scheduled the actual student count, by term
3. Scheduled the actual BOGG waiver, by term
4. Computed the student count (actual head count minus BOGG fee waiver).
5. Multiplied the net student count with the authorized student health fee
(Letter dated March 5, 2001 California community colleges chancellor's office to the superintendents - effective with the summer session of 2001, districts may begin charging a maximum fee of \$12 per semester, \$9 for summer session.)
6. Compared the audited health fee that should have collected, with the district's reported fee in the claim.
7. Audit adjustment = audited authorized health fee revenues less claimed authorized health fee revenues.

3/2/03

Bobb

Summer 2001

at
9/25/01

Soc Sec	719104	SAFAVINI/DONYA	33
Soc Sec	719102	SAFAVINI/LENA	33
Soc Sec	104575	SALAZAR JESSE	11
Soc Sec	782742	SALCEDO ALEXANDRA	66
Soc Sec	608563	SANDFOR DEMETRIUS	66
Soc Sec	688597	SAREBAN FIROOZEH	66
Soc Sec	810976	SEEGER MARGARET	11
Soc Sec	806240	SHAKIBAI DAMON	33
Soc Sec	453507	SHAMSIAN PARVIN	44
Soc Sec	712412	SHAPIRO TRAVIS	33
Soc Sec	724630	SHEPTOV Y	88
Soc Sec	811571	SHULTZ ROY	66
Soc Sec	806334	SILLAH KEMELLA	33
Soc Sec	665156	SILVA NINNETH	55
Soc Sec	763628	SIMANIAN PEJMAN	33
Soc Sec	652554	SINA MOSHE	22
Soc Sec	776318	SOLAREZ SARAH	33
Soc Sec	107928	SPUNGEN JANET	33
Soc Sec	340071	STRICKLA MERCEDES	11
Soc Sec	90865	SWIRE LEWIS	11
Soc Sec	722277	TABRIKIAN HELENA	33
Soc Sec	707281	TAGOE DOMINIC	11
Soc Sec	606601	TAN RAKSMEY	77
Soc Sec	776931	TANG JOSEPHINE	33
Soc Sec	527629	TAORMIN/VIRGINIA	11
Soc Sec	749209	TERMECH GISOO	44
Soc Sec	828442	THOMAS JEROME	44
Soc Sec	689344	THOMPSON JEANETTE	33
Soc Sec	636369	TOOMARI SHAHDOKHT	55
Soc Sec	783363	VALADEZ IBETH	77
Soc Sec	782280	VILLA ADRIANA	44
Soc Sec	157519	VILLARRE RAUL	11
Soc Sec	787819	VOSOUGI GISSEL	66
Soc Sec	830013	WALLACE MELVILLE	55
Soc Sec	824796	WILLIAMS NICHOLAS	33
Soc Sec	790734	WILLIAMS K	55
Soc Sec	403776	WILSON ROBIN	33
Soc Sec	828207	WINTERBI SCOTT	44
Soc Sec	804072	YEHDEGO SELAMAWIT	33
Soc Sec	780721	ZABOLIAN ALAN	66
Soc Sec	760714	ZARRABIZIDA	66
Soc Sec	752192	ZIESMER JILLIAN	44
Veteran	764464	BARLAHAIRAYMOND	33
Veteran	794387	FARRALE ANNAMARIE	33
Veteran	769908	GARCIA JESSE	55
Veteran	822842	JULIO KRISTINE	66
Veteran	781888	MARULAN ZANDRA	33
Veteran	736697	NUNEZ MICHAEL	33
Veteran	823453	PASOS KARLA	33
Veteran	786697	WARD DANIEL	55

inc 2789

Total 2959

32/11

Last Page

DISTRICT'S
INCORRECT REDUCTION CLAIM
FILED WITH THE
COMMISSION ON STATE MANDATES
ON JUNE 16, 2006

COMMISSION ON STATE MANDATES

NINTH STREET, SUITE 300
 AMENTO, CA 95814
 PHONE: (916) 323-3562
 FAX: (916) 445-0278
 E-mail: csminfo@csm.ca.gov



Rec'd
 6/28/06
 Audits
 J

June 20, 2006

Mr. Keith B. Petersen
 SixTen and Associates
 5252 Balboa Avenue, Suite 807
 San Diego, CA 92117

Ms. Ginny Brummels
 Division of Accounting and Reporting
 State Controller's Office
 3301 C Street, Suite 501
 Sacramento, CA 95816

Re: **Incorrect Reduction Claim**
Health Fee Elimination, 05-4206-I-12
 Santa Monica Community College District, Claimant
 Education Code Section 76355
 Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118
 Fiscal Years 2001-2002 and 2002-2003

Dear Mr. Petersen and Ms. Brummels:

On June 16, 2006, the Santa Monica Community College District filed an incorrect reduction claim (IRC) with the Commission on State Mandates (Commission) based on the *Health Fee Elimination* program for fiscal years 2001-2002 and 2002-2003. Commission staff determined that the IRC filing is complete.

Government Code section 17551, subdivision (b), requires the Commission to hear and decide upon claims filed by local agencies and school districts that the State Controller's Office (SCO) has incorrectly reduced payments to the local agencies or school districts.

SCO Review and Response. Please file the SCO response and supporting documentation regarding this claim within 90 days of the date of this letter. Please include an explanation of the reason(s) for the reductions and the computation of reimbursements. All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based on the declarant's personal knowledge, information or belief. The Commission's regulations also require that the responses (opposition or recommendation) filed with the Commission be simultaneously served on the claimants and their designated representatives, and accompanied by a proof of service (Cal. Code Regs., tit. 2, § 1185.01).

The failure of the SCO to respond within this 90-day timeline shall not cause the Commission to delay consideration of this IRC.

Claimant's Rebuttal. Upon receipt of the SCO response, the claimant and interested parties may file rebuttals. The rebuttals are due 30 days from the service date of the response.

Prehearing Conference. A prehearing conference will be scheduled if requested.

Public Hearing and Staff Analysis. The public hearing on this claim will be scheduled after the record closes. A staff analysis will be issued on the IRC at least eight weeks prior to the public hearing.

Dismissal of Incorrect Reduction Claims. Under section 1188.31 of the Commission's regulations, IRCs may be dismissed if postponed or placed on inactive status by the claimant for more than one year. Prior to dismissing a claim, the Commission will provide 60 days notice and opportunity for the claimant to be heard on the proposed dismissal.

Please contact Tina Poole at (916) 323-8220 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Patton", written over the word "Sincerely,".

NANCY PATTON
Assistant Executive Director

Enclosure: Incorrect Reduction Claim Filing - (SCO only)

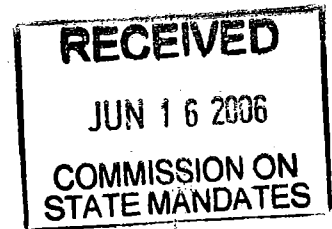
SixTen and Associates

Mandate Reimbursement Services

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

June 14, 2006



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

RE: Incorrect Reduction Claim of Santa Monica Community College District
1/84 Health Fee Elimination
Fiscal Years: 2001-02, and 2002-03

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for Santa Monica 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:

Thomas J. Donner, Executive Vice President
Business and Administration
Santa Monica Community College District
1900 Pico Blvd.
Santa Monica, CA 90405

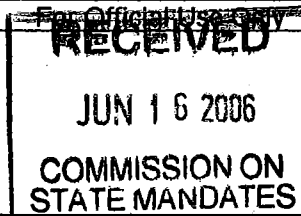
Thank-you.

Sincerely,

A handwritten signature in black ink, appearing to read "KB Petersen".

Keith B. Petersen

State of California
COMMISSION ON STATE MANDATES
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562
SM 2 (12/89)



INCORRECT REDUCTION CLAIM FORM

Claim No. 05-4206-E12

Local Agency or School District Submitting Claim

SANTA MONICA COMMUNITY COLLEGE DISTRICT

Contact Person

Telephone Number

Keith B. Petersen, President
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Voice: 858-514-8605
Fax: 858-514-8645
E-mail: Kbpsixten@aol.com

Address

Thomas J. Donner, Executive Vice President
Business and Administration
Santa Monica Community College District
1900 Pico Blvd.
Santa Monica, CA 90405

Representative Organization to be Notified

Telephone Number

Robert Miyashiro, Consultant, Education Mandated Cost Network
c/o School Services of California
121 L Street, Suite 1060
Sacramento, CA 95814

Voice: 916-446-7517
Fax: 916-446-2011
E-mail: robertm@SSCal.com

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to section 17561 of the Government Code. This incorrect reduction claim is filed pursuant to section 17561(b) of the Government Code.

CLAIM IDENTIFICATION: Specify Statute or Executive Order

HEALTH FEE ELIMINATION Chapter 1, Statutes of 1984, 2nd E.S. Chapter 1118, Statutes of 1987

<u>Fiscal Year</u>	<u>Amount of the Incorrect Reduction</u>
2001-2002	\$198,795
2002-2003	\$165,612
Total Amount	\$364,407

IMPORTANT: PLEASE SEE INSTRUCTIONS AND FILING REQUIREMENTS FOR COMPLETING AN INCORRECT REDUCTION CLAIM ON THE REVERSE SIDE.

Name and Title of Authorized Representative

Telephone No.

Thomas J. Donner, Executive Vice President

Voice: 310-434-4200
Fax: 310-434-4386
E-Mail: DONNER_THOMAS@smc.edu

Signature of Authorized Representative

Date

X

June 12, 2006

Claim Prepared by:

Keith B. Petersen
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, California 92117
Voice: (858) 514-8605
Fax: (858) 514-8645

BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

INCORRECT REDUCTION CLAIM OF:)

No. CSM _____

Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987

SANTA MONICA
Community College District,

Education Code Section 76355

Claimant.

Health Fee Elimination

Annual Reimbursement Claims:

Fiscal Year 2001-02
Fiscal Year 2002-03

INCORRECT REDUCTION CLAIM FILING

PART I. AUTHORITY FOR THE CLAIM

The Commission on State Mandates has the authority pursuant to Government Code Section 17551(d) to "... to hear and decide upon a claim by a local agency or school district, filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 subdivision (d) of Section 17561." Santa Monica Community College District (hereafter
2 "District") is a school district as defined in Government Code Section 17519. Title 2,
3 CCR, Section 1185 (a), requires the claimant to file an incorrect reduction claim with
4 the Commission.

5 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),
6 requires incorrect reduction claims to be filed no later than three years following the
7 date of the Controller's remittance advice notifying the claimant of a reduction. A
8 Controller's audit report dated March 17, 2006 (as revised April 19, 2006), has been
9 issued. The audit report constitutes a demand for repayment and adjudication of the
10 claims.

11 There is no alternative dispute resolution process available from the Controller's
12 office. In response to an audit issued March 10, 2004, Foothill-De Anza Community
13 College attempted to utilize the informal audit review process established by the
14 Controller to resolve factual disputes. Foothill-De Anza was notified by the Controller's
15 legal counsel by letter of July 15, 2004 (attached as Exhibit "A"), that the Controller's
16 informal audit review process was not available for mandate audits and that the proper
17 forum was the Commission on State Mandates.

