



April 11, 2025

TO: All Parties, Interested Parties, and Interested Persons and the
Commission on State Mandates Rulemaking List

FROM: Juliana F. Gmur, Executive Director *JFG*

RE: Notice of Workshop: Proposed Amendments to the Commission on State
Mandates' Regulations

The Commission on State Mandates (Commission) has scheduled a workshop for **Friday, April 25, 2025, from 1:00 p.m. – 2:30 p.m.** The workshop will be conducted via Zoom.

Workshop

The purpose of this workshop is to provide parties with an opportunity to discuss proposed amendments to the Commission's regulations. It is intended for people who would like to participate in the Commission's rulemaking process.

If you are participating via Zoom, you must use the "Raise Hand" feature in order for our moderators to know you need to be unmuted. Please use the chat feature in order to type your questions.

Please register for the workshop via Zoom using the link below. You will receive an invitation and link to the workshop that you can save to your calendar. You can listen and view through your desktop, laptop, tablet, or smart phone. This will allow you to view documents being shared as well.

There are two options for joining the meeting via Zoom:

1. Through the link below you can register and join and listen and view through your computer or smart device. This will allow you to view documents being shared as well. **(You are encouraged to use this option.)**

https://csm-ca-gov.zoom.us/webinar/register/WN_ggFS_AaZSbanaUGci2iPUQ

Passcode: 042525

2. Through your phone, either number works. You will be able to listen to the proceedings but will not be able to view the meeting or any documents being shared. If you would like to speak, press #2 to use the "Raise Hand" feature.

+1 216 706 7075 US Toll

+1 866 390 1828 US Toll-free

Conference Code: 155007

Please contact Jill Magee at csminfo@csm.ca.gov or (916) 323-3562 if you have any questions.

J:\Meetings\Workshops\April 2025 Regulations Workshop\Correspondence\Workshop Notice
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Commission on State Mandates

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CALIFORNIA CODE OF REGULATIONS
TITLE 2. ADMINISTRATION
DIVISION 2. FINANCIAL OPERATIONS
CHAPTER 2.5. COMMISSION ON STATE MANDATES

Article 1. General

§ 1181.1. Delegation of Certain Functions; Executive Director Appeals.

(a) Whenever it is stated in these rules that the "Commission" may or shall exercise or discharge any power, duty, purpose, function, or jurisdiction, the Commission on State Mandates specifically has reserved the same for its own exclusive action.

(b) Whenever it is stated that the "executive director" may or shall exercise or discharge any power, duty, purpose, function, or jurisdiction, or it is not expressly stated that the Commission itself shall so act, the executive director of the Commission has the authority to act thereon.

(c) A ~~party or interested parties~~real party in interest to a matter may appeal to the Commission for review of the actions and decisions of the executive director on that matter.

(1) The appellant shall file the appeal in writing within 10 days of first being served written notice of the executive director's action or decision.

(2) The appellant shall ~~certify, file, and serve~~ the appeal in accordance with section 1181.3 of these regulations.

(3) The appeal shall explain the basis for the appeal, state the action being requested of the Commission, and include all facts and materials the appellant believes are relevant to the appeal.

(4) The executive director shall schedule the appeal for hearing and vote by the Commission as soon as practicable following receipt of the appeal.

(5) Other parties may file comments on an appeal, which shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations.

(6) The Commission shall determine whether to uphold the executive director's decision by a majority vote of the members present. The decision shall be final and not subject to reconsideration.

(7) The executive director shall notify the appellant in writing within 10 days of the Commission's decision.

(d) Nothing herein prohibits the executive director from delegating to subordinates as provided in Government Code section 18572.

Note: Authority cited: Sections 17527(g), 17530 and 17531, Government Code.
Reference: Section 17530, Government Code; and *Redevelopment Agency v. Commission on State Mandates* (1996) 43 Cal.App.4th 1188.

1 **§ 1181.2. Definitions.**

2 Unless otherwise indicated, the following definitions and those found in Government
3 Code sections 17510 through 17524 apply to this chapter:

4 (a) "Affected state agency" means a state department or agency that is responsible, in
5 whole or in part, for implementation, enforcement, or administration of any statutes or
6 executive orders that are the subject of a matter.

7 (b) "Amendment" of a test claim means the addition of new allegations based on new
8 statutes or executive orders to an existing test claim. The addition or substitution of
9 parties and supporting declarations based on the original statutes or executive orders
10 alleged in an existing test claim is not an "amendment."

11 (c) "Claimant" means the local agency or school district filing a test claim or incorrect
12 reduction claim. "Test claimant" means the local agency or school district filing a test
13 claim.

14 (d) "Commission staff" means the executive director, legal counsel, or other
15 Commission employee authorized by the Commission or the executive director to
16 represent the Commission on a specific claim or request, or to receive filings at the
17 Commission office.

18 ~~(e) "Completed" means that all general and specific requirements for a new filing have~~
19 ~~been satisfied by the claimant or requester.~~

20 ~~(f) "Filing date" means the date received at the Commission's office during normal~~
21 ~~business hours by any of the methods and found to not contain personal identifying~~
22 ~~information as described in section 1181.3 of these regulations. "Normal business~~
23 ~~hours" means from 8 a.m. until 5 p.m. of each day from Monday to Friday, inclusive,~~
24 ~~other than state holidays, as provided by Government Code section 11020(a).~~

25 ~~(fg)~~ (f) "Incorrect reduction claim" means a claim alleging that the Office of State Controller
26 incorrectly reduced the reimbursement claim of a local agency or school district.

27 ~~(gh)~~ (g) "Informational hearing" means any hearing designed to gather and assess
28 information to assist the Commission in formulating policies, informing the public of
29 Commission actions, or obtaining public comment and opinion.

30 ~~(hi)~~ (h) "Interested party" means a local agency, school district, or state agency, with legal
31 rights and interests ~~a beneficial interest~~ in the matter.

32 (ij) "Interested person" means any individual, local agency, school district, state agency,
33 corporation, partnership, association, or other type of entity, who has an interest in a
34 matter before the Commission, but is not a party or interested party with respect to that
35 matter.

36 (jk) "Matter" means test claims, proposed parameters and guidelines, requests to
37 amend parameters and guidelines, incorrect reduction claims, requests to approve a
38 joint reasonable reimbursement methodology and statewide estimate of costs, joint
39 requests for early termination of a joint reasonable reimbursement methodology,
40 requests for inclusion or removal from the State Mandates Apportionment System,
41 requests for review of apportionment or base year entitlement for programs included in

1 the State Mandates Apportionment System, requests for review of the Office of State
2 Controller's claiming instructions, and requests for mandate redetermination which are
3 all subject to article 7 of these regulations.

4 (k) "New filing" means a test claim, incorrect reduction claim, request to amend
5 parameters and guidelines, joint request for reasonable reimbursement methodology
6 and statewide estimate of costs, request for review of claiming instructions, request for
7 removal or inclusion of a program in the State Mandates Apportionment System,
8 request for review of the apportionment or base year entitlement of a program in the
9 State Mandates Apportionment System, request for mandate redetermination, or a
10 legislatively determined mandate.

11 (l) "Party" includes a party's representative of record who is expressly authorized in
12 writing to act on the party's behalf. A party's representative may be an individual, firm or
13 organization. When a party authorizes a firm or organization to represent them in
14 writing, any current member of the firm or organization may act on the party's behalf
15 without requiring a separate authorization. Party means the following for each matter as
16 specified below:

17 (1) "Party to a Test Claim" means the test claimant, the Department of Finance, and
18 other affected state agencies.

19 (2) "Party to an Incorrect Reduction Claim" means the claimant and the Office of State
20 Controller.

21 (3) "Party to a Request to Amend Parameters and Guidelines" means the requester, the
22 Department of Finance, the Office of State Controller, affected state and local agencies,
23 and affected school districts.

24 (4) "Party to a Joint Request for Reasonable Reimbursement Methodology" and "Party
25 to a Jointly Proposed Request for Early Termination of Reasonable Reimbursement
26 Methodology" means the test claimant and the Department of Finance.

27 (5) "Party to a Request for Review of Claiming Instructions" means the requester and
28 the Office of State Controller.

29 (6) "Party to a Request for Removal or Inclusion in State Mandates Apportionment
30 System" and "Party to a Request for Review of the Apportionment or Base Year
31 Entitlement of a Program in the State Mandates Apportionment System" means the
32 requester, the Department of Finance, and the Office of State Controller.

33 (7) "Party to a Request for Mandate Redetermination" means the requester, the
34 Department of Finance, the Office of State Controller, affected state and local agencies,
35 and affected school districts.

36 ~~(m) "Real Party in Interest" means any person or entity whose interest will be directly~~
37 ~~affected by the resolution of the matter. "Requester" means the local agency, school~~
38 ~~district, or state agency filing a request to amend parameters and guidelines, joint~~
39 ~~request for reasonable reimbursement methodology and statewide estimate of costs,~~
40 ~~request for review of claiming instructions, request for removal or inclusion of a program~~
41 ~~in the State Mandates Apportionment System, request for review of the apportionment~~
42 ~~or base year entitlement of a program in the State Mandates Apportionment System.~~

1 request for mandate redetermination, or a legislatively determined mandate.

2 (n) "Rulemaking proceeding" means any hearing designed to adopt, amend, or repeal
3 any rule, regulation, or standard of general application that implements, interprets, or
4 makes specific any provision of Title 2, Division 4, Part 7, beginning with Government
5 Code section 17500 or any other statute enforced or administered by the Commission.

6 (o) "Statewide cost estimate" means the approximate sum of money that local agencies
7 or school districts may have incurred to implement a state-mandated program or any
8 increased level of service of an existing mandated program. A statewide cost estimate
9 prepared by a test claimant pursuant to Government Code section 17553(b)(1)(E) shall
10 be an estimate of the first full fiscal year of actual or estimated costs based on the
11 statutes and executive orders alleged in a test claim. In adopting a statewide cost
12 estimate pursuant to Government Code section 17553(a), which shall be an estimate for
13 the initial period of reimbursement to be reported to the Legislature, the Commission
14 may consider the statewide cost estimate prepared by the test claimant, the initial
15 reimbursement claim data, and other relevant information regarding potential mandated
16 local costs, as applicable.

17 (p) "Statewide estimate of costs" is based on a joint reasonable reimbursement
18 methodology proposed by a test claimant and the Department of Finance pursuant to
19 Government Code section 17557.1, that is adopted by the Commission and reported to
20 the Legislature pursuant to Government Code section 17557.2.

21 (q) "Subsequent change in law" pursuant to Government Code 17570 means a change
22 in law that requires a finding that an incurred cost is a cost mandated by the state, as
23 defined by Government Code section 17514, or is not a cost mandated by the state
24 pursuant to Government Code section 17556, or a change in mandates law.
25 Amendments to article XIII B, section 6 of the California Constitution that were approved
26 by the voters on November 2, 2004 and changes in the statutes or executive orders that
27 impose new state-mandated activities and require a finding pursuant to Government
28 Code section 17551(a) are not a "subsequent change in law."

29 ~~(r) "Teleconference" means a conference of individuals in different locations, connected~~
30 ~~by electronic means, through audio, video, or both.~~

31 ~~(s)~~ "Test claim" means the first claim filed with the Commission alleging that a particular
32 statute or executive order imposes costs mandated by the state pursuant to
33 Government Code section 17521 and also includes a claim filed on a legislatively
34 determined mandate pursuant to Government Code section 17574(c). The test claim
35 procedure functions similarly to a class action and has been established to expeditiously
36 resolve disputes affecting multiple agencies.

37 (st) "Written material" means any paper or electronic document relevant to a matter that
38 is filed with the Commission except that "written material" does not include a "new filing"
39 as defined in subdivision (k) of this section.

40 Note: Authority cited: Sections 17527(g), 17553(a) and 17570(d), Government Code.
41 Reference: Sections 11020(a), 11123, 17516-17521, 17527(c), 17529, 17530, 17531,
42 17551, 17553, 17555, 17557, 17557.1, 17557.2, 17558, 17558.5, 17558.7, 17558.8,
43 17559, 17561, 17561.5, 17570, 17572, 17573, 17600 and 17612, Government Code;

1 *Redevelopment Agency v. Commission on State Mandates* (1996) 43 Cal.App.4th 1188;
2 and *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802.

3 **§ 1181.3. Personal Identifying InformationCertification, Formatting, Filing, Review**
4 **and Service of Written Materials and New Filings.**

5 ~~(a) Certification. All new filings and written materials filed with the Commission shall be~~
6 ~~signed at the end of the document, under penalty of perjury, with the declaration that the~~
7 ~~filing is true and correct to the best of the declarant's personal knowledge, information,~~
8 ~~or belief. The date of signing, the declarant's title, address, telephone number, and~~
9 ~~email address, if applicable, shall be included.~~

10 ~~(b) Personal Identifying Information.~~ Documents filed with the Commission shall not
11 contain personal identifying information that violates state or federal privacy laws,
12 including, but not limited to California Civil Code section 1798 et seq.

13 ~~(be)~~ Formatting, Filing, Review, and Service. New filings and written materials shall be
14 filed as described in this subdivision.

15 (1) Formatting. All new filings and written materials, except for supporting documents
16 that were either not created by the party or were originally created by the party for a
17 purpose other than providing evidence to the Commission, shall conform to all of the
18 following document formatting accessibility requirements. Filers will certify compliance
19 with the subdivision as part of electronic filing (or e-filing) with the Commission via the
20 Commission's e-filing system, available on the Commission's website.

21 (A) All text shall be written in a sans-serif font with aArial font, minimum 12-point font
22 size. The use of Arial font is strongly encouraged.