18 **PART II. SUMMARY OF THE CLAIM**

19 The Controller conducted a field audit of the District's annual reimbursement
20 claims for the costs of complying with the legislatively mandated Health Fee Elimination
21 program for the period of July 1, 2001 through June 30, 2003. As a result of the audit,

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 the Controller determined that \$364,407 of the claimed costs are unallowable:

2	Fiscal	Amount	Audit	SCO	Amount Due
3	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u><State> District</u>
4					
5	2001-02	\$198,795	\$198,795	\$31,295	<\$31,295>
6	2002-03	<u>\$165,612</u>	<u>\$165,612</u>	<u>\$ 0</u>	<u>\$ 0</u>
7	Totals	\$364,407	\$364,407	\$31,295	<\$31,295>

8 Since the District has been paid \$31,295 for these claims, the audit report concludes
9 that the entire amount is payable to the state.

10 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

11 The District has not filed any previous incorrect reduction claims for this
12 mandate program. The District is not aware of any other incorrect reduction claims
13 having been adjudicated on the specific issues or subject matter raised by this incorrect
14 reduction claim.

15 PART IV. BASIS FOR REIMBURSEMENT

16 1. Mandate Legislation

17 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, repealed Education
18 Code Section 72246 which had authorized community college districts to charge a
19 student health services fee for the purpose of providing student health supervision and
20 services, direct and indirect medical and hospitalization services, and operation of
21 student health centers. This statute also required the scope of student health services
22 for which a community college district charged a fee during the 1983-84 fiscal year be

**Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination**

1 maintained at that level thereafter. The provisions of this statute were to automatically
2 repeal on December 31, 1987.

3 Chapter 1118, Statutes of 1987, amended Education Code Section 72246 to
4 require any community college district that provided student health services in 1986-87
5 to maintain student health services at that level each fiscal year thereafter.

6 Chapter 8, Statutes of 1993, Section 29, repealed Education Code Section
7 72246, effective April 15, 1993. Chapter 8, Statutes of 1993, Section 34, added
8 Education Code Section 76355¹, containing substantially the same provisions as former

¹ Education Code Section 76355, added by Chapter 8, Statutes of 1993, Section 34, effective April 15, 1993, as last amended by Chapter 758, Statutes of 1995, Section 99:

“(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.

**Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination**

1 Section 72246, effective April 15, 1993.

2 2. Test Claim

3 On December 2, 1985, Rio Hondo Community College District filed a test claim
4 alleging that Chapter 1, Statutes of 1984, 2nd Extraordinary Session, by eliminating the
5 authority to levy a fee and by requiring a maintenance of effort, mandated increased

(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 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."

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 costs by mandating a new program or the higher level of service of an existing program
2 within the meaning of California Constitution Article XIII B, Section 6.

3 On November 20, 1986, the Commission on State Mandates determined that
4 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon
5 community college districts by requiring any community college district, which provided
6 student health services for which it was authorized to charge a fee pursuant to former
7 Section 72246 in the 1983-1984 fiscal year, to maintain student health services at that
8 level in the 1984-1985 fiscal year and each fiscal year thereafter.

9 At a hearing on April 27, 1989, the Commission of State Mandates determined
10 that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to
11 apply to all community college districts which provided student health services in fiscal
12 year 1986-1987 and required them to maintain that level of student health services in
13 fiscal year 1987-1988 and each fiscal year thereafter.

14 3. Parameters and Guidelines

15 On August 27, 1987, the original parameters and guidelines were adopted. On
16 May 25, 1989, those parameters and guidelines were amended. A copy of the
17 parameters and guidelines, as amended on May 25, 1989, is attached as Exhibit "B."
18 So far as is relevant to the issues presented below, the parameters and guidelines
19 state:

20 "V. REIMBURSABLE COSTS

21 A. Scope of Mandate

**Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination**

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

4 **VI. CLAIM PREPARATION**

5 B... 3. Allowable Overhead Cost

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

9 **VII. SUPPORTING DATA**

10 For auditing purposes, all costs claimed must be traceable to
11 source documents and/or worksheets that show evidence of the
12 validity of such costs....

13 **VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS**

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

25 **4. Claiming Instructions**

26 The Controller has frequently revised claiming instructions for the Health Fee
27 Elimination mandate. A copy of the September 1997 revision of the claiming
28 instructions is attached as Exhibit "C." The September 1997 claiming instructions are
29 believed to be, for the purposes and scope of this incorrect reduction claim,

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 substantially similar to the version extant at the time the claims which are the subject of
2 this incorrect reduction claim were filed. However, since the Controller's claim forms
3 and instructions have not been adopted as regulations, they have no force of law, and,
4 therefore, have no effect on the outcome of this incorrect reduction 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 2001-02, and 2002-03. The audit concluded that 100% of the
8 District's costs, as claimed, are unallowable. A copy of the March 17, 2006 (as revised
9 on April 19, 2006) audit report and is attached as Exhibit "D."

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

11 By letter dated December 19, 2005, the Controller transmitted a copy of its draft
12 audit report. By letter dated January 4, 2006, the District objected to the proposed
13 adjustments set forth in the draft audit report. A copy of the District's letter of January
14 4, 2006 is attached as Exhibit "E." The Controller then issued its final audit report
15 without change to the adjustments as stated in the draft audit report.

16 **PART VII. STATEMENT OF THE ISSUES**

17 **Finding 1: Overstated indirect cost rates**

18 The Controller asserts that the District overstated its indirect cost rates and
19 costs in the amount of \$146,966 for the two fiscal years. This finding is based upon the
20 Controller's statement that "the district did not obtain federal approval for its IRCPs.
21 We calculated indirect cost rates using the methodology described in the SCO claiming

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 instructions." Contrary to the Controller's ministerial preferences, there is no
2 requirement in law that the claimant's indirect cost rate must be "federally" approved,
3 and the Commission has never specified the federal agencies which have the authority
4 to approve indirect cost rates.

5 CCFS-311

6 In fact, both the District's method and the Controller's method utilized the same
7 source document, the CCFS-311 annual financial and budget report required by the
8 state. The difference in the claimed and audited methods is in the determination of
9 which of those cost elements are direct costs and which are indirect costs. Indeed, the
10 federally "approved" rates which the Controller will accept without further action, are
11 "negotiated" rates calculated by a district and then submitted for approval to federal
12 agencies which are the source of federal programs to which the indirect cost rate is to
13 be applied, indicating that the process is not an exact science, but a determination of
14 the relevance and reasonableness of the cost allocation assumptions made for the
15 method used.

16 Regulatory Requirements

17 No particular indirect cost rate calculation is required by statute. The
18 parameters and guidelines state that "Indirect costs *may be claimed* in the manner
19 described by the Controller in his claiming instructions." The District claimed these
20 indirect costs "in the manner" described by the Controller. The correct forms were used
21 and the claimed amounts were entered at the correct locations.

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 In the audit report, the Controller asserts that "the specific directions for the
2 indirect cost rate calculation in the claiming instructions are an extension of *Parameters*
3 *and Guidelines*." It is not clear what the legal significance of the concept of "extension"
4 might be, regardless, the reference to the claiming instructions in the parameters and
5 guidelines does not change "may" into a "shall." Since the Controller's claiming
6 instructions were never adopted as law, or regulations pursuant to the Administrative
7 Procedure Act, the claiming instructions are merely a statement of the ministerial
8 interests of the Controller and not law.

9 Unreasonable or Excessive

10 Government Code Section 17561(d)(2) requires the Controller to pay claims,
11 provided that the Controller may audit the records of any school district to verify the
12 actual amount of the mandated costs, and may reduce any claim that the Controller
13 determines is excessive or unreasonable. The Controller is authorized to reduce a
14 claim only if the Controller determines the claim to be excessive or unreasonable.
15 Here, the District has computed its indirect cost rate utilizing cost accounting principles
16 from the Office of Management and Budget Circular A-21, and the Controller has
17 disallowed it without a determination of whether the product of the District's calculation
18 would, or would not, be excessive, unreasonable, or inconsistent with cost accounting
19 principles.

20 Neither state law nor the parameters and guidelines made compliance with the
21 Controller's claiming instructions a condition of reimbursement. The District has

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 followed the parameters and guidelines. The burden of proof is on the Controller to
2 prove that the District's calculation is unreasonable, not to recalculate the rate
3 according to its unenforceable ministerial preferences. Therefore, the Controller made
4 no determination as to whether the method used by the District was unreasonable, but,
5 merely substituted its FAM-29C method for the method reported by the District. The
6 substitution of the FAM-29C method is an arbitrary choice of the Controller, not a
7 "finding" enforceable either by fact or law. The Controller's adjustment of the District's
8 indirect cost rate should be withdrawn, since no legal or factual basis has been shown
9 to disallow the indirect cost rate calculation used by the District.

10 **Finding 2: Understated authorized health revenues claimed**

11 The Controller asserts that the "authorized health fee revenues" were
12 understated by \$538,244 for the two fiscal years. The District reported the actual
13 student health fees collected as a reduction of health service costs. The adjustments
14 for the student health services revenue are based on two reasons. First, the Controller
15 adjusted the reported number of students subject to payment of the health services fee.
16 Then, the Controller calculated the student fees collectible based on the highest
17 student health service fee chargeable, rather than the fee actually charged the student,
18 resulting in a total adjustment of \$538,244 for the two fiscal years.

19 Education Code Section 76355

20 Education Code Section 76355, subdivision (a), in relevant part, provides: "The
21 governing board of a district maintaining a community college *may require* community

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 college students to pay a fee . . . for health supervision and services . . . ” There is no
2 requirement that community colleges levy these fees. The permissive nature of the
3 provision is further illustrated in subdivision (b) which states “*If, pursuant to this*
4 *Section, a fee is required, the governing board of the district shall decide the amount of*
5 *the fee, if any, that a part-time student is required to pay. The governing board may*
6 *decide whether the fee shall be mandatory or optional.*”

7 Parameters and Guidelines

8 This Controller states that the “*Parameters and Guidelines* states that health
9 fees authorized by the Education Code must be deducted from costs claimed.” The
10 parameters and guidelines actually state:

12 “Any offsetting savings that the claimant experiences as a direct result of
13 this statute must be deducted from the costs claimed. In addition,
14 reimbursement for this mandate received from any source, e.g., federal, state,
15 etc., shall be identified and deducted from this claim. This shall include the
amount of [student fees] as authorized by Education Code Section 72246(a)².”

16 In order for a district to “experience” these “offsetting savings” a district must actually
17 have collected these fees. Student health services fees actually collected must be
18 used to offset costs, but not student fees that could have been collected and were not.
19 The use of the term “any offsetting savings” further illustrates the permissive nature of
20 the fees.

21 /

² Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

**Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination**

1 **Government Code Section 17514**

2 The Controller relies upon Government Code Section 17514 for the conclusion
3 that “[t]o the extent community college districts can charge a fee, they are not required
4 to incur a cost.” Government Code Section 17514, as added by Chapter 1459, Statutes
5 of 1984, actually states:

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

12 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 which describes the
14 legal effect of fees collected.

15 The audit report states that the Controller agrees that community college
16 districts “may choose not to levy a health service fee” and that Education Code Section
17 76355 “provides the districts with the authority to levy of such fees.” However, it does
18 not logically follow from that statement to the Controller’s conclusion, based on
19 Government Code Section 17514, that “health service costs recoverable through
20 authorized fees are not costs that the district is required to incur.”

21 **Government Code Section 17556**

22 The Controller relies upon Government Code Section 17556 for the conclusion
23 that the “COSM shall not find costs mandated by the State if the district has the

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 authority to levy fees to pay for the mandated program or increased level of services.”

2 Government Code Section 17556 as last amended by Chapter 589/89 actually states:

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

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

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

16 Student Health Services Fee Amount

17 The Controller asserts that the district should have collected a student health
18 service fee each semester from non-exempt students in the amount of \$12 and \$9 for
19 FY 2001-02 and FY 2002-03. Districts receive notice of these fee amounts from the
20 Chancellor of the California Community Colleges. An example of one such notice is the
21 letter dated March 5, 2001, attached as Exhibit "F." While Education Code Section
22 76355 provides for an increase in the student health service fee, it did not grant the
23 Chancellor the authority to establish mandatory fee amounts or mandatory fee

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 increases. No state agency was granted that authority by the Education Code, and no
2 state agency has exercised its rulemaking authority to establish mandatory fees
3 amounts. It should be noted that the Chancellor's letter properly states that increasing
4 the amount of the fee is at the option of the district, and that the Chancellor is not
5 asserting that authority. Therefore, the state cannot rely upon the Chancellor's notice
6 as a basis to adjust the claim for "collectible" student health services fees.

7 Fees Collected vs. Fees Collectible

8 This issue is one of student health fees revenue actually received, rather than
9 student health fees which might be collected. The Commission determined, as stated
10 in the parameters and guidelines, that the student health services fees "experienced"
11 would reduce the amount subject to reimbursement. Student fees not collected are
12 student fees not "experienced" and as such should not reduce reimbursement. Further,
13 the amount "collectible" will never equal actual revenues collected due to changes in
14 student BOGG eligibility, bad debt accounts, and refunds.

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

Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination

1 The audit finding should be rejected and the annual student health services actually
2 received used in lieu of a calculated amount potentially collectible either as reported by
3 the District or the Controller.

4 Enrollment and Exempted Student Statistics

5 The audit report states that the Controller adjusted the reported total student
6 enrollment based the "enrollment census' data run" and the reported number of exempt
7 students based on "the list of 'BOGG used' data run." The Controller has not provided
8 any factual basis why these different and later data sources, subject to review and
9 revision after the fact for several years, are preferable to the data reported by the
10 District which was available at the time the claims were prepared. That is to say, the
11 Controller does not indicate how and why its determination of the student counts is any
12 more accurate than the amount reported on the claims.

13 PART VIII. RELIEF REQUESTED

14 The District filed its annual reimbursement claims within the time limits
15 prescribed by the Government Code. The amounts claimed by the District for
16 reimbursement of the costs of implementing the program imposed by Chapter 1,
17 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code
18 Section 76355 represent the actual costs incurred by the District to carry out this
19 program. These costs were properly claimed pursuant to the Commission's parameters
20 and guidelines. Reimbursement of these costs is required under Article XIII B, Section
21 6 of the California Constitution. The Controller denied reimbursement without any

**Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination**

1 basis in law or fact. The District has met its burden of going forward on this claim by
2 complying with the requirements of Section 1185, Title 2, California Code of
3 Regulations. Because the Controller has enforced and is seeking to enforce these
4 adjustments without benefit of statute or regulation, the burden of proof is now upon the
5 Controller to establish a legal basis for its actions.

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

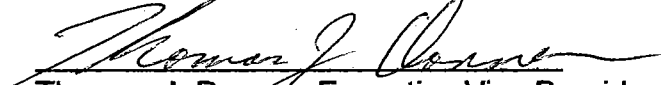
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**Incorrect Reduction Claim of Santa Monica Community College District
1/84; 1118/87 Health Fee Elimination**

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 June 12, 2006, at Santa Monica, California, by


Thomas J. Donner, Executive Vice President
Business and Administration
Santa Monica Community College District
1900 Pico Blvd.
Santa Monica, CA 90405
Voice: 310-434-4200
Fax: 310-434-4386
E-Mail: DONNER_THOMAS@smc.edu

APPOINTMENT OF REPRESENTATIVE

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

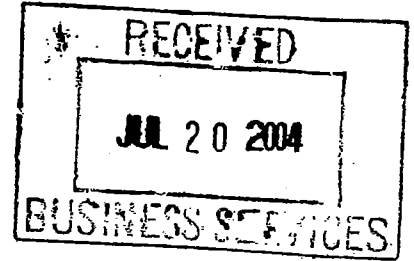

Thomas J. Donner, Executive Vice President
Business and Administration
Santa Monica Community College District

6/12/06
Date

Attachments:

- Exhibit "A" Controller's Legal Counsel's Letter of July 15, 2004
- Exhibit "B" Commission Parameters and Guidelines amended May 25, 1989
- Exhibit "C" Controller's Claiming Instructions September 1997
- Exhibit "D" Controller's Audit Report dated March 17 (April 19), 2006
- Exhibit "E" District's Letter dated January 4, 2006
- Exhibit "F" Chancellor's Letter dated March 5, 2001

EXHIBIT A



STEVE WESTLY
California State Controller

July 15, 2004

Mike Brandy, Vice Chancellor
Foothill-De Anza Community College District
12345 El Monte Road
Los Altos, CA 94022

Re: Foothill-De Anza Community College District Audit

Dear Mr. Brandy:

This is in response to your letter to me dated May 13, 2004, concerning the Controller's Audit of the Health Fee claim.

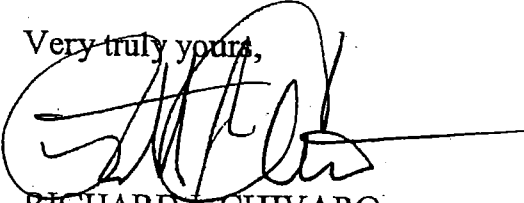
The Controller's informal audit review process was established to resolve factual disputes where no other forum for resolution, other than a judicial proceeding, is available.

The proper forum for resolving issues involving mandated cost programs is through the incorrect reduction process through the Commission on State Mandates. As such, this office will not be scheduling an informal conference for this matter.

However, in light of the concerns expressed in your letter concerning the auditors assigned and the validity of the findings, I am forwarding your letter to Vince Brown, Chief Operating Officer, for his review and response.

If you have any questions you may contact Mr. Vince Brown at (916) 445-2038.

Very truly yours,



RICHARD J. CHIVARO
Chief Counsel

RJC/st

cc: Vincent P. Brown, Chief Operating Officer, State Controller's Office
Jeff Brownfield, Chief, Division of Audits, State Controller's Office

EXHIBIT B

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
Midol - 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.

EXHIBIT C

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.

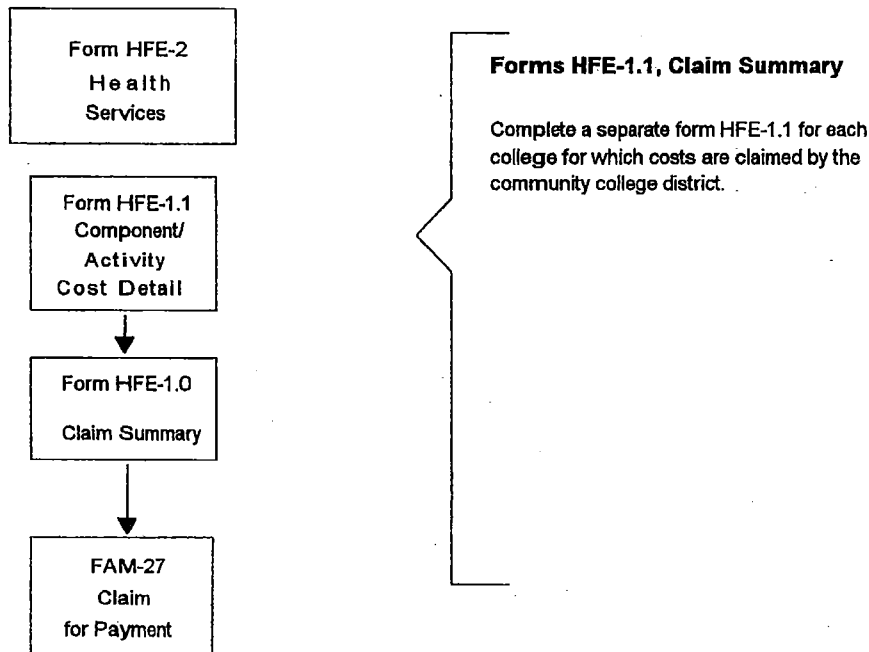
C. Form HFE-1.0, Claim Summary

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 (19) Program Number 00029 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program 029
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LABEL HERE	(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	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input 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) 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 to Claimant	(08)	(17)	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, 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 mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

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

Program 029	HEALTH FEE ELIMINATION Certification Claim Form Instructions	FORM FAM-27
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, 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 reimbursement claim from form HFE-1.0, line (04)(b).
- (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 either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a 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 in 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, line (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 a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:

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__
---------------	--	--------------------------

(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)]

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).

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							FORM HFE-1.1	
(01) Claimant		(02) Type of Claim				Fiscal Year		
		Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>				19__/19__		
(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 <input type="checkbox"/> SAME <input type="checkbox"/> MORE <input type="checkbox"/>								
						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 which are in excess of the level provided in 1986/87								
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]								
(08) Complete columns (a) through (g) to provide detail data for health fees								
Period for which health fees were collected	(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				[Line (8.1g) + (8.2g) +(8.6g)]				
(10) Sub-total				[Line (07) - line (09)]				
Cost Reduction								
(11) Less: Offsetting Savings, if applicable								
(12) Less: Other Reimbursements, if applicable								
(13) Total Amount Claimed				[Line (10) - (line (11) + line (12))]				

**HEALTH FEE ELIMINATION
CLAIM SUMMARY
Instructions**

**FORM
HFE-1.1**

- (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) 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. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. 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 the claim.
- (04) Compare the level of health 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 expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures 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 (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (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 health services that is 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 amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (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 schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed 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	
(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
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			

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	
(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
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			

EXHIBIT D



REVISED

STEVE WESTLY
California State Controller

April 19, 2006

Thomas J. Donner, Ed.D.
Interim Superintendent/President
Santa Monica Community College District
1900 Pico Boulevard
Santa Monica, CA 90405

Dear Dr. Donner:

Enclosed is a revised copy of the State Controller's Office audit of the costs claimed by the Santa Monica 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, 2001, through June 30, 2003. Minor corrections have been made to pages 5 and 9, and the pages have been marked as "revised 04/19/06." Please discard your copies of the prior version.

If you have any questions, please call me at (916) 323-5849.