23 (B) Color is strongly discouraged, and shall not be used as the sole means to
24 emphasize or convey information. If color is used to emphasize or convey information,
25 there shall be additional distinguishing marks, such as underlining or asterisks, to
26 differentiate areas where color is used.

27 (C) Lists shall use an ordered or unordered formatting style such as bullet points,
28 letters, or numbering, or an ordered list.

29 (D) Headings shall use heading styles to identify the headings' correct order of
30 diminishing hierarchy.

31 (E) Hard returns shall not be used to break up lines of text. Instead, space between
32 lines of text shall be made using paragraph spacing or the space after paragraph
33 function.

34 (F) If columns are used, the columns shall be formatted using the word processing
35 software's columns function.

36 (G) Tables shall use a simple table structure without split or merged cells, nested tables,
37 or blank columns or rows. Rows shall not be broken across multiple pages. One table
38 header row is allowed per table, which shall be repeated at the top of each page if the
39 table spans multiple pages.

1 (H) Hyperlinks shall be named in a manner that is clear, concise and meaningful out of
2 context. Bare URLs are not allowed, except as part of a formal citation to a web-based
3 source.

4 (I) Images shall include alternative text that describes the image, unless the image has
5 no informational value because it is purely decorative or the information it provides is
6 redundant to the main body of text.

7 (2) E-Filing. Except as provided in subdivision ~~(be)~~(53) of this section, all new filings and
8 written materials shall be electronically filed (or e-filed) with the Commission via the
9 Commission's e-filing system, available on the Commission's website. Supporting
10 documents that were not created by the party or were created for a different purpose
11 shall still be required to follow the formatting requirements found in subdivisions
12 ~~(be)~~(2)(B)(i)-(iii) of this section.

13 (A) Any new filing required to be filed on a form prescribed by the Commission shall be
14 digitally signed, using the digital signature technology and authentication process
15 contained within the Commission forms. The completed digital form shall not be
16 converted to PDF and shall be e-filed separately from any accompanying documents.
17 Accompanying documents shall be e-filed together in accordance with the requirements
18 of subdivisions ~~(be)~~(2)(B) and (C) of this section.

19 (B) Documents e-filed with the Commission. All e-filed documents, other than forms
20 prescribed by the Commission, shall:

21 (i) be in unlocked PDF file format, to allow Commission staff to electronically date stamp
22 the document and append additional pages for posting on the Commission's website
23 with a proof of service for e-service by the Commission, in lieu of the filer serving the
24 document to all persons on the entire mailing list for the matter; and

25 (ii) ~~include a scanned copy of the signed signature page, rather than a digitally signed~~
26 ~~document. The scanned copy shall be in black and white (not gray scale or color).~~

27 ~~(iii)~~ be in a legible and searchable format using a "true PDF" (i.e., documents digitally
28 created in PDF, converted to PDF or printed to PDF) or optical character recognition
29 (OCR) function, as necessary.

30 (C) E-filed documents larger than 500 megabytes shall be e-filed in multiple volumes
31 and labeled as such (i.e., "Volume I, Volume II" etc.) and shall, in that case, include a
32 table of contents with electronic bookmarks which at minimum link to each document
33 within the exhibits, and for documents created for the purpose of filing with the
34 Commission also link to each heading, subheading, and component (including but not
35 limited to the table of contents, declarations, exhibits, proof of service) of the document.
36 ~~Filing of color documents is strongly discouraged. However, if a color image(s) is~~
37 ~~necessary for readability or comprehension, the color image(s) shall be e-filed in a~~
38 ~~separate and final volume of exhibits. Documents not available or obtainable in~~
39 ~~electronic form may be scanned and OCR'd and filed in a separate volume, however it~~
40 ~~is prohibited to e-file scanned documents that are available or obtainable electronically.~~
41 ~~E-filed documents that must be scanned, shall be scanned in black and white (not gray~~
42 ~~scale or color).~~

43 (D) The filer is responsible for maintaining the signed original new filing or written

1 material for the duration of the process for the matter, including any period of appeal
2 ~~(this may be an electronic document, depending on how the filer creates and maintains~~
3 ~~its records).~~

4 (E) An automated notice that the document was successfully sent is immediately
5 available to the filer using the Commission's e-filing system and should be saved or
6 printed for the filer's records.

7 (F) Commission staff shall also reply by e-mail confirming actual receipt of the legible,
8 searchable document by the Commission within two business days of receipt. In the
9 absence of a confirmation e-mail from Commission staff, it is the responsibility of the
10 filer to obtain confirmation that the Commission actually received the filing.

11 (G) "Failure of e-filing" occurs when the filer receives notification, in any manner, of non-
12 receipt of an e-filed document or of any other inability of Commission staff to access the
13 document, including the failure to meet the requirements of subdivisions (b)(2)(B)(i)-(ii)
14 of this section.

15 ~~(H) By using e-filing, the filer agrees, i~~n the event of failure of e-filing, the filer shall to
16 re-file the document no later than the business day after the business day on which
17 notice of the failure of e-filing is received by the filer. The filer may re-file by any means
18 authorized by these rules, in order to maintain the original filing date. "Failure of e-filing"
19 ~~occurs when the filer receives notification, in any manner, of non-receipt of an e-filed~~
20 ~~document or of any other inability of Commission staff to access the document,~~
21 ~~including the failure to meet the requirements of subdivisions (c)(2)(B)(i)-(iii) of this~~
22 ~~section.~~

23 ~~(G) Documents e-filed with the Commission are served by Commission staff to persons~~
24 ~~who have provided an e-mail address for the mailing list for the matter in accordance~~
25 ~~with section 1181.4 of these regulations. E-filed documents do not need to be served by~~
26 ~~the filer and proof of service does not need to be provided by the filer for persons who~~
27 ~~have provided an e-mail address for the mailing list in accordance with section 1181.4.~~

28 (3) Review.

29 (A) All new filings and written materials filed with the Commission will be deemed
30 received until reviewed for compliance with the ban against containing personal
31 identifying information pursuant to subdivision (a) of this section. If personal identifying
32 information is found in the filings or written materials, they will be rejected and no filing
33 date will be assigned.

34 (B) All new filings and written materials filed with the Commission that have been found
35 to comply with subdivision (a) of this section will be reviewed for compliance with
36 subdivisions (b)(2)(A) and (B) of this section. If the filings or written materials do not
37 comply, they will be deemed to be a failure of e-filing pursuant to subdivision (b)(2)(G)
38 and the filer may correct and refile pursuant to subdivision (b)(2)(H) of this section.

39 (C) All new filings filed with the Commission that have been found to comply with
40 subdivisions (b)(2)(A) and (B) of this section, will be reviewed for completeness
41 pursuant to these regulations. Any filing deemed incomplete will be returned to the filer
42 who may correct and refile within 30 calendar days to retain the original filing date.

(D) Commission staff will issue its notice of complete filing to the filer for all new filings that have been found to comply with subdivisions (a) and (b)(2)(A) and (B) and which have been found to be complete.

(4) Service of E-Filed Documents.

~~Nothing in this regulation excuses a filer from serving hard copies of written material on persons who appear on the mailing list and have not provided an e-mail address for the mailing list, or from providing a proof of service with the e-filing to the Commission for the service of the document on those persons.~~

(AH) Upon confirmation of actual receipt review pursuant to subdivision (b)(3) of the e-filed document, Commission staff shall serve notify all persons who have provided an e-mail address for on the mailing list for the matter in accordance with section 1181.4 of these regulations that written material may be viewed on the Commission's website.

(B) For all "new filings" as defined by section 1181.2(k) of these regulations, Commission staff shall notify all persons on the mailing list, prepared pursuant to section 1181.4 of these regulations, of the availability of those filings on the Commission's website when Commission staff issues its notice of complete filing to the filer.

(C) The Commission may serve any document by e-mail service, or by making it available at a particular URL, unless doing so would be contrary to state or federal law.

(D) The executive director may issue any order consistent with these rules to govern e-mail service for a particular matter.

(53) Hard Copy Filing and Service in Cases of Undue Hardship or Significant Prejudice. If e-filing legible and searchable PDF documents, as described in subdivision (be)(2) of this section, would cause the filer undue hardship or significant prejudice, filing may occur as provided below: by first class mail, overnight delivery or personal service only upon approval of a written request to the executive director.

(A) Request. The filer must request permission from the executive director to hard copy file and include a description of the undue hardship or significant prejudice e-filing would cause the filer.

(B) Filing. If the executive director authorizes hard copy filing, the filer shall file the unbound original document with the Commission by first class mail, overnight delivery, or personal service, the filer shall file the unbound original document with the Commission.

(CB) Service. All hard copy filings will be served by Commission staff in accordance with subsection (b)(3)(B) of this section. If written materials are filed in hard copy, the filing shall simultaneously be served on all person everyone on the mailing list using the same method used for the filing. Unless otherwise provided in this section, a proof of service shall be included with any written material filed with the Commission. Proof of personal service requires a declaration of the messenger of the time and place that the written material was served. Service is not required for new filings because mailing lists for matters are only prepared, pursuant to section 1181.4 of these regulations, after a new filing is deemed complete. Completed new filings will be served on the mailing list

1 ~~by Commission staff with the Notice of Complete Filing.~~

2 (64) Time of Filing. New filings or written materials filed with the Commission ~~no later~~
3 ~~than 5 p.m. on a business day (i.e., Monday through Friday, except state holidays)~~ are
4 deemed filed on that business day. New filings or written materials filed with the
5 Commission ~~after 5 p.m. on a business day, or on a Saturday, Sunday, or state holiday,~~
6 are deemed filed on the following business day.

7 Note: Authority cited: Sections 16.5, 17527(g), 17553(a), 17570(d) and 11104.5,
8 Government Code. Reference: Sections 1633.1 et seq., 1798 et seq., Civil Code;
9 Section 1010.6, Code of Civil Procedure; and Sections 7405, 11020(a), 17530, 17551,
10 17557(d), 17558.7, 17570, 17573(b), 17574(c) and 17573(g), Government Code.

11 **§ 1181.4. Mailing Lists and Numbering of Matters.**

12 (a) For all matters deemed complete, Commission staff shall prepare a mailing list of the
13 names, addresses, phone numbers and e-mail addresses of the parties, interested
14 parties, and interested persons who have requested inclusion on the mailing list. The
15 mailing list will be uploaded to the Commission's website and an e-mail notification of its
16 availability will be sent to everyone on the list who has provided an e-mail address. A
17 hard copy will be provided by Commission staff to persons on the mailing list who have
18 not provided an e-mail address and to any person who requests a hard copy.

19 (b) By providing an e-mail address for the mailing list for a matter, a person consents to
20 e-mail service of documents for that matter.

21 (c) For the following new filings received by the Commission, the executive director shall
22 issue sequential matter numbers, by fiscal year, as follows:

23 (1) Test Claim (TC)

24 (2) Incorrect Reduction Claim (I)

25 (3) Request to Amend Parameters and Guidelines (PGA)

26 (4) Joint Request for Reasonable Reimbursement Methodology and Statewide Estimate
27 of Costs_(RRM)

28 (5) Request for Review of Claiming Instructions (RCI)

29 (6) Request for Removal, Inclusion, or Review of the Apportionment or Base Year
30 Entitlement of a Program in State Mandates Apportionment System (SMAS)

31 (7) Legislatively Determined Mandate (LDM)

32 (8) Request for Mandate Redetermination (MR)

33 Note: Authority cited: Sections 17527(g), 17553(a), 17570(d) and 11104.5, Government
34 Code. Reference: Sections 17530, 17551, 17557, 17557.1, 17571, 17557.2, 17570,
35 17573(b), 17573(g), 17574(c) and 17615.1, Government Code.

36 **§ 1181.5. Appointment of Designees and Election and Duties of Officers.**

37 (a) If a Commission member, as defined by Government Code section 17525, with
38 statutory authority to designate a deputy to represent him or her makes a designation,

1 that designee may continue to serve on the Commission until the designation is revoked
2 by the current Commission member.

3 (b) Commission members as defined by Government Code section 17525 shall be
4 officers. Duties of Officers:

5 (1) Duties of Chairperson. The chairperson shall preside over all meetings of the
6 Commission when present. The chairperson has all the rights and responsibilities of the
7 other members, including the right to introduce motions or proposals and to speak and
8 vote on them while presiding. The chairperson has the power to appoint one or more
9 members of the Commission as a subcommittee to investigate and report to the
10 Commission on any matter within the scope of the purposes of the Commission or to
11 form advisory groups to assist the Commission or its subcommittees in fulfilling their
12 purposes.

13 (2) Duties of Vice Chairperson. The vice chairperson shall preside over all meetings of
14 the Commission at which the chairperson is not present. The vice chairperson has all
15 the rights and responsibilities of the other members, including the right to introduce
16 motions or proposals and to speak and vote on them while presiding.

17 (c) Time of Election. The Commission shall elect a chairperson and vice chairperson at
18 the January meeting of each year, or at the next regularly scheduled meeting, if no
19 meeting is held in January. In the calendar year following the statewide election of
20 constitutional officers, the Commission may postpone its election. The Commission may
21 authorize the executive director to conduct the election portion of its meeting.

22 (d) Vacancy. If an office (chairperson or vice-chairperson) held by a public member or
23 local elected official becomes vacant, an election shall be conducted as soon as
24 practicable to fill the vacant office.

25 (e) When Election Takes Effect. An election shall take effect immediately.

26 Note: Authority cited: Sections 17500 and 17527(g), Government Code. Reference:
27 Sections 7.5, 7.6, 7.9, 17525, 17528 and 17530, Government Code.