Sincerely,

JIM L SPANO, Chief
Compliance Audits Bureau
Division of Audits

JLS/wq

RE: C06-MCC-001

Enclosure

cc: Chris Bonvenuto, Accounting Manager
Santa Monica Community College District
Cheryl Miller, SixTen and Associates
Marty Rubio, Specialist, Fiscal Accountability Section
California Community Colleges Chancellor's Office
Jeannie Oropeza, Program Budget Manager
Education Systems Unit, Department of Finance

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250-5874
SACRAMENTO 300 Capitol Mall, Suite 518, Sacramento, CA 95814 (916) 324-8907
LOS ANGELES 600 Corporate Pointe, Suite 1000, Culver City, CA 90230 (310) 342-5656

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
Summary: July 1, 2001, through June 30, 2003				
Health services costs:				
Salaries and benefits	\$ 927,010	\$ 927,010	\$ —	
Services and supplies	78,819	78,819	—	
Indirect costs	332,097	185,131	(146,966)	Finding 1
Total health services costs	1,337,926	1,190,960	(146,966)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	1,337,926	1,190,960	(146,966)	
Less authorized health fees	(973,519)	(1,511,763)	(538,244)	Finding 2
Subtotal	364,407	(320,803)	(685,210)	
Adjustment to eliminate negative balance	—	320,803	320,803	
Total	\$ 364,407	—	\$ (364,407)	
Less amount paid by the State		(31,295)		
Allowable costs claimed in excess of (less than) amount paid		\$ (31,295)		

¹ See the Findings and Recommendations section.

District's Response

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather the fee actually charged the student, or the fees actually collected.

"Authorized" Fee Amount

The Controller alleges that claimants must compute the total student health fees collectible based on the highest "authorized" rate. The Controller does not provide the factual basis for the calculation of the "authorized" rate, nor provide any reference to the "authorizing" source, nor 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.

Education Code Section 76355

Education Code Section 76355, subdivision (a), states that "The 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)

Parameters and Guidelines

The Controller asserts that the parameters and guidelines require that health fees authorized by the Education Code must be deducted from the costs claimed. This is a misstatement of the parameters and guidelines. The parameters and guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

Government Code Section 17514

The Controller relies upon Government Code Section 17514 for the conclusion that "[t]o the extent community college districts can charge a fee, they are not required to incur a cost." 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.

SANTA MONICA 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, 2001, through June 30, 2003



STEVE WESTLY
California State Controller

March 2006



STEVE WESTLY
California State Controller

March 17, 2006

Thomas J. Donner, Ed.D.
Interim Superintendent/President
Santa Monica Community College District
1900 Pico Boulevard
Santa Monica, CA 90405

Dear Dr. Donner:

The State Controller's Office audited the costs claimed by the Santa Monica 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, 2001, through June 30, 2003.

The district claimed \$364,407 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district claimed unallowable costs and understated revenue. The State paid the district \$31,295, which the district should return.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). 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 COSM's Web site, at www.csm.ca.gov (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at csminfo@csm.ca.gov.

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

Sincerely,

A handwritten signature in cursive script that reads "Jeffrey V. Brownfield".

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/ams

cc: Chris Bonvenuto
Accounting Manager
Santa Monica Community College District
Cheryl Miller
SixTen and Associates
Marty Rubio, Specialist
Fiscal Accountability Section
California Community Colleges Chancellor's Office
Jeannie Oropeza, Program Budget Manager
Education Systems Unit
Department of Finance

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	2
Conclusion	2
Views of Responsible Official	2
Restricted Use	3
Schedule 1—Summary of Program Costs	4
Findings and Recommendations	6
Attachment—District’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Santa Monica 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, 2001, through June 30, 2003. The last day of fieldwork was September 22, 2005.

The district claimed \$364,407 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district claimed unallowable costs and understated revenue. The State paid the district \$31,295. The district should return the total amount to the State.

Background

Chapter 1, Statutes of 1984, 2nd Extraordinary Session (E.S.), repealed *Education Code* Section 72246 which had authorized community college districts to charge a health fee to provide health supervision and services, and medical and hospitalization services, and to operate 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 in FY 1987-88 and each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (COSM) determined that Chapter 1, Statutes of 1984, 2nd E.S., 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 in FY 1984-85 and 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 COSM 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 each fiscal year thereafter.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. The COSM adopted *Parameters and Guidelines* on August 27, 1987, and amended it on May 25, 1989. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist school districts in claiming 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, 2001, through June 30, 2003.

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 the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

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 *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, the Santa Monica Community College District claimed \$364,407 for costs of the Health Fee Elimination Program. Our audit disclosed that the entire amount is unallowable.

For FY 2001-02, the State paid the district \$31,295. Our audit disclosed that all of the costs claimed are unallowable. The district should return the entire amount to the State.

For FY 2002-03, the district received no payment.

**Views of
Responsible
Official**

We issued a draft audit report on December 9, 2005. Thomas J. Donner, Ed.D., Interim Superintendent/President, responded by letter dated January 4, 2006 (Attachment), disagreeing with the audit results. This final audit report includes the district's response.

Restricted Use

This report is solely for the information and use of the Santa Monica Community College District, the Los Angeles County Office of Education, the California Department 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.



JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2003**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
July 1, 2001, through June 30, 2002				
Health services costs:				
Salaries and benefits	\$ 443,354	\$ 443,354	\$ —	
Services and supplies	67,963	67,963	—	
Indirect costs	166,485	95,872	(70,613)	Finding 1
Total health services costs	677,802	607,189	(70,613)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	677,802	607,189	—	
Less authorized health fees	(479,007)	(750,759)	(271,752)	Finding 2
Subtotal	198,795	(143,570)	(342,365)	
Adjustment to eliminate negative balance	—	143,570	143,570	
Total	\$ 198,795	—	\$ (198,795)	
Less amount paid by the State		(31,295)		
Allowable costs claimed in excess of (less than) amount paid		\$ (31,295)		
July 1, 2002, through June 30, 2003				
Health services costs:				
Salaries and benefits	\$ 483,656	\$ 483,656	\$ —	
Services and supplies	10,856	10,856	—	
Indirect costs	165,612	89,259	(76,353)	Finding 1
Total health services costs	660,124	583,771	(76,353)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	660,124	583,771	(76,353)	
Less authorized health fees	(494,512)	(761,004)	(266,492)	Finding 2
Subtotal	165,612	(177,233)	(342,845)	
Adjustment to eliminate negative balance	—	177,233	177,233	
Total	\$ 165,612	—	\$ (165,612)	
Less amount paid by the State		—		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
Summary: July 1, 2001, through June 30, 2003				
Health services costs:				
Salaries and benefits	\$ 927,010	\$ 927,010	\$ —	
Services and supplies	78,819	78,819	—	
Indirect costs	332,097	185,131	(146,966)	Finding 1
Total health services costs	1,337,926	1,190,960	(146,966)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	1,337,926	1,190,960	(146,966)	
Less authorized health fees	(973,519)	(1,511,763)	(538,244)	Finding 2
Subtotal	364,407	(320,803)	(685,210)	
Adjustment to eliminate negative balance	—	320,803	320,803	
Total	\$ 364,407	—	\$ (364,407)	
Less amount paid by the State		(31,295)		
Allowable costs claimed in excess of (less than) amount paid		\$ (31,295)		

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 overstated its indirect costs by \$146,966 for the audit period.

The district claimed indirect costs based on indirect cost rate proposals (ICRPs) prepared for each fiscal year by an outside consultant. However, the district did not obtain federal approval for its ICRPs. We calculated indirect cost rates using the methodology described in the SCO claiming instructions. Our calculated indirect cost rates did not support the indirect cost rates claimed. The audited and claimed indirect cost rates are summarized as follows.

	Fiscal Year	
	2001-02	2002-03
Allowable indirect cost rate	18.75%	18.05%
Less claimed indirect cost rate	(32.56)%	(33.49)%
Unsupported indirect cost rate	<u>(13.81)%</u>	<u>(15.44)%</u>

Based on these unsupported indirect cost rates, the audit adjustments are summarized below.

	Fiscal Year		Total
	2001-02	2002-03	
Claimed direct costs	\$ 511,317	\$ 494,512	
Unsupported indirect cost rate	×(13.81)%	× (15.44)%	
Audit adjustment	<u>\$ (70,613)</u>	<u>\$ (76,353)</u>	<u>\$ (146,966)</u>

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO claiming instructions. The SCO claiming instructions prescribes the SCO’s methodology (FAM-29C), a federally approved rate prepared in accordance with Office of Management and Budget (OMB) Circular A-21, or a flat rate (the most conservative rate). Form FAM-29C uses total expenditures reported on the California Community College Annual Financial and Budget Report, Expenditures by Activity (CCFS-311).

Recommendation

We recommend that the district implement procedures to ensure that claimed indirect costs are based on indirect cost rates computed in accordance with the SCO claiming instructions, and that it monitors staff adherence to its procedures. The district should obtain federal approval for ICRPs prepared in accordance with OMB Circular A-21. Alternately, the district should use form FAM-29C to prepare ICRPs based on the methodology allowed in the SCO claiming instructions.

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. The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "indirect costs may be claimed in the manner described by the Controller in his claiming instructions." The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller in the draft audit report.

The Controller's claiming instructions state that 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, a rate calculated using form FAM-29C, or a 7% indirect cost rate. The Controller claiming instructions were never adopted as rules or regulations, and therefore 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 other audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

Since the Controller 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.

SCO's Comment

The fiscal effect of the finding and recommendation remains unchanged.

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO's claiming instructions. Therefore, the specific directions for the indirect cost rate calculation in the claiming instructions are an extension of *Parameters and Guidelines*. The SCO's claiming instructions state that community colleges have the option of using a federally approved rate, prepared in accordance with OMB Circular A-21, the SCO's alternate methodology, using Form FAM-29C, or a flat 7% rate. In this case, the district chose to use indirect cost rates not approved by a federal agency, which is not an option provided by the SCO's claiming instructions.

**FINDING 2—
Understated authorized
health fee revenues
claimed**

The district understated authorized health fee revenue by \$538,244 for the audit period.

The district reduced claimed costs by actual rather than authorized health fee revenues. Therefore, we recalculated the authorized health fee revenues by multiplying student enrollment by term, net of allowable health fee exemption, by the authorized student health fee. We obtained student enrollment information from the "enrollment census" data run and student waiver information from the list of "BOGG used" data run.

A summary of our adjustment to authorized health fee revenues is as follows.