28 **§ 1181.6. Development and Approval of Commission Forms.**

29 (a) In consultation with interested parties and in accordance with applicable law and
30 these regulations, the executive director shall develop the test claim form, incorrect
31 reduction claim form, mandate redetermination form, and other forms, to simplify and
32 improve the efficiency of the Commission's processes.

33 (b) The executive director shall conduct at least one workshop with interested parties,
34 Department of Finance, Office of the State Controller, other affected state agencies, and
35 interested persons before approval of a form.

36 (c) Upon development of a new form, the executive director shall notify claimants,
37 interested parties, affected state agencies, and interested persons, and shall
38 disseminate copies at least 10 days before the operative date of a form.

39 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
40 Sections 17530, 17553, 17558.7(c), 17558.7(e) and 17570(d)(1), Government Code.

1 **§ 1181.7. Waiver of Requirement to Use Forms.**

2 The executive director may waive a requirement to use any form specified by these
3 regulations.

4 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
5 Sections 17530, 17553, 17558.7(c), 17558.7(e) and 17570(d)(1), Government Code.

6 **§ 1181.8. Commission Meeting Quorum and Voting Requirements.**

7 (a) A majority of the existing membership of the Commission shall constitute a quorum.

8 (b) All actions of the Commission, with the exception of requests to reconsider a prior
9 final decision as provided in section 1187.15, shall require the affirmative vote of at least
10 a majority of the existing membership of the Commission.

11 (c) In the case of a tie vote, the Commission may:

12 (1) Re-hear the item when the membership of the Commission changes or when an
13 abstaining member completes review of the administrative record; or

14 (2) For a “matter” ~~as defined by 1187.1:~~

15 (A) Assign the matter to a hearing panel or to a hearing officer, pursuant to section
16 1187.2 et seq., for hearing and preparation of a proposed decision for consideration by
17 the Commission. If the Commission assigns the matter to a hearing panel, the selection
18 of the hearing panel shall be by lot, or other means of random and impartial selection. A
19 majority of the votes cast by the members assigned to a hearing panel is required for
20 the approval of a preliminary decision on matters and applications for a finding of
21 significant financial distress; or

22 (B) Direct staff to prepare another proposed decision, based on an interpretation of the
23 law and evidence in the record, for consideration by the Commission.

24 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
25 Sections 17525, 17527(c) and 17532, Government Code; and Section 17000.6, Welfare
26 and Institutions Code.

27 **§ 1181.9. Commission Meeting Notice, Agenda, and Consent Calendar.**

28 (a) Time and distribution. Notices and agendas of meetings shall be ~~provided~~given to all
29 members, to all parties and interested parties to proceedings on the agenda, and to all
30 persons who request them in writing. The notice and agenda shall be ~~provided~~issued
31 and be posted on the Commission’s website no less than 10 days prior to the scheduled
32 meeting.

33 (b) Agenda. The meeting agenda shall be prepared by the executive director and shall
34 include any item proposed by any member, or the executive director.

35 (c) The agenda may include an item designated "the consent calendar."

36 (1) The consent calendar shall include those matters for which there is no known
37 opposition by any of the parties or interested parties.

(2) At the request of any member, party or interested party, any matter shall be removed from the consent calendar and may be considered at the same meeting as a separate item of business.

(3) The chairperson may also remove any matter from a duly noticed meeting agenda and place it on the consent calendar, provided there is no objection from the parties, interested parties, any Commission member, or person present and wishing to comment on the matter.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 11125, 11125.1, 17527(b), 17527(c) and 17530, Government Code.

§ 1181.10. Commission Meeting Procedures.

(a) Presiding Member. The chairperson shall preside over all meetings of the Commission when present. In the chairperson's absence, the vice chairperson shall preside. If neither the chairperson nor the vice chairperson is in attendance, the member present who has the greatest seniority on the Commission shall preside. The presiding member may yield the chair.

(b) Public Comments.

(1) Comments in Writing. Any person may submit comments in writing on any agenda item by ~~certifying, filing, and serving~~ them in accordance with 1181.3 of these regulations. ~~To be included as a part of the administrative record for the matter, comments must be provided to the Commission members and be made available for public review either before or at the Commission hearing on the matter.~~

(A) Comments received at least 15 days in advance of the meeting shall be included in the Commission's meeting binders, a copy of which is available for public viewing at the Commission meeting.

(B) Comments received more than five days in advance of the meeting shall be included in the Commission's meeting binders, if feasible, or shall be provided to the Commission when the item is called, unless otherwise agreed to by the Commission or the executive director.

(C) For written comments received less than five days in advance of the meeting, ~~the commenter shall provide 12 copies to Commission staff at the in-person meeting. In the case of participation via teleconference,~~ a PDF copy shall be filed via electronically filed (or e-filed) with the Commission via the Commission's e-filing system, available on the Commission's website, ~~the Commission's dropbox~~ at least 24 hours prior to the meeting. Commission staff shall provide copies of the comments to the Commission and shall place a copy on a table for public review when the item is called or, in the case of participation via teleconference, shall provide an electronic copy to the Commission and post a copy on the Commission's website, and may share the document with the Commission and the public using the "share screen" function.

(2) Oral Comments. Any person present and so desiring shall be given an opportunity to make oral comments on any agenda item, provided, however, that the presiding

member may limit or preclude comments as necessary for the orderly conduct of business.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 11125.7, 17525 and 17526-17528, Government Code.

§ 1181.11. Permanent Record of Commission Meetings.

(a) The Commission shall keep minutes of its meetings. Minutes shall be approved by the Commission and, upon approval, shall be signed by the chairperson or other person designated by the chairperson. Signed minutes shall be the original evidence of actions taken at any meeting, including the text of any resolutions adopted.

(b) Commission public meetings shall be recorded by stenographic reporter or electronic recording or both. The transcript or recordings shall be kept for the period of time required by applicable law governing the retention of records of state agency public proceedings, or until conclusion of administrative or judicial proceedings, whichever is later.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Section 17530, Government Code.

§ 1181.12. Default Rules of Commission Meetings.

In all cases not provided for by Government Code Section 17500 et seq., the Bagley-Keene Open Meeting Act (Government Code Section 11120 et seq.) and the Commission's rules and regulations, the authority shall be Robert's Rules of Order (revised), unless otherwise designated by the Commission at the annual election meeting.

Note: Authority cited: Sections 17500, 17527(g) and 17553(a), Government Code. Reference: Sections 11120 et seq. and 17526, Government Code.

§ 1181.13. Commission Meeting by Teleconference.

~~The Commission may hold an open or closed meeting by teleconference if it is difficult or impossible for the Commission to achieve a quorum. A meeting held by teleconference shall comply in compliance with the Bagley-Keene Open Meeting Act, including the requirements to provide notice of the teleconference locations and make them open to the public.~~

~~The Commission may also hold an open or closed meeting by teleconference under alternative provisions of the Act, with some members participating remotely from remote locations (which are not disclosable or open to the public) while a quorum of its members are physically present at the same teleconference location.~~

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 11123, 11123.2, 17526, 17527(b) and 17527(c), Government Code.

Article 2. Applications for a Finding of Significant Financial Distress

§ 1182.1. Reduction in Aid Levels; Definitions.

When the county has made a compelling case that basic county services cannot be maintained without a reduction in the level of aid established by Welfare and Institutions Code section 17000.5, the Commission shall make a finding of significant financial distress. In making such a finding, the following definitions shall apply:

(a) "Application" means a county application filed pursuant to this article requesting the Commission determine that the county has made a compelling case that basic county services cannot be maintained without a reduction in the level of General Assistance aid established by Welfare and Institutions Code section 17000.5, and finding that as a result, the county is in significant financial distress, as defined in Welfare and Institutions Code section 17000.6.

(b) "Applicant" means the county that filed the request for a finding of significant financial distress.

(c) A "compelling case" sufficient to cause a finding of significant financial distress must be established by clear and convincing evidence.

(d) "Basic county services" means those services which are fundamental or essential. The services shall include, but are not limited to, those services required by state or federal law, and may vary from county to county.

(e) "Maintained" means the level of service which the county must provide in order to adequately or effectively furnish basic county services.

Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6(b), Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

§ 1182.2. Filing of an Application for a Finding of Significant Financial Distress.

(a) Pursuant to Welfare and Institutions Code section 17000.6, in order for the board of supervisors of any county to obtain a finding of significant financial distress, the board of supervisors must submit a written application to the Commission on State Mandates.

(b) The applicant shall certify, file, and serve an original application, including supporting documents, in accordance with section 1181.3 of these regulations.

(c) All applications shall contain at least the following:

(1) A table of contents, indicating page numbers.

(2) A copy of a resolution from the county board of supervisors stating that compliance with the standards set forth in Welfare and Institutions Code section 17000.5 will result in significant financial distress to the county for a specified period of time, up to 36 months.

(3) A written narrative, including a summary, detailing the relevant financial or other budgetary information and documents necessary for a county to make a compelling case that basic county services, including public safety, cannot be maintained without a

1 reduction in the standard of aid as provided in Welfare and Institutions Code section
2 17000.5. The narrative shall also include:

3 (A) The monthly caseload of General Assistance recipients for each of the 12 months
4 preceding the date the application is filed.

5 (B) The current monthly rate of the General Assistance Standard of Aid.

6 (C) The proposed reduced rate of the General Assistance Standard of Aid.

7 (D) An overview of county finances, including, but not limited to county revenue
8 sources; budget reserve data; budget expenditures; mandated expenditures and
9 maintenance of effort costs.

10 (E) A detailed summary of program needs and expenditure flexibility, including, but not
11 limited to department-by-department data on unmet program needs for basic county
12 services.

13 (F) The county's total population at the time the application is filed, and the total county
14 population for the two fiscal years prior to the year in which the application was filed.

15 (d) The written narrative shall be submitted under penalty of perjury. If representations
16 of fact are made, they shall be supported by documentary or testimonial evidence,
17 submitted in accordance with section 1187.5 of these regulations.

18 (e) Each page of the application, including all supporting documentation, shall be
19 consecutively numbered.

20 (f) The original application, including all supporting documentation, shall be unbound
21 and single-sided.

22 (g) The executive director shall notify an applicant within 10 days of receipt of an
23 application whether its application is incomplete. If the application is incomplete, the
24 executive director may return the application to the county. An application shall be
25 considered incomplete if the elements in subdivisions (b) through (f) of this section have
26 not been satisfied, are illegible or are not included. The requirements for Commission
27 public hearings and decisions, as set forth in Welfare and Institutions Code section
28 17000.6(c), apply only to complete applications.

29 (h) Within 10 days of receipt of a completed application, the executive director shall
30 notify the applicant that the application is complete, and notify the applicant of the
31 schedule. The executive director shall also send the application to interested persons
32 located in the applicant county.

33 (i) Prior to filing an application, a county may request a tentative date for conducting the
34 hearing in the county. If a complete application is not received by a specified date, a
35 new tentative hearing date may be set.

36 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6(b),
37 Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions
38 Code.

1 **§ 1182.3. Extension of Period for Preliminary and Final Decision and Current**
2 **Period of Financial Distress.**

3 (a) If an application is filed while another county's application is pending, the executive
4 director may extend both the preliminary decision period up to 120 days and the final
5 decision period up to 150 days from the filing date of the application, unless otherwise
6 provided in the current Budget Act. If the preliminary and final decision periods are
7 extended, any current period of significant financial distress of the applicant that has
8 been set, pursuant to Welfare and Institutions Code Section 17000.6(b), shall also be
9 extended for the same period.

10 (b) Within 10 days of receipt of a county's application, the executive director shall
11 provide written notice to the applicant of extensions of the preliminary decision and final
12 decision periods and of any current period of significant financial distress of the
13 applicant.

14 Note: Authority cited: Stats. 1998, c. 324, Item 8885-001-0001, Prov. (2), p. 622 (and
15 subsequent Budget Acts); Section 17527(g), Government Code; and Section
16 17000.6(b), Welfare and Institutions Code. Reference: Section 17000.6(c), Welfare and
17 Institutions Code.

18 **§ 1182.4. Notice.**

19 (a) Upon receipt of a complete application for a finding of significant financial distress,
20 the Commission shall provide to the applicant a written 30-day notice of the hearing, to
21 be held in the county.

22 (b) The notice shall be publicly posted by the applicant at the county court house and
23 one county welfare office where General Assistance recipients are generally present.
24 The Commission shall publish two notices in a newspaper of general circulation in the
25 county. The first notice shall be published at least 30 days prior to the hearing date. The
26 second notice shall be published at least 10 days prior to the hearing date. The cost of
27 publishing the notices shall be paid for by the Commission. Notice shall also be posted
28 on the Commission's website.

29 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6(b),
30 Welfare and Institutions Code. Reference: Section 11125, Government Code; and
31 Section 17000.6(c), Welfare and Institutions Code.

32 **§ 1182.5. Pre-Hearing Conference.**

33 A pre-hearing conference may be scheduled by the executive director for the purpose of
34 identifying issues and determining methods of resolving the issues. The county and
35 other parties known to have an interest in the county's application shall be invited to
36 participate. This conference shall not limit the issues that can be presented to or
37 considered by the Commission at public hearing.

38 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6,
39 Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions
40 Code; and Section 17530, Government Code.

§ 1182.6. Assignment to Hearing Panels/Hearing Officers.

The chairperson may assign an application to a hearing panel consisting of one or more members of the Commission, which shall act on behalf of the Commission, or to a hearing officer for hearing and preparation of a preliminary decision. Assignments by the chairperson of members on the hearing panels shall be rotated among the members with the composition of the members so assigned being varied and changed to assure that there shall never be a fixed and continued composition of members.

Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code; and Sections 17528 and 17532, Government Code.

§ 1182.7. Request for Supplemental Information.

(a) The executive director may request supplemental information from the applicant to assist the Commission in its review and analysis of the application. The applicant shall provide the supplemental information under the timeline established by the executive director.

(b) The supplemental information and any attached financial or other budgetary documents shall be certified, filed, and served in accordance with section 1181.3 of these regulations. If representations of fact are made, they shall be supported by documentary or testimonial evidence, submitted in accordance with section 1187.5 of these regulations.

Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code; and Section 17530, Government Code.

§ 1182.8. Review of Completed Application for a Finding of Significant Financial Distress and Preparation of Staff Analysis.

(a) Before the hearing is conducted in the applicant county, the executive director shall prepare and distribute a staff analysis of the application, which shall include, but not be limited to, a review of written comments filed by interested persons, and rebuttals filed by the applicant. The staff analysis may also include a review of the applicant's revenue sources, including the applicant's flexibility in directing its resources; review of the applicant's budget expenditures, statutory relief, contingencies, and fund balances; an analysis of the applicant's department-by-department evaluation of unmet need in basic county services; and a preliminary recommendation whether the Commission should approve or deny the application. The staff analysis shall describe the application and assist the Commission in determining whether or not to make a finding of significant financial distress.

(b) The executive director shall send the staff analysis out for comment at least 10 days prior to the hearing conducted in the applicant county.

Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and Institutions Code. Reference: Section 17530, Government Code; and Section 17000.6, Welfare and Institutions Code.

1 **§ 1182.9. Written Comments.**

2 The applicant and any interested persons may file written comments concerning the
3 staff analysis with the Commission. Written comments shall be certified, filed, and
4 served in accordance with section 1181.3 of these regulations. If representations of fact
5 are made, they shall be supported by documentary or testimonial evidence, submitted in
6 accordance with section 1187.5 of these regulations. The written comments shall be
7 reviewed by Commission staff and may be incorporated into any revised or
8 supplemental staff analysis of the application.

9 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6,
10 Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions
11 Code.

12 **§ 1182.10. Conduct of Hearing.**

13 (a) Each party shall have the right to present witnesses, to introduce exhibits, and to
14 propose questions to the chairperson, hearing panel, or hearing officer for opposing
15 witnesses in support or rebuttal of any matter relevant to the issues even though that
16 matter was not covered in the direct examination.

17 (b) The Commission, hearing panel, or hearing officer may question any party or
18 witness, may admit any relevant and material evidence, and may limit the length of
19 testimony to a specific amount of time for any party or witness.

20 (c) The taking of evidence and testimony in a hearing shall be controlled by the
21 Commission, hearing panel, or hearing officer in the manner best suited to ascertain the
22 facts.

23 (d) Oral or written representations of fact offered by any person shall be supported by
24 documentary or testimonial evidence, submitted in accordance with section 1187.5 of
25 these regulations.

26 (e) Public hearings, pursuant to this article, shall be recorded by stenographic reporter
27 or electronic recording or both. The transcript or recordings shall be kept for the period
28 of time required by applicable law governing the retention of records of state agency
29 public proceedings, or until conclusion of administrative or judicial proceedings,
30 whichever is later.

31 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6,
32 Welfare and Institutions Code. Reference: Section 11125.7, Government Code; and
33 Section 17000.6, Welfare and Institutions Code.

34 **§ 1182.11. Representation at Hearing.**

35 (a) The board of supervisors of a county shall designate a county representative.

36 (b) The county representative shall be the lead spokesperson and shall present all
37 matters respecting the interest of the county in the proceeding.

38 (c) Withdrawal of appearance of any representative may be effected by filing a written
39 notice of withdrawal and by serving a copy on the Commission.

Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

§ 1182.12. Continuance of Hearings and Further Hearings.

(a) The Commission, hearing panel, or hearing officer may continue a hearing to another time or place.

(b) Due to the strict time frames contained in Welfare and Institutions Code section 17000.6(c), continuances will be granted only under compelling and urgent circumstances.

Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and Institutions Code. Reference: Section 11129, Government Code; and Section 17000.6, Welfare and Institutions Code.

§ 1182.13. Preliminary and Final Decisions; Action on Decisions.

(a) Within 60 days after receipt of an application, the executive director shall notify the county of the Commission, hearing panel, or hearing officer's preliminary decision that the county did or did not make a compelling case that it will incur significant financial distress pursuant to Welfare and Institutions Code section 17000.6. If the time period is extended pursuant to section 1182.3 of these regulations, notice of the preliminary decision shall be provided within 120 days after receipt of an application, or as otherwise provided by the current Budget Act.

(b) If an application is heard by a hearing panel, the panel shall direct staff to prepare the preliminary decision in a form that may be adopted as the final decision by the Commission. When an application is heard by a hearing officer, a preliminary decision shall be presented in a form that may be adopted by the Commission as its final decision on the application. When an application is heard before the Commission itself the Commission shall direct staff to prepare a final decision in accord with the Commission's vote, which will be presented to the Commission for adoption as its final decision.

(c) Within 90 days after receipt of an application, the executive director shall give notice to the county of the Commission's final decision that the county did or did not make a compelling case that it will incur significant financial distress pursuant to Welfare and Institutions Code section 17000.6. If the time period is extended pursuant to section 1182.3 of these regulations, notice of the final decision shall be provided within 150 days after receipt of an application, or as otherwise provided by the current Budget Act.

(d) If the preliminary decision prepared by the hearing panel or hearing officer is not adopted by the Commission as its final decision, the Commission may direct appropriate modification of the preliminary decision and thereafter adopt it as the Commission final decision or decide the application upon the record, with or without taking additional evidence, or may refer the application to a hearing panel or hearing officer to take additional evidence. If the application is so assigned to a hearing panel or hearing officer, the hearing panel or hearing officer shall prepare a preliminary decision,

as provided in subdivision (b), which shall be based upon the additional evidence and the transcript and other papers which are a part of the record of the prior hearing.

(e) The affirmative vote of at least a majority of the existing membership of the Commission is required for the adoption of a final decision by the Commission. A copy of the final decision shall be filed by the Commission as a public record.

(f) A Commission final decision which makes a finding of significant financial distress will be effective for a period not to exceed 36 months. The final decision shall specify whether the effective date of the period of significant financial distress shall commence on the date of the final decision or on a date no more than 60 days from the date of the final decision.

Note: Authority cited: Stats. 1998, c. 324, Prov. (2), Item 8885-001-0001, p. 622 (and subsequent Budget Acts); Section 17527(g), Government Code; and Section 17000.6, Welfare and Institutions Code. Reference: Sections 17527(c), 17530 and 17532, Government Code; and Section 17000.6, Welfare and Institutions Code.

§ 1182.14. Form of Decision.

The final decision shall be based on the record, shall be in writing, and shall include a statement of reasons for the decision, findings, and conclusions. A copy of the final decision shall be mailed to or served on the applicant county.

Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

§ 1182.15. Reapplications.

(a) A county may file a reapplication for a finding of significant financial distress with the Commission.

(b) The application requirements and procedures relating to applications prescribed in article 2 of these regulations shall also apply to reapplications. The applicant shall also provide the following information in its reapplication:

(1) How the applicant utilized the savings in reduction of the General Assistance Standard of Aid realized from the preceding finding of significant financial distress.

(2) The difference in the county's total population between the date the preceding application was filed and the date the reapplication is filed.

(3) Any staff changes or changes to working conditions, including but not limited to reduced work hours or salary increases or decreases that occurred since the date the preceding application was filed.

(4) Any statutes enacted since the date the preceding application was filed that change county revenue sources or expenditures, or impose new mandates upon the county.

(5) Tables that include the difference between proposed and approved unmet need in the preceding application, and the proposed unmet need in the reapplication. Tables may also be submitted by a predetermined computer medium.

(c) A county filing a reapplication of a previously approved finding of significant financial distress must present a compelling case of significant financial distress continuing since the last approved finding by the Commission.

(d) For a previously denied application, a county may file a reapplication when the fiscal situation in the county has changed.

Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

§ 1182.16. Withdrawal of Applications.

An application may be withdrawn by written notice any time before a final decision is issued or upon request at the time of hearing. When the Commission receives a notice or request to withdraw, the Commission may issue a decision dismissing the application.

Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

Article 3. Test Claims

§ 1183.1. Test Claim Filing.

(a) In order to obtain a mandate determination, a local agency or school district shall file a test claim with the Commission pursuant to Government Code sections 17551 and 17553 as follows:

(1) A county auditor, auditor-controller, or director of finance who has assumed the duties of controller, may file on behalf of a county.

(2) A city manager, director of finance, or other officer with a delegation by ordinance or resolution from the city council, may file on behalf of a city.

(3) A district superintendent may file on behalf of a school district.

(4) A chancellor, vice chancellor, director of finance, or other officer with authority delegated by the governing body by ordinance or resolution, may file on behalf of a community college district.

(5) A general manager or other officer with authority delegated by the governing body by ordinance or resolution may file on behalf of a special district.

(b) Claimants may agree to file a test claim as a joint effort if the claimants attest to all of the following in the test claim filing:

(1) The claimants allege state-mandated costs result from the same statute or executive order;

(2) The claimants agree on all issues of the test claim; and

(3) The claimants have designated one person to act as the sole representative for all claimants.

1 ~~(c) Otherwise, t~~The first claim filed on a statute or executive order by a similarly situated
2 claimant is the test claim and no duplicate test claims will be accepted by the
3 Commission. ~~Other similarly situated affected agencies may participate in the process~~
4 ~~by filing comments in writing on any agenda item as provided in section 1181.10 of~~
5 ~~these regulations, and may attend any Commission hearing on the test claim and~~
6 ~~provide written or oral comments to the Commission. Interested parties whose~~Affected
7 ~~agencies that are not similarly situated, meaning legal rights and interests under article~~
8 ~~XIIIB, section 6, are not protected by the test claim filing that test claim statutes affect~~
9 ~~them differently, may file a test claim on the same statute or executive order as the first~~
10 claim, but must demonstrate in their filing how and why their legal rights and interests
11 are not protected by the first test claim~~they are affected differently.~~

12 (de) Except as provided in Government Code sections 17573 and 17574, any test claim
13 or amendment filed with the Commission must be filed not later than 12 months (365
14 days) following the effective date of a statute or executive order, or within 12 months
15 (365 days) of first incurring increased costs as a result of a statute or executive order,
16 whichever is later.

17 (ed) All test claims, or amendments thereto, shall be filed on a form developed by the
18 executive director and shall contain all of the elements and supplemental documents
19 required by statute, regulation and the form. When an omnibus bill is pled, claimant
20 shall file only the relevant pages of the statute, including the Legislative Counsel's
21 Digest and the specific statutory changes at issue.

22 (fe) A test claim, or test claim amendment thereto, ~~and accompanying documents shall~~
23 be signed at the end of the document, under penalty of perjury by the claimant or its
24 authorized representative, with the declaration that the test claim is true and complete to
25 the best of the declarant's personal knowledge, information, or belief. The date of
26 signing, the declarant's title, address, telephone number, facsimile machine telephone
27 number, and electronic mail address shall be included. A test claim, or test claim
28 amendment, shall be certified, filed, and served in accordance with section 1181.3 of
29 these regulations. All representations of fact shall be supported by documentary or
30 testimonial evidence in accordance with section 1187.5 of these regulations.

31 (gf) Within 10 days of receipt of a test claim, or amendment thereto, Commission staff
32 shall notify the claimant if the test claim is complete or incomplete. Test claims will be
33 considered incomplete if any of the requirements of Government Code section 17553 or
34 this section are illegible, not included, or are not met. If a complete test claim is not
35 received within 30 calendar days from the date the incomplete test claim was returned,
36 the executive director may disallow the original test claim filing date. ~~A and~~ a new test
37 claim may be accepted on the same statute or executive order alleged to impose a
38 reimbursable state-mandated program.

39 (hg) Any test claim, or portion of a test claim, that the Commission lacks jurisdiction to
40 hear for any reason, including that the test claim was not filed within the period of
41 limitation required by subdivision (c) of this section, may be rejected or dismissed by the
42 executive director with a written notice stating the reason therefor. However, for an
43 otherwise timely and complete test claim over which the Commission would have
44 jurisdiction, except that it was filed by a local agency that is not eligible to seek

reimbursement because it is not subject to the taxing and spending limitations of articles XIII A and B of the California Constitution, the Commission shall follow the process outlined in section 1187.14(b).

Note: Authority cited: Sections 17527(g) and 17553, Government Code. Reference: Sections 17521, 17530, 17551, 17553, 17557(e), 17573, 17574, 24000, 24300.5, 26881, 26900, 26970, 26972, 34852, 37209, 40805.5 and 56723, Government Code; and Sections 35034 and 35035, Education Code.

§ 1183.2. Review of Test Claim.

(a) Within 10 days of receipt of a completed test claim, or amendment thereto, Commission staff shall make a copy of the test claim or amendment available to those named on the mailing list prepared in accordance with section 1181.4 of these regulations and shall post it on the Commission's web-site.

(b) Written comments concerning the test claim shall be ~~certified, filed, and served~~ within 30 days from the date the test claim or amendment is issued for comment and in accordance with section 1181.3 of these regulations.