	<u>Fall</u>	<u>Winter</u>	<u>Spring</u>	<u>Summer</u>	<u>Total</u>
<u>FY 2001-02</u>					
Student enrollment	29,476	13,164	29,390	15,484	
Less allowable health fee exemptions	<u>(6,374)</u>	<u>(4,288)</u>	<u>(6,137)</u>	<u>(2,749)</u>	
Subtotal	23,102	8,876	23,253	12,735	
Authorized student health fee	<u>×\$12.00</u>	<u>× \$ 9.00</u>	<u>×\$12.00</u>	<u>× \$ 9.00</u>	
Audited authorized health fee revenues	<u>\$277,224</u>	<u>\$ 79,884</u>	<u>\$279,036</u>	<u>\$114,615</u>	\$750,759
Claimed authorized health fee revenues					<u>(479,007)</u>
Audit adjustment, FY 2001-02					<u>271,752</u>
<u>FY 2002-03</u>					
Student enrollment	29,803	13,199	28,219	16,781	
Less allowable health fee exemptions	<u>(6,343)</u>	<u>(3,255)</u>	<u>(6,076)</u>	<u>(2,973)</u>	
Subtotal	23,460	9,944	22,143	13,808	
Authorized student health fee	<u>×\$12.00</u>	<u>× \$ 9.00</u>	<u>×\$12.00</u>	<u>× \$ 9.00</u>	
Audited authorized health fee revenues	<u>\$281,520</u>	<u>\$ 89,496</u>	<u>\$265,716</u>	<u>\$124,272</u>	761,004
Claimed authorized health fee revenues					<u>(494,512)</u>
Audit adjustment, FY 2002-03					<u>266,492</u>
Total					<u>\$538,244</u>

Parameters and Guidelines states that health fees authorized by the *Education Code* must be deducted from costs claimed. *Education Code* Section 7635(c) states that health fees are authorized from all students except those students 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.

Also, *Government Code* Section 17514 states that "costs mandated by the State" means any increased costs which a 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 COSM shall not find costs mandated by the State if the district has the authority to levy fees to pay for the mandated program or increased level of services.

Recommendation

We recommend that the district implement procedures to ensure that allowable health services program costs are offset by the amount of health service fee revenue authorized by the *Education Code*, and that it monitors staff adherence to its procedures.

District's Response

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather than the fee actually charged the student, or the fees actually collected.

"Authorized" Fee Amount

The Controller alleges that claimants must compute the total student health fees collectible based on the highest "authorized" rate. The Controller does not provide the factual basis for the calculation of the "authorized" rate, nor provide any reference to the "authorizing" source, nor 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.

Education Code Section 76355

Education Code Section 76355, subdivision (a), states that "The 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)

Parameters and Guidelines

The Controller asserts that the parameters and guidelines require that health fees authorized by the Education Code must be deducted from the costs claimed. This is a misstatement of the parameters and guidelines. The parameters and guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

Government Code Section 17514

The Controller relies upon Government Code Section 17514 for the conclusion that "[t]o the extent community college districts can charge a fee, they are not required to incur a cost." 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 which describes the legal effect of fees collected.

Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that "the COSM 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 last amended by Chapter 589/89 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 Controller 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 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.

SCO's Comment

The finding and recommendation remain unchanged.

We agree that community college districts may choose not to levy a health service fee. However, *Education Code* Section 76355 gives districts the authority to levy a health service fee. The authorized fees are specified in *Education Code* Section 76355(c), as identified in the finding. *Government Code* Section 17556 states that the Commission on State Mandates (COSM) shall not find costs mandated by the State as defined in *Government Code* Section 17514 if the district has authority to levy fees to pay for the mandated program or increased level of service. For this mandated program, the COSM concluded that districts have authority to levy a health service fee; thus, the adopted *Parameters and Guidelines* identifies authorized health service fees as offsetting reimbursements. Health services costs recoverable through an authorized fee are not costs the district is required to incur; therefore, the related health services costs are not mandated costs as defined by *Government Code* Section 17514.

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



January 4, 2006

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

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

Re: Chapter 1, Statutes of 1984
Health Fee Elimination
State Controller's Audit
Fiscal Years: 2001-02 and 2002-03

Dear Mr. Spano:

This letter is the response of the Santa Monica Community College District to the letter from Jeffrey V. Brownfield, Chief, Division of Audits, dated December 19, 2005, and received by the District on December 23, 2005, which enclosed a draft copy of the State Controller's Office audit report of our Health Fee Elimination claims for the period of July 1, 2001 through June 30, 2003.

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. The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs may be claimed in the manner described by the Controller in his claiming instructions." The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller in the draft audit report.

The Controller's claiming instructions state that 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, a rate calculated using form FAM-29C, or a 7% indirect cost rate. The Controller claiming instructions were never adopted as rules or regulations, and therefore 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 other audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

Since the Controller 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 revenues claimed

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather than the fee actually charged the student, or the fees actually collected.

"Authorized" Fee Amount

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The District requests that the audit report be changed to comply with the appropriate application of the Government Code concerning audits of mandate claims.

Sincerely,



Thomas J. Donner, Interim Superintendent/President
Santa Monica Community College District

CC : Keith Peterson
SixTen and Associates

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

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

C06-MCC-001



EXHIBIT E



January 4, 2006

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

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

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Health Fee Elimination
State Controller's Audit
Fiscal Years: 2001-02 and 2002-03

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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. The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs may be claimed in the manner described by the Controller in his claiming instructions." The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller in the draft audit report.

The Controller's claiming instructions state that 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, a rate calculated using form FAM-29C, or a 7% indirect cost rate. The Controller claiming instructions were never adopted as rules or regulations, and therefore 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 other audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

Since the Controller 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 revenues claimed

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather the fee actually charged the student, or the fees actually collected.

"Authorized" Fee Amount

The Controller alleges that claimants must compute the total student health fees collectible based on the highest "authorized" rate. The Controller does not provide the factual basis for the calculation of the "authorized" rate, nor provide any reference to the "authorizing" source, nor 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.

Education Code Section 76355

Education Code Section 76355, subdivision (a), states that "The 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)

Parameters and Guidelines

The Controller asserts that the parameters and guidelines require that health fees authorized by the Education Code must be deducted from the costs claimed. This is a misstatement of the parameters and guidelines. The parameters and guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

Government Code Section 17514

The Controller relies upon Government Code Section 17514 for the conclusion that "[t]o the extent community college districts can charge a fee, they are not required to incur a cost." 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 which describes the legal effect of fees collected.

Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that "the COSM 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 last amended by Chapter 589/89 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 Controller 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 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.

The District requests that the audit report be changed to comply with the appropriate application of the Government Code concerning audits of mandate claims.

Sincerely,



Thomas J. Donner, Interim Superintendent/President
Santa Monica Community College District

CC : Keith Peterson
SixTen and Associates

EXHIBIT F

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

102 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

I:\Fisc\FiscUnit\01StudentHealthFees\01StuHealthFees.doc

EXHIBIT G

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

For State Controller Use only
 (19) Program Number 00029
 (20) Date File ___/___/___
 (21) LRS Input ___/___/___

029

(01) Claimant Identification Number:
 S19385

(02) Mailing Address:

Claimant Name
 Santa Monica Community College District

County of Location
 Los Angeles

Street Address
 1900 Pico Blvd.

City State Zip Code
 Santa Monica CA 90405-1628

Reimbursement Claim Data	
(22) HFE - 1.0, (04)(b)	\$ 198,795
(23)	
(24)	
(25)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	

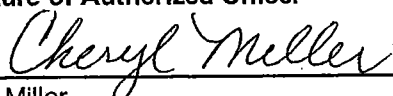
Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>
Fiscal Year of Cost	(06) 2002-2003	(12) 2001-2002
Total Claimed Amount	(07) \$ 215,000	(13) \$ 198,795
Less: 10% Late Penalty, but not to exceed \$1,000		(14) \$ -
Less: Estimate Claim Payment Received		(15) \$ 31,295
Net Claimed Amount		(16) \$ 167,500
Due from State	(08) \$ 215,000	(17) \$ 167,500
Due to State		(18) \$ -

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, 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 mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer

 Cheryl Miller
 Type or Print Name

Date January 8, 2003
 Assoc. V.P. Business Services
 Title

(39) Name of Contact Person or Claim SixTen and Associates Telephone Number (858) 514-8605
 E-Mail Address kbsixten@aol.com

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.0**

(01) Claimant: Claimant Name Santa Monica Community College District	(02) Type of Claim: Reimbursement	<input checked="" type="checkbox"/>	Fiscal Year 2001-2002
	Estimated	<input type="checkbox"/>	

(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.	Santa Monica College	\$	198,794.65
2.		\$	-
3.		\$	-
4.		\$	-
5.		\$	-
6.		\$	-
		\$	-
8.		\$	-
9.		\$	-
10.		\$	-
11.		\$	-
12.		\$	-
13.		\$	-
14.		\$	-
15.		\$	-
16.		\$	-
17.		\$	-
18.		\$	-
19.		\$	-
		\$	-
21.		\$	-
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$	198,795

029	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant: Santa Monica Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001-2002
--	---	------------------------------

(03) Name of College Santa Monica 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: 32.56%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 511,317	\$ 166,485	\$ 677,802
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 511,317	\$ 166,485	\$ 677,802

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

Period for which health fees were collected	(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				\$ -		\$ -	actual
2. Per spring semester				\$ -		\$ -	actual
3. Per summer session				\$ -		\$ -	actual
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fees that have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						\$ 479,007
(10) Sub-total	[Line (07) - line (09)]						\$ 198,795

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 198,795

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

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR
2000-2001**

*FOR 01-02
CLAIMS*

REFERENCE (CCFS 311)	DESCRIPTION	2000-2001
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	
	Instructional Salaries and Benefits	42,309,603
	Instructional Operating Expenses	781,794
	Instructional Support Instructional Salaries and Benefits	661,186
	Auxiliary Operations Instructional Salaries and Benefits	49,970
	TOTAL INSTRUCTIONAL COSTS 1	43,802,553
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	1,920,542
	Instructional Admin. Salaries and Benefits	3,805,142
	Instructional Admin. Operating Expenses	498,420
	Auxiliary Classes Non-Inst. Salaries and Benefits	2,307,496
	Auxiliary Classes Operating Expenses	3,052,226
	TOTAL NON-INSTRUCTIONAL COSTS 2	11,583,826
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	55,386,379
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	3,554,179
	Instructional Support Services Operating Expenses	666,017
	Admissions and Records	3,111,760
	Counseling and Guidance	7,016,197
	Other Student Services	5,152,448
	TOTAL DIRECT SUPPORT COSTS 4	19,480,601
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	74,866,980
	Indirect Support Costs	
	Operation and Maintenance of Plant	7,773,644
	Planning and Policy Making	4,011,766
	General Instructional Support Services	12,589,079
	TOTAL INDIRECT SUPPORT COSTS 6	24,374,489
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	99,241,469
SUPPORT COSTS ALLOCATION RATES		
Indirect Support Costs Allocation Rate =	Total Indirect Supports Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	32.56%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	35.17%
Total Support Cost Allocation		67.73%

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant Santa Monica Community College District	Fiscal Year 2001-2002	
(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
Outside Physician		
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		
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	
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		
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse	X	

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant

Santa Monica Community College District

Fiscal Year

2001-2002

(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
Stop Smoking
Library, Videos and Cassettes

X	X
X	X
X	X

First Aid, Major Emergencies
First Aid, Minor Emergencies
First Aid Kits, Filled

X	X
X	X
X	X

Immunizations

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

X	X
X	X
X	X
X	X

Insurance

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

X
X
X

Laboratory Tests Done
Inquiry/Interpretation
Pap Smears

X	X
---	---

Physical Examinations

Employees
Students
Athletes

X
X
X

Medications

Antacids
Antidiarrheal
Aspirin, Tylenol, etc.,
Skin Rash Preparations
Eye Drops
Ear Drops
Toothache, oil cloves
Stingkill
Midol, Menstrual Cramps
Other, list--> Ibuprofen