(c) Content and Form. Written comments on the test claim shall contain the following documentary evidence, if applicable:

(1) If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(2) A copy of relevant portions of state constitutional provisions, federal statutes, and executive orders, and a copy of administrative decisions and court decisions that may impact the alleged mandate, unless the authorities are also cited in the test claim. The specific statutes and chapters, articles, sections, regulatory registers, and page numbers shall be identified. Published court decisions arising from state mandate determinations by the Board of Control and the Commission on State Mandates, article XIII B, section 6 of the California Constitution, and Government Code sections 17500 et seq., are exempt from the requirements of this subdivision.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17530 and 17553(a), Government Code.

§ 1183.3. Claimant's Rebuttal.

(a) Written rebuttals to written comments concerning a test claim are permitted ~~may be filed, and shall be certified, filed, and served~~ in accordance with section 1181.3 of these regulations within 30 days of service of the written comments.

(b) Content and Form.

(1) If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(2) Include a copy of relevant portions of state constitutional provisions, federal statutes, and executive orders, and a copy of administrative decisions and court decisions that are cited in the rebuttal, unless the authorities are also cited in the test claim or any opposition thereto. Published court decisions arising from state mandate determinations by the Board of Control and the Commission on State Mandates, article XIII B, section 6

of the California Constitution, and Government Code sections 17500 et seq., are exempt from the requirement to include a copy. The specific statutes and chapters, articles, sections, regulatory registers, and page numbers of the authorities shall be identified in the written rebuttal.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17530 and 17553(a), Government Code.

§ 1183.4. Claimant's Motion to Consolidate or Sever Test Claims.

Within 30 days of the filing date of a test claim deemed complete, a claimant may file a motion with the executive director to consolidate part or all of any test claim with another test claim, or to sever any part of any test claim, if necessary to ensure the complete, fair, or timely consideration of any test claim.

(a) Any motion to consolidate or to sever shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. If written representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(b) Within 30 days after receipt of a motion to consolidate or sever, the executive director will grant or deny the motion with a written notice stating the reason therefor and will make any necessary changes to the names or numbering of the affected test claims~~may consolidate or sever any test claim.~~

Note: Authority cited: Section 17527(g) and 17553(a), Government Code. Reference: Sections 17530, 17553 and 17554, Government Code.

§ 1183.5. Executive Director's Authority to Consolidate or Sever Test Claims.

(a) The executive director may consolidate part or all of any test claim with another test claim or sever a test claim, if necessary to ensure the complete, fair, or timely consideration of any test claim.

(b) At least 10 days before the action is taken, the executive director shall simultaneously serve on the parties and interested parties on the mailing list described in section 1181.4 of these regulations, and post on the Commission's website, a notice of any proposed action to consolidate or sever.

Note: Authority cited: Section 17527(g), 17553 and 17554, Government Code. Reference: Sections 17530, 17553 and 17554, Government Code.

§ 1183.6. Review of Completed Test Claim and Preparation of Proposed Decision.

(a) Before the hearing on the test claim, Commission staff shall prepare a proposed decision for the test claim, which shall include but not be limited to a review of the written comments filed. The proposed decision shall describe and analyze the test claim to assist the Commission in determining whether the alleged statutes or executive orders contain a reimbursable state-mandated program under article XIII B, section 6 of the California Constitution.

(b) At least eight weeks before the hearing, or at a time required by the executive director or stipulated to by the parties, Commission staff shall prepare a draft proposed

1 decision and distribute it to the parties, interested parties, and all persons~~those~~ on the
2 mailing list described in section 1181.4 of these regulations, and shall post it on the
3 Commission's website.

4 (c) Anyone may file written comments concerning the draft proposed decision. If
5 representations of fact are made, they shall be supported by documentary or testimonial
6 evidence in accordance with section 1187.5 of these regulations. Written comments
7 shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these
8 regulations, by the date determined and noticed by the executive director. A three-week
9 period for comments shall be given, subject to the executive director's authority to
10 expedite all matters pursuant to Government Code section 17530. ~~All written comments~~
11 ~~timely filed shall be reviewed by Commission staff and may be incorporated into the~~
12 ~~proposed decision for the test claim.~~

13 ~~(d) It is the Commission's policy to discourage the introduction of late comments,~~
14 ~~exhibits, or other evidence filed after the three-week comment period described in~~
15 ~~subdivision (c) of this section. The Commission need not rely on, and staff need not~~
16 ~~respond to, late comments, exhibits, or other evidence filed in response to a draft~~
17 ~~proposed decision after the comment period expires.~~

18 Note: Authority cited: Sections 17527(g) and 17553, Government Code. Reference:
19 Sections 17514, 17530, 17551 and 17553, Government Code.

20 **§ 1183.7. Content of Parameters and Guidelines.**

21 The parameters and guidelines shall describe the claimable reimbursable costs and
22 contain the following information:

23 (a) Summary of the Mandate. A summary of the Commission's findings and
24 identification of reimbursable state mandated activities~~mandate identifying the statutes~~
25 ~~or executive orders that contain the mandate and the increased level of service and~~
26 ~~activities found to be required under those statutes or executive orders.~~

27 (b) Eligible Claimants. A description of the local governmental entities eligible to file for
28 reimbursement.

29 (c) Period of Reimbursement. A description of the period of reimbursement specifying
30 the beginning and ending (if applicable) of the reimbursement period.

31 (d) Reimbursable Activities. A description of the specific costs and types of costs that
32 are reimbursable, including one-time costs and on-going costs, and reasonably
33 necessary activities required to comply with the mandate. "Reasonably necessary
34 activities" are those activities necessary to comply with the statutes, regulations and
35 other executive orders found to impose a state-mandated program. Activities required
36 by statutes, regulations and other executive orders that were not pled in the test claim
37 may only be used to define reasonably necessary activities to the extent that
38 compliance with the approved state-mandated activities would not otherwise be
39 possible. Whether an activity is reasonably necessary is a mixed question of law and
40 fact. All representations of fact to support any proposed reasonably necessary activities
41 shall be supported by documentary evidence in accordance with section 1187.5 of
42 these regulations.

- (e) Claim Preparation. Instruction on claim preparation, including instructions for direct and indirect cost reporting for actual costs incurred, or application of a reasonable reimbursement methodology.
- (f) Record Retention. Notice of the Office of the State Controller's authority to audit claims and the amount of time supporting documents must be retained during the period subject to audit.
- (g) Any Offsetting Revenues and Reimbursements that reduce the cost of any reimbursable activity, including the identification of:
- (1) Any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate~~Dedicated state and federal funds appropriated for this program.~~
 - (2) Any reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any other funds that are not the claimant's proceeds of taxes~~Non-local agency funds dedicated for this program.~~
 - (3) ~~Local agency's general purpose funds for this program.~~
 - (4) ~~Service charge, fee, or assessment authority to offset part of the costs of this program.~~
- (h) ~~Any Offsetting Savings. Identification of any offsetting savings provided by the test claim statute or executive order, or other statute or executive order, which decreases the cost of any reimbursable activity and permits or requires the discontinuance or reduction in the level of service of the program.~~
- (i) Claiming Instructions. Notice of the Office of the State Controller's duty to issue claiming instructions, which constitutes notice of the right of local agencies and school districts to file reimbursement claims, based upon the decision and parameters and guidelines adopted by the Commission.
- (j) Remedies Before the Commission. Instructions for filing requests to review claiming instructions and requests to amend parameters and guidelines with the Commission.
- (k) Legal and Factual Basis. Notice that the legal and factual basis for the parameters and guidelines are found in the administrative record for the test claim, which is on file with the Commission.

Note: Authority cited: Sections 17517.5, 17527(g) and 17553(a), Government Code.
Reference: Sections 17518.5, 17530, 17553, 17556(e), 17557 and 17558, Government Code.

§ 1183.8. Filing and Review of Proposed Parameters and Guidelines; Filing of Comments.

- (a) Within 30 days of adoption of the decision on a test claim, or the early termination or expiration of a reasonable reimbursement methodology, the successful test claimant shall file with the Commission proposed parameters and guidelines, pursuant to Government Code section 17557(a). Proposed parameters and guidelines shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. If

1 representations of fact are made, they shall be supported by documentary or testimonial
2 evidence in accordance with section 1187.5 of these regulations.

3 (b) If any of the elements described in section 1183.7 are missing or are not adequately
4 addressed, Commission staff shall, within 10 days of receipt, deem the proposed
5 parameters and guidelines incomplete and shall return the proposal to the claimants
6 with a description of the subjects that are to be redrafted or supplemented.

7 (c) Within 10 days of receipt of completed proposed parameters and guidelines,
8 Commission staff shall issue a copy to all persons~~those who are~~ on the mailing list
9 described in section 1181.4 of these regulations, and shall post it on the Commission's
10 website.

11 (d) Commission staff shall notify all persons on the mailing list~~recipients~~ that they shall
12 have the opportunity to file written comments concerning the proposed parameters and
13 guidelines within 15 days of service.

14 (e) Written comments shall be ~~certified, filed, and served~~ in accordance with section
15 1181.3 of these regulations. If representations of fact are made, they shall be supported
16 by documentary or testimonial evidence in accordance with section 1187.5 of these
17 regulations.

18 (f) Within 15 days of service of the comments, parties, interested parties, and interested
19 persons may file written rebuttals with the Commission. Rebuttals shall be ~~certified,~~
20 ~~filed, and served~~ in accordance with section 1181.3 of these regulations. If
21 representations of fact are made, they shall be supported by documentary or testimonial
22 evidence in accordance with section 1187.5 of these regulations.

23 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
24 Sections 17530, 17553(a), 17557 and 17557.2, Government Code.

25 **§ 1183.9. Expedited Process for Proposed Parameters and Guidelines.**

26 (a) After adoption of a decision on a test claim, but before claimant files proposed
27 parameters and guidelines, Commission staff may expedite the parameters and
28 guidelines process by preparing and issuing draft expedited parameters and guidelines
29 to assist the claimant. The draft expedited parameters and guidelines shall be served to
30 everyone on the mailing list described in section 1181.4 of these regulations, and shall
31 be posted on the Commission's website.

32 In lieu of filing an original proposal pursuant to Government Code section 17557(a), the
33 successful test claimant may file comments on the draft expedited parameters and
34 guidelines with the Commission which may include proposed modifications. Such
35 comments shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of
36 these regulations. If representations of fact are made, they shall be supported by
37 documentary or testimonial evidence in accordance with section 1187.5 of these
38 regulations.

39 (b) Parties, interested parties, and interested persons may file comments on the draft
40 expedited parameters and guidelines within 21 days of service of Commission staff's
41 draft proposal. Such comments shall be ~~certified, filed, and served~~ in accordance with
42 section 1181.3 of these regulations. If representations of fact are made, they shall be

1 supported by documentary or testimonial evidence in accordance with section 1187.5 of
2 these regulations.

3 (c) Within 15 days of service of the comments filed pursuant to subdivision (b) of this
4 section, parties, interested parties, and interested persons may file ~~and serve~~ rebuttals.
5 Such rebuttals shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of
6 these regulations. If representations of fact are made, they shall be supported by
7 documentary or testimonial evidence in accordance with section 1187.5 of these
8 regulations.

9 (d) If no comments are filed on the draft expedited parameters and guidelines that raise
10 substantive issues regarding any of the elements described in section 1183.7, a draft
11 proposed decision in accordance with section 1183.13(a) of these regulations need not
12 be prepared and the executive director may schedule the proposed decision and
13 parameters and guidelines for adoption at the next regularly scheduled hearing in
14 accordance with section 1183.13(d) of these regulations.

15 Note: Authority cited: Sections 17517.5, 17527(g), 17530 and 17553(a), Government
16 Code. Reference: Sections 17553(a), 17556(e) and 17557, Government Code.

17 **§ 1183.10. Reasonable Reimbursement Methodology.**

18 (a) Government Code section 17518.5 defines a "reasonable reimbursement
19 methodology" as a formula for reimbursing local agencies and school districts for costs
20 mandated by the state, as defined in Section 17514.

21 (b) For purposes of developing a reasonable reimbursement methodology pursuant to
22 Government Code sections 17557 or 17557.1, the following definitions apply:

23 (1) "Costs to implement the mandate in a cost-efficient manner" include only those costs
24 for the activities that were determined to be reimbursable by the Commission in the
25 decision on the test claim, and the costs of reasonably necessary activities to comply
26 with the mandate pursuant to section 1183.7(d) of these regulations.

27 (2) When surveying or otherwise gathering cost data to develop a formula,
28 "representative sample of claimants" does not include eligible claimants that do not
29 respond to surveys or otherwise participate in submitting cost data.

30 (c) An interested party may file cost information or other cost projections that can be the
31 basis of a reasonable reimbursement methodology, and letters in support of a draft
32 reasonable reimbursement methodology proposed pursuant to Government Code
33 section 17557.1. Such information shall be ~~certified, filed and served~~ in accordance with
34 section 1181.3 of these regulations. All representations of fact shall be supported by
35 documentary or testimonial evidence in accordance with section 1187.5 of these
36 regulations.

37 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
38 Sections 17518.5, 17557 and 17557.1, Government Code.

§ 1183.11. Alternative Process: Joint Reasonable Reimbursement Methodology and Statewide Estimate of Costs.

(a) Notwithstanding Government Code section 17557, within 30 days of the adoption of a decision on a test claim, the successful test claimant and the Department of Finance may notify the executive director in writing of their intent to follow the process described in Government Code sections 17557.1-17557.2 to develop a reasonable reimbursement methodology and statewide estimate of costs.

(b) The written notification shall provide all information and filing dates, as specified in Government Code section 17557.1(a), and shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations.

(c) At the request of the test claimant and the Department of Finance, the executive director may provide for up to four extensions of the 180-day period to file the draft reasonable reimbursement methodology and proposed statewide estimate of costs for the initial claiming period and budget year. Any request must be based on good cause as described in section 1187.9 and also include an update of all information and filing dates provided in the original written notification filed pursuant to Government Code section 17557.1(a). If no draft has been filed and no request for an extension has been made by the filing date specified in the notice of intent to develop a reasonable reimbursement methodology, or if all extensions have been exhausted, the executive director shall issue a letter notifying the test claimant of the duty to file proposed parameters and guidelines within 30 days under Government Code section 17557(a).

(d) The test claimant and Department of Finance shall ~~certify, file, and serve~~ any filings made pursuant to Government Code section 17557.1 in accordance with section 1181.3 of these regulations. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(e) Commission staff shall notify all recipients that they shall have the opportunity to file written comments concerning the draft reasonable reimbursement methodology and proposed statewide estimate of costs within 15 days of service.

(f) Written comments shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(g) Within seven days of service of the written comments, the test claimant and Department of Finance may file written rebuttals which shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(h) At least 10 days prior to the next hearing, Commission staff shall review comments and issue a staff recommendation on whether the Commission should approve the draft reasonable reimbursement methodology and adopt the proposed statewide estimate of costs pursuant to Government Code section 17557.2.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17557, 17557.1 and 17557.2, Government Code.

§ 1183.12. Reasonable Reimbursement Methodology, Included in Parameters and Guidelines.

(a) If the claimant indicates in the proposed parameters and guidelines or comments that a reasonable reimbursement methodology, as defined in Government Code section 17518.5, should be considered for inclusion in the parameters and guidelines, or if the Department of Finance, Office of the State Controller, any affected state agency, or eligible claimant proposes consideration of a reasonable reimbursement methodology, Commission staff may schedule an informal conference in accordance with section 1187.4 of these regulations to discuss the methodology and plan for proposing a reasonable reimbursement methodology.

(b) A proposed reasonable reimbursement methodology, as described in Government Code section 17518.5, shall include any documentation or assumption relied upon to develop the proposed methodology.

(c) Commission staff shall notify all recipients that they shall have the opportunity to file written comments concerning the proposed reasonable reimbursement methodology within 15 days of service.

(d) Proposed reasonable reimbursement methodologies and comments regarding those proposals shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(e) Within 15 days of service of the written comments prepared by other parties and interested parties, the party that proposed the reasonable reimbursement methodology may file a written rebuttal with the Commission, and shall ~~certify, file, and serve~~ the rebuttal in accordance with section 1181.3 of these regulations. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17518.5, 17557, 17557.1 and 17557.2, Government Code.

§ 1183.13. Adoption of Parameters and Guidelines.

(a) Except as provided in section 1183.9(d) of these regulations, after review of the test claim decision, claimant's proposed parameters and guidelines or draft expedited parameters and guidelines, and written comments and rebuttals, Commission staff shall prepare a draft proposed decision and parameters and guidelines. Commission staff's recommendation may include a reasonable reimbursement methodology developed pursuant to Government Code section 17518.5 and proposed pursuant to section 1183.12 of these regulations.

(b) Written comments on the draft proposed decision and parameters and guidelines shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations, by the date noticed by the executive director. A three-week period for comments shall be given, subject to the executive director's authority to expedite all

1 matters pursuant to Government Code section 17530. If representations of fact are
2 made, they shall be supported by documentary or testimonial evidence in accordance
3 with section 1187.5 of these regulations. ~~All written comments timely filed shall be~~
4 ~~reviewed by Commission staff and may be incorporated into the proposed decision and~~
5 ~~parameters and guidelines.~~

6 ~~(c) It is the Commission's policy to discourage the introduction of late comments,~~
7 ~~exhibits, or other evidence filed after the three-week comment period described in~~
8 ~~subdivision (b) of this section. The Commission need not rely on, and staff need not~~
9 ~~respond to, late comments, exhibits, or other evidence filed in response to a draft~~
10 ~~proposed decision and parameters and guidelines after the comment period expires.~~

11 ~~(d) The Commission shall conduct a hearing in accordance with article 7 of these~~
12 ~~regulations before adoption of the proposed decision and parameters and guidelines.~~

13 ~~(de) Within 10 days after the adoption of the decision and parameters and guidelines,~~
14 ~~the executive director shall issue it to the Office of the State Controller and to all~~
15 ~~personseveryone on the mailing list described in section 1181.4 of these regulations,~~
16 ~~and shall post a copy on the Commission's website.~~

17 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
18 Sections 17518.5, 17530, 17553(a) and 17557, Government Code.

19 **§ 1183.14. Statewide Cost Estimate.**

20 (a) If the Commission determines that there are state-mandated costs pursuant to
21 Government Code section 17514, it shall adopt a statewide cost estimate of the amount
22 within 12 months after receipt of a completed test claim unless extended to 18 months
23 by the Commission or executive director.

24 (b) Commission staff may develop the statewide cost estimate based on initial
25 reimbursement claims filed with the Office of the State Controller, application of a
26 reasonable reimbursement methodology, or use a different methodology based on
27 recommendations from the test claimant, the Department of Finance, or other interested
28 parties.

29 (c) Before presenting a statewide cost estimate to the Commission for adoption,
30 Commission staff shall disclose to the parties and interested parties the methodology,
31 basis for any assumptions made, and sources of any data used to develop the estimate.

32 (d) Before adopting the statewide cost estimate, the Commission shall hold at least one
33 informational hearing under article 8 of these regulations.

34 (e) Upon adoption of the statewide cost estimate by the Commission, a summary of the
35 parameters and guidelines and the statewide cost estimate shall be included in the
36 Commission's report to the Legislature required by Government Code section 17600.

37 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
38 Sections 17518.5, 17553, 17557(a), 17557.2 and 17600, Government Code.

1 **§ 1183.15. Jointly Proposed Request for Early Termination of Reasonable**
2 **Reimbursement Methodology.**

3 (a) The test claimant and the Department of Finance may file a joint request, in
4 accordance with Government Code section 17557.2(e), for early termination of a joint
5 reasonable reimbursement methodology adopted pursuant to Government Code
6 sections 17557.1 and 17557.2, which shall be ~~certified, filed, and served~~ in accordance
7 with section 1181.3 of these regulations.

8 (b) Commission staff shall notify all recipients that they shall have the opportunity to file
9 written comments on the joint request for early termination of a reasonable
10 reimbursement methodology within 15 days of service.

11 (c) Written comments shall be ~~certified, filed, and served~~ in accordance with section
12 1181.3 of these regulations. If representations of fact are made, they shall be supported
13 by documentary or testimonial evidence in accordance with section 1187.5 of these
14 regulations.

15 (d) Within seven days of service of the written comments, the test claimant and
16 Department of Finance may file written rebuttals which shall be ~~certified, filed, and~~
17 ~~served~~ in accordance with section 1181.3 of these regulations. If representations of fact
18 are made, they shall be supported by documentary or testimonial evidence in
19 accordance with section 1187.5 of these regulations.

20 (e) At least 10 days prior to the next hearing, Commission staff shall review comments
21 and issue a recommendation on whether the Commission should approve the joint
22 request for early termination of a reasonable reimbursement methodology pursuant to
23 Government Code section 17557.2(e).

24 (f) If the Commission approves a joint request for early termination, the Commission
25 shall notify the test claimant of the duty to file proposed parameters and guidelines to
26 the Commission pursuant to Government Code section 17557(a), and section 1183.13
27 of these regulations or request that Commission staff prepare expedited parameters
28 and guidelines pursuant to section 1183.9 of these regulations to replace the joint
29 reasonable reimbursement methodology.

30 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
31 Section 17557.2, Government Code.

32 **§ 1183.16. Expiration of a Joint Reasonable Reimbursement Methodology.**

33 (a) At least one year before the expiration of a joint reasonable reimbursement
34 methodology adopted pursuant to Government Code sections 17557.1 and 17557.2,
35 Commission staff shall issue a notice to the test claimant and the Department of
36 Finance, which shall also be served to everyone on the mailing list described in section
37 1181.4 of these regulations and posted on the Commission's website, that the test
38 claimant and Department of Finance may do one of the following within 60 days:

39 (1) Jointly propose amendments to the reasonable reimbursement methodology by
40 filing: (A) the draft reasonable reimbursement methodology, (B) a description of the
41 steps the test claimant and the Department of Finance undertook to determine the level
42 of support by local agencies or school districts for the draft reasonable reimbursement

methodology, (C) an agreement that the reasonable reimbursement methodology developed and approved under Government Code section 17557.2 shall be in effect for a period of five years unless a different term is approved by the Commission, and (D) an estimate of the mandate's annual cost for the subsequent budget year.

(2) Jointly propose that the reasonable reimbursement methodology remain in effect.

(3) Allow the joint reasonable reimbursement methodology to expire and notify the Commission that the test claimant will file proposed parameters and guidelines to the Commission pursuant to Government Code section 17557(a) and section 1183.8 of these regulations or request that Commission staff prepare expedited parameters and guidelines pursuant to section 1183.9 of these regulations to replace the joint reasonable reimbursement methodology.

(b) Copies of the proposals filed under subdivision (a) shall be filed ~~and served~~ in accordance with section 1181.3 of these regulations.

(c) The test claimant and the Department of Finance may jointly propose amendments to the joint reasonable reimbursement methodology or the continuation of a joint reasonable reimbursement methodology by filing a request made pursuant to Government Code section 17557.2(f), which shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(d) Commission staff shall notify everyone on the mailing list described in section 1181.4 of these regulations that they shall have the opportunity to file written comments on the jointly proposed amendments or request for continuation of the joint reasonable reimbursement methodology within 30 days of service, and shall post a copy of the notice on the Commission's website.

(e) Written comments shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(f) Within 15 days of service of the written comments filed by other parties and interested parties, the test claimant and Department of Finance may file written rebuttals which shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(g) At least 10 days prior to the next hearing, Commission staff shall review the comments and issue a recommendation on whether the Commission should approve the jointly proposed amendments or the continuation of a joint reasonable reimbursement methodology pursuant to Government Code section 17557.2(g).

(h) Within 10 days of the adoption of the jointly proposed amendment or continuation of a joint reasonable reimbursement methodology, the executive director shall issue the decision to the Office of the State Controller and to everyone on the mailing list described in section 1181.4 of these regulations, and shall post it on the Commission's website.

(i) If the test claimant or the Department of Finance fails to respond within 60 days to the notice described in subdivision (a) of this section, Commission staff shall prepare and issue draft expedited parameters and guidelines, pursuant to Government Code section 17557(a) and section 1183.9 of these regulations, within 30 days of the parties' failure to respond.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17557, 17557.1 and 17557.2, Government Code.

§ 1183.17. Amendments to Parameters and Guidelines.

(a) All requests pursuant to Government Code section 17557 to amend parameters and guidelines shall include the proposed language for the specific sections of the existing parameters and guidelines that are to be changed, and include a narrative explaining why the amendment is required.

A request to amend parameters and guidelines may be filed to make any of the following changes to the parameters and guidelines:

(1) Delete any reimbursable activity that is repealed by statute or executive order after the adoption of the original or last amended parameters and guidelines.

(2) Update offsetting revenue and offsetting savings that apply to the mandated program and do not require a new legal finding that there are "no costs mandated by the state" under Government Code section 17556(e).

(3) Include a reasonable reimbursement methodology for all or some of the reimbursable activities in accordance with Government Code section 17518.5. Any request to include a reasonable reimbursement methodology based on, in whole or in part, costs that have been included in claims submitted to the Controller, shall include a statement to this effect on the cover or first page of the request.

(4) Clarify reimbursable activities consistent with the original decisions on the test claim and parameters and guidelines.

(5) Add new reimbursable activities that are reasonably necessary for the performance of the original state-mandated program pursuant to section 1183.7(d) of these regulations.

(6) Define what is not reimbursable consistent with the original decisions on the test claim and parameters and guidelines.

(7) Consolidate the parameters and guidelines for two or more programs.

(8) Amend the "boilerplate" language.

(b) For purposes of this section, "boilerplate" language is defined as the language in the parameters and guidelines that is not unique to the state-mandated program that is the subject of the parameters and guidelines.

(c) The addition or substitution of requesters and supporting declarations based on the original facts alleged in an existing parameters and guidelines amendment request is not an "amendment." However, new proposals for amendments must be filed as a new parameters and guidelines amendment request.

1 (d) A claimant or state agency requesting an amendment to existing parameters and
2 guidelines shall ~~certify, file, and serve~~ the request in accordance with section 1181.3 of
3 these regulations. If representations of fact are made, they shall be supported by
4 documentary or testimonial evidence in accordance with section 1187.5 of these
5 regulations.

6 (e) Within 10 days of receipt of a request to amend parameters and guidelines,
7 Commission staff shall issue a copy to all persons~~those who are~~ on the mailing list
8 described in section 1181.4 of these regulations, and shall post the request on the
9 Commission's website.

10 (f) Commission staff shall notify all persons~~those who are~~ on the mailing list described in
11 section 1181.4 of these regulations that they shall have the opportunity to file written
12 comments concerning the proposed amendment of the parameters and guidelines
13 within 21 days of service, and shall post a copy of the notice on the Commission's
14 website.

15 (g) Written comments on the request to amend the parameters and guidelines shall be
16 ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. If
17 representations of fact are made, they shall be supported by documentary or testimonial
18 evidence in accordance with section 1187.5 of these regulations.

19 (h) Written rebuttals to the comments may be filed within 21 days of service of the
20 comments. Written rebuttals shall be ~~certified, filed, and served~~ in accordance with
21 section 1181.3 of these regulations. If representations of fact are made, they shall be
22 supported by documentary or testimonial evidence in accordance with section 1187.5 of
23 these regulations.