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Parking Cards/Elevator Keys

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

X	X
X	X
X	X
X	X

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant

Santa Monica Community College District

Fiscal Year

2001-2002

(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
- Health Department
- Clinic
- Dental
- Counseling Centers
- Crisis Centers
- Transitional Living Facilities, battered/homeless women
- Family Planning Facilities
- Other Health Agencies

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Tests

- Blood Pressure
- Hearing
- Tuberculosis
- Reading
- Information
- Vision
- Glucometer
- Urinalysis
- Hemoglobin
- EKG
- Strep A Testing
- PG Testing
- Monospot
- Hemacult
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
	X

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...condoms for sale

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
	X

Committees

- Safety
- Environmental
- Disaster Planning
- Skin Rash Preparations
- Eye Drops

X	X
---	---

Health Costs

INT NUMBER	PROG	EOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	EMCUMB	PRE-ENG	BALANCE	PCNT LEFT
00644000-0032			PHYSICAL & MENTAL/HEALTH SERVICES	91,967	123,850.80	.00	.00	31,883.80	0
00644000-0032			OTH EXTRA DUTY/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			NON TEACH SABBATICAL/HEALTH SERVICE	0	.00	.00	.00	.00	0
SUB-TOTAL			OBJECT 12000	91,967	123,850.80	.00	.00	31,883.80	0
00644000-0032			COUNSELOR/HRLY/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			PHYS & MENTAL/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			PHYS & MENTAL/REG/HEALTH SERVICES	6,404	.00	.00	.00	6,404.00	100
00644000-0032			PHYS & MENTAL/HRLY/SUM/HEALTH SERV	9,123	2,730.16	.00	.00	6,392.84	70
00644000-0032			PHYS & MENTAL/HRLY/H/IN/HEALTH SERV	0	.00	.00	.00	.00	0
SUB-TOTAL			OBJECT 14000	15,527	2,730.16	.00	.00	12,796.84	82
AJOR TOTAL			OBJECT 10000	107,494	126,580.96	.00	.00	19,686.96	0
00644000-0032			CLERICAL/HEALTH SERVICES	228,532	61,078.37	.00	.00	167,453.63	73
00644000-0032			OTH CLAS/HEALTH SERVICES	0	177,565.65	.00	.00	177,565.65	0
SUB-TOTAL			OBJECT 21000	228,532	238,644.02	.00	.00	10,112.02	0
00644000-0032			STUDENT HELP/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			CLERICAL/HRLY/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			CLERICAL OVERTIME/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			OTH CLAS HRLY/HEALTH SERVICE	0	.00	.00	.00	.00	0
00644000-0032			OTH CLAS HRLY OT/HEALTH SERVICE	0	2,048.56	.00	.00	2,048.56	0
SUB-TOTAL			OBJECT 23000	0	2,048.56	.00	.00	2,048.56	0
AJOR TOTAL			OBJECT 20000	228,532	240,692.58	.00	.00	12,160.58	0
00644000-0032			STRS/OTH-HEALTH SERVICES	0	4,987.60	.00	.00	4,987.60	0
00644000-0032			STRS/OTH CERT-HEALTH SERVICES	12,419	8,480.35	.00	.00	3,938.64	32
SUB-TOTAL			OBJECT 31000	12,419	13,467.96	.00	.00	1,048.96	0
00644000-0032			PERS/CLAS-HEALTH SERVICE	0	.00	.00	.00	.00	0
SUB-TOTAL			OBJECT 32000	0	.00	.00	.00	.00	0
00644000-0032			OSADI/OTH-HEALTH SERVICES	0	11,158.78	.00	.00	11,158.78	0
00644000-0032			MEDICARE/OTH-HEALTH SERVICES	9,337	2,609.74	.00	.00	6,727.26	72
00644000-0032			MEDICARE/OTH CERT-HEALTH SERVICES	0	1,619.02	.00	.00	1,619.02	0
SUB-TOTAL			OBJECT 33000	9,337	15,387.54	.00	.00	6,050.54	0
00644000-0032			H/W-OTH CLASS-HEALTH SERVICES	43,502	38,796.24	.00	.00	4,705.76	11
00644000-0032			H/W-OTH CERT-HEALTH SERVICES	0	3,628.56	.00	.00	3,628.56	0
SUB-TOTAL			OBJECT 34000	43,502	42,424.80	.00	.00	1,077.20	2
00644000-0032			SUI/OTH CLAS-HEALTH SERVICES	482	310.19	.00	.00	171.61	36

UNIT PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
-00644000-0032		SUI/OTH CERT-HEALTH SERVICES	0	158.39	.00	.00	168.39-	0
SUB-TOTAL		OBJECT 35000	482	478.58	.00	.00	3.42	1
-00644000-0032		W/C CLASSIFIED-HEALTH SERVICES	4,065	2,820.29	.00	.00	1,244.71	31
-00644000-0032		W/C CLAS-HEALTH SERVICES	0	1,498.15	.00	.00	1,498.15-	0
SUB-TOTAL		OBJECT 36000	4,065	4,318.44	.00	.00	253.44-	0
-00644000-0032		W/C CERT-HEALTH SERVICES	410	.00	.00	.00	410.00	100
-00644000-0032		DISR. RETIRE/HEALTH SERVICES	0	3.03	.00	.00	3.03-	0
SUB-TOTAL		OBJECT 38000	410	3.03	.00	.00	406.97	99
MAJOR TOTAL		OBJECT 30000	70,215	76,080.35	.00	.00	5,865.35-	0
-00644000-0032		REFER BOOKS/HEALTH SERVICES	0	.00	.00	.00	.00	0
SUB-TOTAL		OBJECT 42000	0	.00	.00	.00	.00	0
-00644000-0032		SUBSCRIPTIONS/HEALTH SERVICES	0	28.00	.00	.00	28.00-	0
SUB-TOTAL		OBJECT 43000	0	28.00	.00	.00	28.00-	0
-00644000-0032		SUBSCRIPTIONS/HEALTH SERVICES	0	.00	.00	.00	.00	0
-00644000-0032		SUPPLIES/HEALTH SERVICES	7,233	6,757.38	.00	.00	475.62	7
-00644000-0032		SOFTWARE LICENSE/HEALTH SERVICES	0	13,608.00	.00	.00	13,608.00-	0
-00644000-0032		PC UP GRADES/HEALTH SERVICES	0	.00	.00	.00	.00	0
SUB-TOTAL		OBJECT 44000	7,233	20,365.38	.00	.00	13,160.38-	0
MAJOR TOTAL		OBJECT 40000	7,233	20,393.38	.00	.00	13,160.38-	0
-00644000-0032		MILEAGE/HEALTH SERVICES	0	255.38	.00	.00	255.38-	0
-00644000-0032		CONFERENCE/HEALTH SERVICES	4,361	.00	.00	.00	4,361.00	100
SUB-TOTAL		OBJECT 52000	4,361	255.38	.00	.00	4,105.62	94
-00644000-0032		MEMBERSHIPS/HEALTH SERVICES	0	75.00	.00	.00	75.00-	0
SUB-TOTAL		OBJECT 53000	0	75.00	.00	.00	75.00-	0
-00644000-0032		INSURANCE/HEALTH SERVICES	0	.00	.00	.00	.00	0
-00644000-0032		STUDENT INSURANCE/HEALTH SERVICES	0	37,304.00	.00	.00	37,304.00-	0
SUB-TOTAL		OBJECT 54000	0	37,304.00	.00	.00	37,304.00-	0
-00644000-0032		RENTS/LEASES-HEALTH SERVICES	0	465.56	.00	.00	465.56-	0
-00644000-0032		REPAIR/HEALTH SERVICES	0	878.15	.00	.00	878.15-	0
-75632000-0032		EQUIPMENT/REPAIR-MATRICATION	0	.00	.00	.00	.00	0
SUB-TOTAL		OBJECT 56000	0	1,344.71	.00	.00	1,344.71-	0
-00644000-0032		OTH CONTR SRVCS/HEALTH SERVICES	0	.00	.00	.00	.00	0

NT NUMBER	PROG	LOC	ACCOUNT NAME	BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
			OBJECT 58000	0	.00	.00	.00	.00	0
			OBJECT 50000	4,351	38,979.09	.00	.00	34,618.09	0
			OBJECT 50000	7,224	5,008.72	.00	.00	2,215.28	31
			OBJECT 64000	7,224	5,008.72	.00	.00	2,215.28	31
			LEASE/PURCHASE-HEALTH SCIENCE	0	3,581.73	.00	.00	3,581.73	0
			OBJECT 65000	0	3,581.73	.00	.00	3,581.73	0
			OBJECT 50000	7,224	8,590.45	.00	.00	1,366.45	0

511,316.81

DCATION TOTALS NUMBER OF ACCOUNTS 46 425,059 .00 .00 86,257.81- 0

MEATH

00-RI AS OF '89/02
SANTA MONICA COMMUNITY COLLEGE

P.B.A.S. ACCOUNT LIST IN D
FY 01-02

SEQUENCE 03 - GENERAL FUND-RESTRICTED

PROCESSED 08/28/02

PAGE

TOTAL P. 06

ACCOUNT NAME	LOC	PROG	CURRENT BUDGET	ADJUSTMENTS	INCOME	CASH DEPOSITS	BALANCE	PCNT LEFT
0-98490000-0029 ARTHRITIS FOUNDATION PROJECT			0	.00	.00	.00	.00	0
0-94709000-0019 INCOME/PUBLIC TELE ENT/KCRW			0	.00	.00	.00	.00	0
0-13701080-0071 INCOME/BASIC SKILLS TRN FED EX			0	.00	.00	.00	.00	0
0-13701110-0071 INCOME/MICRO OFF 2000 TRNG			0	.00	25,140.00	.00	25,140.00	0
0-34647000-0040 LOCAL REV/SALLES & COMM-JOBTRAK-JDB			7,302	.00	12,978.25	.00	5,676.25	0
0-90649900-0021 INCOME/FI INS/INTERN'L STUDENT CTR			0	.00	92,418.00	.00	92,418.00	0
0-00642000-0032 STUDENT HEALTH FEES			0	.00	.00	.00	.00	0
0-00644000-0032 INCOME/HEALTH SERVICES			425,059	.00	479,005.91	.00	53,947.91	0
0-00644000-0084 INCOME/PSYCH SERVICES			193,775	.00	212,509.02	.00	18,734.02	0
0-33635000-0012 STUDENT PARKING FEES			948,191	.00	962,126.86	.00	13,935.86	0
0-00000000-0000 LOCAL REVENUE-HOLDING			0	.00	.00	.00	.00	0
0-13647000-0071 INCOME/JOB PLACEMENT			0	.00	.00	.00	.00	0
0-13649900-0071 VENDOR PROG. INCOME			9,865	.00	.00	.00	.00	0
0-13701100-0071 INCOME/TELECOMM VOC TRAIN			0	.00	.00	.00	.00	0
0-33695000-0012 PARKING LOT INCOME			0	.00	28,066.25	.00	28,066.25	0
0-33695000-0031 INCOME/PSQ OFFSET			151,864	.00	238,599.95	.00	86,835.95	0
0-62055000-0058 INCOME/MOORPARK PARTNERSHIP			0	.00	.00	.00	.00	0
0-64709000-0019 INCOME/OTHER LOCAL GRANTS-KCRW			0	.00	.00	.00	.00	0
0-64709000-0019 INTERNET ROYALTIES-KCRW			0	.00	.00	.00	.00	0
0-00000000-0000 DISTRICT MATCH HOLDING			0	.00	.00	.00	.00	0
0-00000000-0000 TRANSFER IN HOLDING ACCOUNT			0	.00	.00	.00	.00	0
0-00644000-0032 TRANSFER IN-HEALTH SERVICES			0	.00	.00	.00	.00	0
0-24601000-0022 DISTRICT MATCH/BLOCK GRANT-SB160			0	.00	.00	.00	.00	0
0-24601000-0045 DISTRICT MATCH/BLOCK GRANT-SB160			0	.00	.00	.00	.00	0
0-58709000-0033 DISTRICT MATCH/FEDERAL WORK STUDY			193,627	.00	173,986.63	.00	19,640.37	10
0-66642000-0029 DISTR MATCH/DISABLED STUDENT			0	.00	.00	.00	.00	0
0-66642000-0029 DISTRICT MATCH/HEARING IMPAIRED			0	.00	.00	.00	.00	0
0-66642000-0029 DISTRICT MATCH/LEARNING DISABLED			0	.00	.00	.00	.00	0
0-75630000-0025 DISTR MATCH/MATRICULATION			0	.00	.00	.00	.00	0
0-76630000-0025 DISTR MATCH INCOME/MATRIC THK TANK			0	.00	.00	.00	.00	0
0-77660000-0035 DISTRICT MATCH/STAFF DIVERSITY			0	.00	.00	.00	.00	0
0-53643000-0030 MATCH-INTERFUND TRAN/CAT. 8-EDPS			0	.00	.00	.00	.00	0
0-00000000-0000 ERROR ACCOUNT FOR OBJECT 8000			0	.00	.00	.00	.00	0
OBJECT TOTALS			5,732,197	.00	6,204,411.26	.00	472,214.26	0

LE LEDGER TOTALS NUMBER OF ACCOUNTS 267 17,185,959 .00 16,445,424.85 150,003.02 590,531.13 3

Nov 5 1992

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

For State Controller Use only
 (19) Program Number 00029
 (20) Date File ___/___/___
 (21) LRS Input ___/___/___



(01) Claimant Identification Number:
 L S19385

A (02) Mailing Address:
 B

E Claimant Name
 L Santa Monica Community College District

H County of Location
 E Los Angeles

R Street Address
 E 1900 Pico Blvd.

E City State Zip Code
 Santa Monica CA 90405-1628

Reimbursement Claim Data	
(22) HFE - 1.0, (04)(b)	\$ 165,612
(23)	
(24)	
(25)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	


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) 2003-2004	(12) 2002-2003
Total Claimed Amount	(07) \$ 170,000	(13) \$ 165,612
Less: 10% Late Penalty, but not to exceed 70 % of Estimate Claim Payment Received	(14) \$ -	(14) \$ -
	(15) \$ -	(15) \$ -
Net Claimed Amount	(16) \$ 165,612	(16) \$ 165,612
Due from State	(08) \$ 170,000	(17) \$ 165,612
Due to State	(18) \$ -	(18) \$ -

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, 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 mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer

 Cheryl Miller
 Name or Print Name

Date
 1/5/04
 Assoc. V.P. Business Services
 Title

Name of Contact Person or 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:	(02) Type of Claim:	Fiscal Year
Claimant Name	Reimbursement <input checked="" type="checkbox"/>	
Santa Monica Community College District	Estimated <input type="checkbox"/>	2002-2003

(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.	Santa Monica City College	\$	165,612.07
2.		\$	-
3.		\$	-
4.		\$	-
5.		\$	-
6.		\$	-
7.		\$	-
8.		\$	-
9.		\$	-
10.		\$	-
11.		\$	-
12.		\$	-
13.		\$	-
14.		\$	-
15.		\$	-
16.		\$	-
17.		\$	-
18.		\$	-
19.		\$	-
20.		\$	-
		\$	-
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$	165,612

029	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant: Santa Monica Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
--	---	------------------------------

(03) Name of College Santa Monica City 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: 33.49%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 494,512	\$ 165,612	\$ 660,124
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 494,512	\$ 165,612	\$ 660,124

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

Period for which health fees were collected	(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 [Line (8.1g) + (8.2g) +(8.6g)] \$ 494,512

(10) Sub-total [Line (07) - line (09)] \$ 165,612

Cost Reduction

1) Less: Offsetting Savings, if applicable \$ -

2) Less: Other Reimbursements, if applicable \$ -

(13) Total Amount Claimed [Line (10) - (line (11) + line (12))] \$ 165,612

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR
2001-2002**

For 02-03 claims

REFERENCE (CCFS 311)	DESCRIPTION	2001-2002
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	
	Instructional Salaries and Benefits	48,137,488
	Instructional Operating Expenses	637,771
	Instructional Support Instructional Salaries and Benefits	699,832
	Auxiliary Operations Instructional Salaries and Benefits	466,220
	TOTAL INSTRUCTIONAL COSTS 1	49,941,311
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	1,569,620
	Instructional Admn. Salaries and Benefits	4,398,515
	Instructional Admn. Operating Expenses	343,815
	Auxiliary Classes Non-Inst. Salaries and Benefits	1,979,893
	Auxiliary Classes Operating Expenses	2,979,852
	TOTAL NON-INSTRUCTIONAL COSTS 2	11,271,695
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	61,213,006
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	4,094,910
	Instructional Support Services Operating Expenses	1,060,473
	Admissions and Records	3,213,768
	Counseling and Guidance	7,876,313
	Other Student Services	5,557,855
	TOTAL DIRECT SUPPORT COSTS 4	21,803,319
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	83,016,325
	Indirect Support Costs	
	Operation and Maintenance of Plant	8,476,505
	Planning and Policy Making	4,295,609
	General Instructional Support Services	15,032,300
	TOTAL INDIRECT SUPPORT COSTS 6	27,804,414
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	110,820,739
SUPPORT COSTS ALLOCATION RATES		
Indirect Support Costs Allocation Rate =	Total Indirect Support Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	33.49%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	35.62%
Total Support Cost Allocation		69.11%

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant

Santa Monica Community College District

Fiscal Year

2002-2003

(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

Outside Physician

	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

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	
---	--

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

Health Talks or Fairs, Information

Sexually Transmitted Disease

X	X
---	---

Drugs

X	X
---	---

Acquired Immune Deficiency Syndrome

X	X
---	---

Child Abuse

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant Santa Monica Community College District	Fiscal Year 2002-2003	
(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		X
Voluntary		X
Insurance Inquiry/Claim Administration		X
Laboratory Tests Done		
Inquiry/Interpretation	X	X
Pap Smears		
Physical Examinations		
Employees		X
Students		X
Athletes		X
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X
Ear Drops		
Toothache, oil cloves		
Stingkill		X
Midol, Menstrual Cramps	X	X
Other, list		
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		X
Parking Inquiry	X	X
Elevator Passes	X	X
Temporary Handicapped Parking Permits		X

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant Santa Monica Community College District	Fiscal Year 2002-2003	
(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	X	X
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG		
Strep A Testing		X
PG Testing		
Monospot		
Hemacult		
Others, list		
Miscellaneous		
Absence Excuses/PE Waiver		
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		
Others, list...condoms for sale		X
Committees		
Safety		
Environmental		
Disaster Planning	X	X
Skin Rash Preparations		
Eye Drops		

1700-111 Cost

ACCOUNT NUMBER	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCMT LEFT
1600-00644000-0032		PHYSICAL & MENTAL/HEALTH SERVICES	105,940	109,778.00	.00	.00	3,838.00-	0
1700-00644000-0032		OTH EXTRA DUTY/HEALTH SERVICES	0	.00	.00	.00	.00	0
1800-00644000-0032		NON TEACH SABBATICAL/HEALTH SERVICE	0	.00	.00	.00	.00	0
* SUB-TOTAL		OBJECT 12000	105,940	109,778.00	.00	.00	3,838.00-	0
1550-00644000-0032		COUNSELOR/HR/LY/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
1600-00644000-0032		PHYS & MENTAL/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
1630-00644000-0032		PHYS & MENTAL/REG/HEALTH SERVICES	0	.00	.00	.00	.00	0
1650-00644000-0032		PHYS & MENTAL/HR/LY/SUM/HEALTH SERV	0	9,977.00	.00	.00	9,977.00-	0
1670-00644000-0032		PHYS & MENTAL/HR/LY/WIN/HEALTH SERV	0	6,784.80	.00	.00	6,784.80-	0
* SUB-TOTAL		OBJECT 14000	0	16,761.80	.00	.00	16,761.80-	0
1100-00644000-0032		STUDENT HELP/HEALTH SERVICES	0	.00	.00	.00	.00	0
1230-00644000-0032		CLERICAL/HR/LY/HEALTH SERVICES	0	.00	.00	.00	.00	0
1240-00644000-0032		CLERICAL OVERTIME/HEALTH SERVICES	0	297.87	.00	.00	297.87-	0
1940-00644000-0032		OTH CLAS/OT-HEALTH SERVICES	0	7,022.41	.00	.00	7,022.41-	0
* SUB-TOTAL		OBJECT 23000	0	7,320.28	.00	.00	7,320.28-	0
** MAJOR TOTAL		OBJECT 20000	243,080	261,041.61	.00	.00	17,961.61-	0
200-00644000-0032		CLERICAL/HEALTH SERVICES	60,211	63,222.88	.00	.00	3,011.88-	0
900-00644000-0032		OTH CLAS/HEALTH SERVICES	182,869	190,498.45	.00	.00	7,629.45-	0
* SUB-TOTAL		OBJECT 21000	243,080	253,721.33	.00	.00	10,641.33-	0
200-00644000-0032		STRS/OTH-HEALTH SERVICES	9,728	5,588.08	.00	.00	4,139.92	43
300-00644000-0032		STRS/OTH CERT-HEALTH SERVICES	6,455	10,439.62	.00	.00	3,984.62-	0
* SUB-TOTAL		OBJECT 31000	16,183	16,027.70	.00	.00	155.30	1
1200-00644000-0032		PERS/CLAS-HEALTH SERVICES	5,676	5,282.92	.00	.00	393.08	7
* SUB-TOTAL		OBJECT 32000	5,676	5,282.92	.00	.00	393.08	7
1200-00644000-0032		QASDI/OTH-HEALTH SERVICES	13,220	11,684.73	.00	.00	1,535.27	12
1600-00644000-0032		MEDICARE/OTH-HEALTH SERVICES	3,894	2,732.70	.00	.00	1,161.30	30
1700-00644000-0032		MEDICARE/OTH CERT-HEALTH SERVICES	1,041	1,834.84	.00	.00	793.84-	0
* SUB-TOTAL		OBJECT 33000	18,155	16,252.27	.00	.00	1,902.73	10
1200-00644000-0032		H/W-OTH CLASS-HEALTH SERVICES	40,841	49,407.83	.00	.00	8,566.83-	0
1300-00644000-0032		H/W-OTH CERT-HEALTH SERVICES	3,573	4,140.18	.00	.00	567.18-	0
* SUB-TOTAL		OBJECT 34000	44,414	53,548.01	.00	.00	9,134.01-	0
1200-00644000-0032		SUI/OTH CLAS-HEALTH SERVICES	412	308.76	.00	.00	103.24	25
1310-00644000-0032		SUI/OTH CERT-HEALTH SERVICES	79	151.83	.00	.00	72.83-	0