24 (i) After review of the proposed amendment to the parameters and guidelines, written
25 comments, and rebuttals filed, Commission staff shall prepare and issue for comment a
26 draft proposed decision recommending whether the requester's proposed amendment
27 to the parameters and guidelines should be adopted.

28 (j) Written comments on the draft proposed decision and recommendation on the
29 proposed amendment to the parameters and guidelines shall be ~~certified, filed, and~~
30 ~~served~~ in accordance with section 1181.3 of these regulations, by the date noticed by
31 the executive director. A three-week period for comments shall be given, subject to the
32 executive director's authority to expedite all matters pursuant to Government Code
33 section 17530. If representations of fact are made, they shall be supported by
34 documentary or testimonial evidence in accordance with section 1187.5 of these
35 regulations. ~~All written comments timely filed shall be reviewed by Commission staff and~~
36 ~~may be incorporated into the proposed decision and recommendation on the proposed~~
37 ~~amendment to the parameters and guidelines.~~

38 ~~(k) It is the Commission's policy to discourage the introduction of late comments,~~
39 ~~exhibits, or other evidence filed after the three-week comment period described in~~
40 ~~subdivision (j) of this section. The Commission need not rely on, and staff need not~~
41 ~~respond to, late comments, exhibits, or other evidence filed in response to a draft~~
42 ~~proposed decision after the comment period expires.~~

1 ~~(f)~~An amendment shall be made only after the Commission has conducted a hearing in
2 accordance with article 7 of these regulations.

3 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
4 Sections 17518.5, 17530, 17553 and 17557, Government Code.

5 **§ 1183.18. Timelines.**

6 (a) In computing any period of time prescribed by these regulations and applicable
7 statutes, including the filing date as defined in section 1181.2 of these regulations, the
8 following rules shall apply:

9 (1) The day of the act, event, or default from which the designated period of time begins
10 to run shall not be included. The last day of the period so computed shall be included,
11 unless it is a Saturday, Sunday, or state holiday.

12 (2) Days representing extensions of time and postponements of hearings granted to the
13 parties shall be tolled and may not be counted toward the date on which a statewide
14 cost estimate must be adopted by the Commission.

15 (3) Days following a test claimant's submission of incomplete information to the
16 Commission, from the date on which Commission staff returns the incomplete
17 information to the claimant up to the date on which the Commission receives complete
18 information from the test claimant, shall be tolled and may not be counted toward the
19 date on which a statewide cost estimate must be adopted by the Commission.

20 (4) If a party or interested party to a test claim notifies Commission staff that a
21 reasonable reimbursement methodology may be developed for inclusion in pending
22 parameters and guidelines, the days following the date of the notification up to the date
23 on which a reasonable reimbursement methodology is developed, shall be tolled and
24 may not be counted toward the date on which a statewide cost estimate must be
25 adopted by the Commission. The days tolled shall not exceed 60 days from the date of
26 the notification.

27 (5) If the test claimant and the Department of Finance notify the Commission staff in
28 writing of their intent to develop a reasonable reimbursement methodology and
29 statewide estimate of costs for the initial claiming period and budget year for
30 reimbursement pursuant to Government Code section 17557.1, the days following the
31 date of the notification up to the date on which a draft reasonable reimbursement
32 methodology and proposed statewide estimate of costs are developed and filed with the
33 Commission, shall be tolled and may not be counted toward the date by which a
34 statewide cost estimate must be adopted by the Commission. The days tolled shall not
35 exceed 180 days from the date of the notification.

36 (6) Three days shall be added to any prescribed period in which a party or interested
37 party is required or permitted to do an act after service of a document upon that party or
38 interested party by mail. The three days added for mail service shall be tolled and may
39 not be counted toward the date on which a statewide cost estimate must be adopted.

40 (7) Solely for the purpose of determining when a statewide cost estimate shall be
41 adopted, test claims that are amended, severed, or consolidated shall be deemed filed

on the effective date of the last amendment, severance, or consolidation, unless otherwise stipulated by the parties and approved by the executive director.

(8) Days between the effective date of the parameters and guidelines and the date the initial reimbursement claims are due to the Office of the State Controller shall be tolled and may not be counted toward the date on which a statewide cost estimate must be adopted by the Commission.

(b) The following timelines shall be used by Commission staff as a reference for the timely processing of test claims, adoption of statewide cost estimates or statewide estimates of costs:

(1) Timeline for a Test Claim, Parameters and Guidelines, and Statewide Cost Estimate (12 Months)

<i>PARTY/ACTIVITIES</i>	<i>DAY NUMBER</i>
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TEST CLAIM	
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CLAIMANT files test claim with the COMMISSION.	0
COMMISSION staff begins counting days on the first day after receipt.	1
COMMISSION staff reviews test claim to determine if complete	by 10
COMMISSION staff issues test claim to state agencies and those on the mailing list for comment.	by 10
COMMISSION staff convenes informal conference with parties, if necessary.	by 30
STATE AGENCIES, PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS may file comments on test claim.	by 40
CLAIMANT may file rebuttal.	by 70
COMMISSION staff prepares the draft proposed decision on the test claim and issues to those on the mailing list.	by 100
PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS may file comments on draft proposed decision on the test claim.	by 130
COMMISSION staff completes analysis and issues proposed decision to those on the mailing list.	by 160
COMMISSION hears test claim and adopts decision.	by 180
COMMISSION staff issues decision to those on the mailing list and serves on parties.	by 190
COMMISSION staff notifies Legislature of decision	by 210

PARAMETERS AND GUIDELINES	
---------------------------	--

CLAIMANT files proposed Parameters and Guidelines.	by 210
STATE AGENCIES, PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS may file comments.	by 235
CLAIMANT may file rebuttal.	by 250
COMMISSION staff issues draft proposed decision and parameters and guidelines to those on the mailing list.	by 265
PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS may file comments on draft proposed decision and	

1	parameters and guidelines.	by 275
2	COMMISSION staff issues proposed decision and parameters and	
3	guidelines to those on the mailing list.	by 279
4	COMMISSION conducts hearing and adopts decision and parameters	
5	and guidelines.	by 293
6	COMMISSION staff issues decision and parameters and guidelines	
7	to those on the mailing list and serves on parties.	by 303
8	STATEWIDE COST ESTIMATE	
9	COMMISSION staff prepares and issues the draft statewide cost estimate	
10	to those on the mailing list.	by 335
11	ALL PARTIES, INTERESTED PARTIES, AND INTERESTED	
12	PERSONS may comment on draft statewide cost estimate.	by 345
13	COMMISSION staff prepares and issues the proposed statewide cost	
14	estimate to those on the mailing list.	by 350
15	COMMISSION conducts hearing and adopts statewide cost estimate.	by 365
16	COMMISSION staff issues statewide cost estimate to those on the	
17	mailing list.	by 375
18	COMMISSION staff reports Statewide Cost Estimate to the	
19	Legislature.	by 395
20	(2) Timeline for a Test Claim, Reasonable Reimbursement Methodology, and Statewide	
21	Estimate of Costs	
22	<u>PARTY/ACTIVITIES</u>	<u>DAY NUMBER</u>
23	TEST CLAIM WITH JOINT REASONABLE REIMBURSEMENT METHODOLOGY	
24	(RRM) AND STATEWIDE ESTIMATE OF COSTS (SEC)	
25	CLAIMANT files test claim with the Commission.	0
26	COMMISSION staff begins counting days on the first day after receipt.	1
27	COMMISSION staff reviews test claim to determine if complete.	by 10
28	COMMISSION staff issues test claim to state agencies and those on the	
29	mailing list for comment.	by 10
30	COMMISSION staff convenes informal conference with parties,	
31	if necessary.	by 30
32	STATE AGENCIES, PARTIES, INTERESTED PARTIES, AND	
33	INTERESTED PERSONS may file comments on test claim.	by 40
34	CLAIMANT may file rebuttal.	by 70
35	COMMISSION staff prepares and issues the draft proposed decision	
36	on the test claim to those on the mailing list.	by 100
37	PARTIES, INTERESTED PARTIES, AND INTERESTED	
38	PERSONS may file comments on the draft proposed decision on	
39	the test claim.	by 130
40	COMMISSION staff completes analysis and issues proposed decision	
41	to those on the mailing list.	by 160
42	COMMISSION hears test claim and adopts decision.	by 180
43	COMMISSION staff issues decision to those on the mailing list.	by 190
44	COMMISSION staff notifies Legislature of decision.	by 210

1 JOINT
2 REASONABLE REIMBURSEMENT METHODOLOGY (RRM)
3 AND STATEWIDE ESTIMATE OF COSTS (SEC)
4 CLAIMANT AND DEPARTMENT OF FINANCE (DOF) notify
5 Commission in writing of their intent to follow the process in 17557.1
6 to develop a joint RRM and SEC (within 30 days after adoption of test
7 claim decision). by 210
8 CLAIMANT AND DOF file plan no later than 6 months after the date
9 of letter of intent and sixty (60) days before hearing. by 400
10 COMMISSION staff notifies those on the mailing list of comment
11 period. by 410
12 PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS
13 may file comments on the draft RRM and SEC. by 425
14 CLAIMANT AND DOF may file rebuttal. by 432
15 COMMISSION staff issues filed comments and staff recommendation. by 450
16 COMMISSION conducts hearing, approves the draft RRM, and adopts
17 the proposed SEC for the initial claiming period and budget year. by 460
18 COMMISSION staff issues RRM to the CONTROLLER and to those on
19 the mailing list. by 470
20 COMMISSION staff reports SEC to the Legislature. by 490

21 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
22 Sections 17527, 17532, 17553, 17555, 17557(e), 17557.1 and 17557.2, Government
23 Code.

24 **Article 4. Review of Office of State Controller's Claiming Instructions**

25 **§ 1184.1. Review of Office of State Controller's Claiming Instructions.**

26 (a) Upon request of a local agency or school district, the Commission shall review
27 claiming instructions issued by the Office of State Controller.

28 (b) A request to review claiming instructions shall include the following:

29 (1) A copy of the disputed claiming instructions.

30 (2) If available, correspondence or other documentation that verifies the local agency or
31 school district sought to resolve the dispute through the Office of State Controller.

32 (3) A narrative that details the suggested changes and the reasons why the local
33 agency or school district finds the claiming instructions need to be modified.

34 (4) The name, address, telephone number, and e-mail address of the agency contact
35 person.

36 (c) An original request to review claiming instructions shall be ~~certified, filed, and served~~
37 in accordance with section 1181.3 of these regulations. If representations of fact are
38 made, they shall be supported by documentary or testimonial evidence in accordance
39 with section 1187.5 of these regulations.

40 (d) Within 10 days of receipt of a request to review claiming instructions, Commission
41 staff shall notify the local agency or school district that filed the request if the filing is

1 complete or incomplete. A request to review the claiming instructions shall be
2 considered incomplete if any of the elements required in subdivision (b) or (c) of this
3 section are illegible or not included. Incomplete requests shall be returned to the local
4 agency or school district. If a complete request is not received by the Commission within
5 30 days from the date the incomplete request was returned, the executive director may
6 deem the request withdrawn.

7 (e) Within 10 days of receipt of a complete request to review claiming instructions,
8 Commission staff shall issue a copy to all persons ~~who are~~ on the mailing list described
9 in section 1181.4 of these regulations. Commission staff shall provide notice that written
10 comments concerning the request to review claiming instructions may be filed within 30
11 days of service of the notice of complete filing. A copy of the notice shall also be posted
12 on the Commission's website.

13 (f) Written comments shall be ~~certified, filed, and served~~ in accordance with section
14 1181.3 of these regulations. If representations of fact are made, they shall be supported
15 by documentary or testimonial evidence in accordance with section 1187.5 of these
16 regulations.

17 (g) Within 30 days of service of the written comments, the requester may file a written
18 rebuttal to the Commission which shall be ~~certified, filed, and served~~ in accordance with
19 section 1181.3 of these regulations. If representations of fact are made, they shall be
20 supported by documentary or testimonial evidence in accordance with section 1187.5 of
21 these regulations.

22 (h) Before hearing a request to review claiming instructions, Commission staff shall
23 prepare a draft proposed decision that shall include a review of the request and any
24 comments filed, and a staff recommendation on whether the request should be
25 approved or denied.

26 (i) The requester and any state agency or interested party may file written comments on
27 the draft proposed decision. Written comments shall be ~~certified, filed, and served~~ in
28 accordance with section 1181.3 of these regulations, by the date determined and
29 noticed by the executive director. If representations of fact are made, they shall be
30 supported by documentary or testimonial evidence in accordance with section 1187.5 of
31 these regulations. A three-week period for comments shall be given, subject to the
32 executive director's authority to expedite all matters pursuant to Government Code
33 section 17530. ~~All written comments timely filed shall be reviewed by Commission staff~~
34 ~~and may be incorporated into the proposed decision on the request to review and~~
35 ~~modify the claiming instructions.~~

36 (j) ~~It is the Commission's policy to discourage the introduction of late comments,~~
37 ~~exhibits, or other evidence filed after the three-week comment period described in~~
38 ~~subdivision (i) of this section. The Commission need not rely on, and staff need not~~
39 ~~respond to, late comments, exhibits, or other evidence filed in response to a draft~~
40 ~~proposed decision after the comment period expires.~~

41 (k) ~~The Commission shall conduct a hearing in accordance with article 7 of these~~
42 ~~regulations on the request to review claiming instructions.~~

1 (k) If the Commission determines that the claiming instructions need to be modified, the
2 Commission shall direct the Office of State Controller to modify the claiming instructions
3 to conform to the parameters and guidelines.