ACCOUNT NUMBER	PROG	LDC	ACCOUNT NAME	OBJECT	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
* SUB-TOTAL				35000	491	450.59	.00	.00	30.41	6
6200-00644000-0032			W/C-CLASSIFIED-HEALTH SERVICES		4,038	3,018.81	.00	.00	1,019.19	25
6300-00644000-0032			W/C-CLAS-HEALTH SERVICES		769	1,484.34	.00	.00	715.34	0
* SUB-TOTAL				35000	4,807	4,503.15	.00	.00	303.85	6
8200-00644000-0032			W/C CERT-HEALTH SERVICES		0	.00	.00	.00	.00	0
8300-00644000-0032			DISTR RETIRE/HEALTH SERVICES		0	.00	.00	.00	.00	0
* SUB-TOTAL				38000	0	.00	.00	.00	.00	0
*** MAJOR TOTAL				30000	89,726	96,074.64	.00	.00	6,348.54	0
2300-00644000-0032			REFER BOOKS/HEALTH SERVICES		100	.00	.00	.00	100.00	100
* SUB-TOTAL				42000	100	.00	.00	.00	100.00	100
3300-00644000-0032			SUBSCRIPTIONS/HEALTH SERVICES		100	.00	.00	.00	100.00	100
* SUB-TOTAL				43000	100	.00	.00	.00	100.00	100
5300-00644000-0032			SUBSCRIPTIONS/HEALTH SERVICES		0	.00	.00	.00	.00	0
5500-00644000-0032			SUPPLIES/HEALTH SERVICES		7,000	9,057.12	.00	.00	2,057.12	0
5501-00644000-0032			SOFTWARE LICENSE/HEALTH SERVICES		3,200	.00	.00	.00	3,200.00	100
5503-00644000-0032			PC UP GRADES/HEALTH SERVICES		0	.00	.00	.00	.00	0
* SUB-TOTAL				45000	10,200	9,057.12	.00	.00	1,142.88	11
*** MAJOR TOTAL				40000	10,400	9,057.12	.00	.00	1,342.88	13
2100-00644000-0032			MILEAGE/HEALTH SERVICES		400	.00	.00	.00	400.00	100
2200-00644000-0032			CONFERENCE/HEALTH SERVICES		1,500	.00	.00	.00	1,500.00	100
* SUB-TOTAL				52000	1,900	.00	.00	.00	1,900.00	100
9000-00644000-0032			MEMBERSHIPS/HEALTH SERVICES		200	90.00	.00	.00	110.00	55
* SUB-TOTAL				53000	200	90.00	.00	.00	110.00	55
4100-00644000-0032			INSURANCE/HEALTH SERVICES		0	.00	.00	.00	.00	0
* SUB-TOTAL				54000	0	.00	.00	.00	.00	0
6300-00644000-0032			RENTS/LEASES-HEALTH SERVICES		727	655.23	.00	.00	71.77	10
6500-00644000-0032			REPAIR/HEALTH SERVICES		700	666.80	.00	.00	33.20	5
6500-75632000-0032			EQUIPMENT/REPAIR-MATRICATION		0	.00	.00	.00	.00	0
* SUB-TOTAL				56000	1,427	1,322.03	.00	.00	104.97	7
8900-00644000-0032			OTH CONTR SRVCS/HEALTH SERVICES		100	.00	.00	.00	100.00	100
* SUB-TOTAL				58000	100	.00	.00	.00	100.00	100

ACCOUNT NUMBER	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
1100-0064000-0032		EQUIPMENT/HEALTH SERVICES	2,600	386.50	.00	.00	2,213.50	85
Σ SUB-TOTAL		OBJECT 64000	2,600	386.50	.00	.00	2,213.50	85
5200-0064000-0032		LEASE/PURCHASE-HEALTH SCIENCE	1,600	.00	.00	.00	1,600.00	100
Σ SUB-TOTAL		OBJECT 65000	1,600	.00	.00	.00	1,600.00	100
Σ MAJOR TOTAL		OBJECT 60000	4,200	386.50	.00	.00	3,813.50	91

Σ LOCATION TOTALS NUMBER OF ACCOUNTS 44 456,973 494,511.70 .00 .00 37,538.70- 0

ACCT NUMBER	DBJ	PROG	LDC	ACCOUNT NAME	CURRENT			ADJUSTMENTS	INCOME	CASH DEPOSITS	BALANCE	PCNT	
					BUDGET							LEFT	RIGHT
6900-62689000-0071				STATE/OTH FUNDS-EIP	496,564	0	0	50,280.00	.00	446,384.00	90		
6900-64709500-0019				INCOME/STATE/CAC GRANT/KCRW	0	0	0	29,149.55	.00	29,149.55	0		
6900-64709503-0019				INCOME/KCRW-CAS-02/03	0	0	0	.00	.00	.00	0		
6900-97689000-0071				OTH STATE REVENUE/UA11	10,000	0	0	.00	.00	10,000.00	100		
* DBJCT TOTALS				NUMBER OF ACCOUNTS 82	8,553,520	0	0	5,097,245.08	10,750.00	2,455,524.92	29		
8000-00000000-0000				LOCAL REVENUE HOLDING	665,531	0	0	.00	.00	665,531.00	100		
8000-00790000-0002				REVENUE RESERVE	0	0	0	.00	.00	.00	0		
8200-00677000-0031				INCOME/SMPD GRANT	0	0	0	.00	.00	.00	0		
8200-19701000-0071				INCOME/VESTL GOODWILL	0	0	0	.00	.00	.00	0		
8200-20677000-0031				INCOME/SMPD GRANT	5,393	0	0	.00	.00	12,500.00	100		
8200-23649994-0028				INCOME/PICO PART CITY	0	0	0	.00	.00	5,393.00	100		
8200-23649995-0028				INCOME/PICO PART CITY 02/03	199,875	0	0	.00	.00	.00	0		
8200-30601000-0027				INCOME/CALWORKS COUNTY 02/03	107,791	0	0	.00	.00	31,698.00	16		
8200-34647000-0040				INCOME/JOBTRACK-JOB CENTER	4,770	0	0	.00	.00	10,779.10	21		
8200-34701000-0071				INCOME/BROADBAND-TELECOMM TRAIN	34,800	0	0	.00	.00	4,770.00	100		
8200-38671000-0091				INCOME/MADISON THEATER PROJECT	0	0	0	.00	.00	33,060.00	95		
8200-43060000-0059				INCOME/ECDLLEGE	0	0	0	.00	.00	14,032.00	0		
8200-49602002-0064				INCOME/APA/BIDMED - 01-02	11,413	0	0	.00	.00	.00	0		
8200-49602003-0064				INCOME/APA-BIDMED 02/03	20,000	0	0	.00	.00	10,975.00	55		
8200-50602000-0071				INCOME SPL/A+VESTL	0	0	0	.00	.00	8,360.50	0		
8200-52602000-0045				INCOME/TITLES INT'L TRADE	0	0	0	.00	.00	.00	0		
8200-60649001-0064				TUITION AID/CHILD DEVELOP TRAINING	0	0	0	.00	.00	111.00	0		
8200-60649002-0064				INCOME/CHILD DEV TRAIN '03	10,000	0	0	.00	.00	1,150.00	15		
8200-64709000-0019				DDMATIONS/LOCAL-KCRW	3,548,255	0	0	2,166,757.27	.00	1,381,497.73	39		
8200-64709050-0019				INCOME TECH SUPPLIES KCRW	0	0	0	.00	.00	72,465.00	0		
8200-72647000-0040				INCOME/JOB SVC CTR-JOB FAIR	0	0	0	.00	.00	.00	0		
8200-79602004-0109				INCOME/SCH TO CAREER	20,763	0	0	.00	.00	26,372.00	0		
8200-80709100-0019				ST MONICA CITY COUNCIL/KCRW GRANT	0	0	0	.00	.00	5,609.00	0		
8200-84649901-0109				INCOME/COMM BRIDGE-SIGN GRANT	0	0	0	.00	.00	.00	0		
8200-84649902-0109				INCOME/SIGN GRANT-02/03	100,000	0	0	.00	.00	.00	0		
8200-92130510-0071				INCOME/PROP 10	208,909	0	0	19,902.25	.00	80,097.75	80		
8220-64709400-0019				INCOME/PUBLIC TELE ENT-KCRW	4,588	0	0	110,036.00	.00	98,873.00	47		
8700-94709000-0019				INCOME/PUBLIC TELE ENT/KCRW	0	0	0	4,826.55	.00	238.55	0		
8760-13701110-0071				INCOME/MICRO OFF 2000 TRNS	834,740	0	0	31,835.00	.00	31,835.00	0		
8760-00542000-0032				00 NDT USE	0	0	0	1,525,282.00	.00	690,542.00	0		
8760-00644000-0032				INCOME/HEALTH SERVICES	456,973	0	0	.00	.00	.00	0		
8760-00644000-0084				INCOME/PSYCH SERVICES	212,609	0	0	494,512.20	.00	37,539.20	0		
8810-33695000-0012				STUDENT PARKING FEES	1,022,395	0	0	179,970.60	.00	33,639.00	16		
8811-33695000-0012				STAFF PARKING FEES	0	0	0	1,009,147.50	.00	13,247.50	1		
8900-33695000-0012				PARKING LDT INCOME	151,864	0	0	96,296.28	.00	96,296.28	0		
9000-00000000-0000				DISTRICT MATCH HOLDING	76,388	0	0	242,309.74	.00	90,445.74	0		
9000-33695000-0012				TRANSFER IN-PARKING	0	0	0	.00	.00	76,388.00	100		
9800-58709000-0033				DISTRICT MATCH/FEDERAL WORK STUDY	216,301	0	0	.00	.00	.00	0		
9800-64709503-0019				INCOME/MATCH-KCRW-02/03	0	0	0	172,420.00	.00	43,881.00	20		
9999-00000000-0000				ERRDR ACCOUNT FOR OBJECT 8000	0	0	0	.00	.00	.00	0		
* DBJCT TOTALS				NUMBER OF ACCOUNTS 41	6,429,520	0	0	6,479,126.98	13,704.10	53,311.08	0		