4 (~~lm~~) An approved change to the claiming instructions shall be subject to the following
5 schedule:

6 (1) A request for review filed before the deadline for initial claims as specified in the
7 claiming instructions shall apply to all years eligible for reimbursement as defined in the
8 original parameters and guidelines.

9 (2) A request for review filed after the initial claiming deadline must be filed on or before
10 the annual reimbursement claim filing deadline set out in Government Code section
11 17560 following a fiscal year to establish eligibility for reimbursement for that fiscal year.

12 (~~mn~~) A request to review claiming instructions may be withdrawn by written application
13 to the executive director any time before a decision is adopted or by oral application at
14 the time of hearing. The requesters shall file ~~and serve~~ the written application in
15 accordance with section 1181.3 of these regulations. Commission staff shall post a copy
16 of the notice on the Commission's website for 60 days prior to dismissal of the request
17 to review claiming instructions. If no other local agency or school district takes over the
18 request to review claiming instructions by substitution of parties within 60 days of
19 service and posting of the application to withdraw, the executive director shall issue a
20 letter to ~~all persons~~ ~~everyone~~ on the mailing list described in section 1181.4 of these
21 regulations dismissing the request to review claiming instructions and shall post the
22 letter on the Commission's website.

23 Note: Authority cited: Sections 17527(g) and 17527(h), Government Code. Reference:
24 Sections 17530, 17560 and 17571, Government Code.

25 **Article 5. Incorrect Reduction Claims**

26 **§ 1185.1. Incorrect Reduction Claim Filing.**

27 (a) To obtain a determination that the Office of State Controller incorrectly reduced a
28 reimbursement claim, a claimant shall file an "incorrect reduction claim" with the
29 Commission as follows:

30 (1) A county auditor, auditor-controller, or director of finance who has assumed the
31 duties of controller, may file on behalf of a county.

32 (2) A city manager, director of finance, or other officer with a delegation by ordinance or
33 resolution from the city council, may file on behalf of a city.

34 (3) A district superintendent may file on behalf of a school district.

35 (4) A chancellor, vice chancellor, director of finance, or other officer with authority
36 delegated by the governing body by ordinance or resolution, may file on behalf of a
37 community college district.

38 (5) A general manager or other officer with authority delegated by the governing body
39 by ordinance or resolution may file on behalf of a special district.

(b) If a claimant intends to pursue an incorrect reduction claim on behalf of a class of claimants, it must notify the Commission of its intent to do so at the time it files its incorrect reduction claim and meet the requirements of section 1185.3 of these regulations.

(c) All incorrect reduction claims and amendments thereto shall be filed with the Commission no later than three years following the date a claimant first receives from the Office of State Controller a final state audit report, letter, or other written notice of adjustment to a reimbursement claim, which complies with Government Code section 17558.5(c) by specifying the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the claimant, and the reason for the adjustment. The filing shall be returned to the claimant for lack of jurisdiction if this requirement is not met.

(d) An incorrect reduction claim shall pertain to alleged incorrect reductions in a reimbursement claim filed by one claimant. The incorrect reduction claim may be for more than one fiscal year.

(e) All incorrect reduction claims, or amendments thereto, shall be filed on a form provided by the Commission.

(f) All incorrect reduction claims, or amendments thereto, shall contain at least the following elements and documents:

(1) A copy of the Office of State Controller's claiming instructions that were in effect during the fiscal years of the reimbursement claims.

(2) A written detailed narrative that describes the alleged incorrect reductions. The narrative shall include a comprehensive description of the reduced or disallowed areas of costs.

(3) All representations of fact shall be supported by testimonial or documentary evidence in accordance with section 1187.5 of these regulations.

(4) A copy of any final state audit report, letter, or other written notice of adjustment from the Office of State Controller that explains the claim components adjusted, amounts reduced, and the reasons for the reduction or disallowance.

(5) A copy of the subject reimbursement claims the claimant submitted to the Office of State Controller.

(g) An incorrect reduction claim, or amendment thereto, and any accompanying documents, shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17530, 17551(d), 17553(d), 17558.5(c) and 17558.7(a), Government Code.

§ 1185.2. Review of Incorrect Reduction Claims.

(a) Within 10 days of receipt of an incorrect reduction claim, Commission staff shall notify the claimant if the incorrect reduction claim is complete or incomplete. Incorrect reduction claims will be considered incomplete if any of the requirements of section 1185.1 are illegible or not included or if the requirements of those subdivisions are not

1 met. Incomplete incorrect reduction claims shall be returned to the claimant. If a
2 complete incorrect reduction claim is not received by the Commission within 30 days
3 from the date the incomplete claim was returned to the claimant, the executive director
4 shall deem the filing to be withdrawn.

5 (b) Any incorrect reduction claim, or portion of an incorrect reduction claim, that the
6 Commission lacks jurisdiction to hear for any reason, including that the incorrect
7 reduction claim was not filed within the period of limitation required by section 1185.1(c)
8 of these regulations, may be rejected or dismissed by the executive director with a
9 written notice stating the reason therefor.

10 (c) Within 10 days of receipt of a complete incorrect reduction claim, Commission staff
11 shall provide a copy of the claim to the Office of State Controller.

12 (d) Commission staff shall notify the Office of State Controller that written comments
13 and supporting documentation in connection with an incorrect reduction claim shall be
14 filed no more than 90 days from the date the copy of the claim is provided to the Office
15 of State Controller. Written comments and supporting documentation shall be ~~certified,~~
16 ~~filed, and served~~ in accordance with section 1181.3 of these regulations. If
17 representations of fact are made, they shall be supported by documentary or testimonial
18 evidence in accordance with section 1187.5 of these regulations.

19 (e) The claimant and interested parties may file written rebuttals to the Office of State
20 Controller's comments within 30 days of service of the Office of State Controller's
21 comments. Written rebuttals and supporting documentation shall be ~~certified, filed, and~~
22 ~~served~~ in accordance with section 1181.3 of these regulations. If representations of fact
23 are made, they shall be supported by documentary or testimonial evidence in
24 accordance with section 1187.5 of these regulations.

25 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
26 Sections 17551(d), 17553(d), 17558.5(c) and 17558.7(a), Government Code.

27 **§ 1185.3. Consolidation of Claims Initiated by an Individual Claimant.**

28 (a) On behalf of a class of claimants, an individual claimant may initiate the
29 consolidation of claims alleging an incorrect reduction as described in Government
30 Code section 17558.7, if all of the following apply:

31 (1) The method, act, or practice that the claimant alleges led to the reduction has led to
32 similar reductions of other parties' claims, and all of the claims involve common
33 questions of law or fact.

34 (2) The common questions of law or fact among the claims predominate over any
35 matter affecting only an individual claim.

36 (3) The consolidation of similar claims by individual claimants would result in consistent
37 decision making by the Commission.

38 (4) The claimant filing the consolidated claim would fairly and adequately protect the
39 interests of the other claimants.

40 (b) A claimant that seeks to file a consolidated incorrect reduction claim shall notify the
41 Commission of its intent at the time of filing on a form provided by the Commission. The

consolidated incorrect reduction claim shall be filed in accordance with section 1185.1 of these regulations and contain a narrative that explains the elements in subdivision (a) of this section. All representations of fact shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(c) Within 10 days of receipt of a consolidated incorrect reduction claim, Commission staff shall notify the claimant if the consolidated incorrect reduction claim is complete or incomplete. A consolidated incorrect reduction claim is incomplete if the claim has not been filed in accordance with subdivision (b) of this section, or is illegible. Incomplete consolidated incorrect reduction claims shall be returned to the claimant. If a complete consolidated incorrect reduction claim is not received by the Commission within 30 days from the date the incomplete claim was returned to the claimant, the executive director shall deem the filing to be withdrawn.

(d) Any consolidated incorrect reduction claim, or portion of a consolidated incorrect reduction claim, that the Commission lacks jurisdiction to hear for any reason may be rejected or dismissed by the executive director in accordance with section 1185.2(b) of these regulations.

(e) If the consolidated incorrect reduction claim is complete, Commission staff shall request the Office of the State Controller to provide the Commission, within 30 days, a list of claimants for whom the Controller has reduced similar claims under the same mandate, and the date each claimant was notified of an adjustment.

(f) Upon receipt of the list from the Office of the State Controller, the Commission shall notify the list of other claimants experiencing similar reductions by the Controller under the same mandate and other interested parties of the original claimant's intent to consolidate an incorrect reduction claim.

Note: Authority cited: Sections 17527(g), 17553(a) and 17558.7(g), Government Code.
Reference: Sections 17558.5(c) and 17558.7, Government Code.

§ 1185.4. Joining a Consolidated Incorrect Reduction Claim.

(a) Within 30 days of receipt of the Commission's notice regarding the original claimant's notice of intent to consolidate an incorrect reduction claim, any other eligible claimant may, on a form provided by the Commission, file a notice of intent to join the consolidated incorrect reduction claim.

(b) All notices of intent to join a consolidated incorrect reduction claim shall comply with section 1185.1(c) and contain at least the following elements and documents:

(1) A copy of the final state audit report, letter, or other written notice of adjustment from the Office of State Controller that explains the claim components adjusted, amounts reduced, and the reasons for the reduction.

(2) A copy of the subject reimbursement claims submitted to the Office of State Controller.

~~(3) A notice of intent to join a consolidated incorrect reduction claim shall include a~~
certification by the joining claimant authorizing the original claimant to act as its representative in the consolidated incorrect reduction claim, and a declaration under penalty of perjury that the filing is true and complete to the best of the declarant's

1 personal knowledge, information, or belief. The date signed, the declarant's title,
2 address, telephone number, and e-mail address shall be included. All representations of
3 fact shall be supported by testimonial or documentary evidence in accordance with
4 section 1187.5 of these regulations.

5 (~~c~~4) The joining claimant shall ~~certify, file, and serve~~ one original notice of intent to join
6 and accompanying documents in accordance with section 1181.3 of these regulations.

7 (~~d~~e) Within 10 days of receipt of a notice of intent to join a consolidated incorrect
8 reduction claim, Commission staff shall notify the joining claimant if the notice of intent
9 to join is complete or incomplete. Notices of intent to join a consolidated incorrect
10 reduction claim will be considered incomplete if any of the elements required in
11 subdivision (b) of this section are illegible or not included. Incomplete notices of intent
12 shall be returned to the joining claimant. If a complete notice of intent to join a
13 consolidated incorrect reduction claim is not received by the Commission within 30 days
14 from the date the incomplete notice of intent was returned to the joining claimant, the
15 executive director may deem the filing withdrawn.

16 (~~e~~d) Any notice of intent to join the consolidated incorrect reduction claim, or portion
17 thereof, that the Commission lacks jurisdiction to hear for any reason, including that the
18 notice was not filed within the period of limitation required by section 1185.1(c) of these
19 regulations, may be rejected or dismissed by the executive director with a written notice
20 stating the reason therefor.

21 Note: Authority cited: Sections 17527(g), 17553(a) and 17558.7(g), Government Code.
22 Reference: Sections 17558.5(c) and 17558.7, Government Code.

23 **§ 1185.5. Opting Out of a Consolidated Incorrect Reduction Claim.**

24 Pursuant to Government Code section 17558.7(f), each claimant that files a notice of
25 intent to join a consolidated incorrect reduction claim may opt out and not be bound by
26 any determination made on the consolidated claim.

27 (a) To opt out of a consolidated incorrect reduction claim, claimants shall file a written
28 notice with the Commission within 15 days of service of the Office of State Controller's
29 comments. A copy of the notice must be served in accordance with section 1181.3 of
30 these regulations.

31 (b) No later than one year after opting out, or within the period of limitation under section
32 1185.1(c) of these regulations, whichever is later, a claimant that opts out of a
33 consolidated claim shall file an individual incorrect reduction claim in accordance with
34 section 1185.1 of these regulations in order to preserve its right to challenge a reduction
35 made by the Controller on that same mandate.

36 (c) If a claimant opts out of a consolidated incorrect reduction claim and an individual
37 incorrect reduction claim for that entity is already on file with the Commission, the
38 individual filing is automatically reinstated.

39 Note: Authority cited: Sections 17527(g), 17553(a) and 17558.7(g), Government Code.
40 Reference: Sections 17558.5 and 17558.7, Government Code.

§ 1185.6. Executive Director's Authority to Consolidate or Sever Incorrect Reduction Claims.

The executive director may consolidate or sever any incorrect reduction claim in part or whole, when necessary to ensure the complete, fair, or timely consideration of any incorrect reduction claim.

(a) At least 30 days before the action is taken, the executive director shall simultaneously serve on all persons on the mailing list described in section 1181.4 of these regulations a notice of any proposed action to consolidate or sever and shall post the notice on the Commission's website.

(b) During the 30-day notice period, a claimant may file a written request that an individual incorrect reduction claim be severed from a proposed consolidation, which shall be filed ~~and served~~, in accordance with section 1181.3 of these regulations. Timely requests to sever shall be approved by the executive director.

(c) Late requests for severing an individual incorrect reduction claim shall be denied.

Note: Authority cited: Sections 17527(g), 17553(a) and 17558.8(b), Government Code.
Reference: Sections 17530, 17554 and 17558.8, Government Code.

§ 1185.7. Review of Completed Incorrect Reduction Claims and Preparation of Proposed Decision.

(a) The Commission shall conduct a hearing in accordance with article 7 of these regulations before adopting a decision on an individual or consolidated incorrect reduction claim.

(b) Before hearing an individual or consolidated incorrect reduction claim, Commission staff shall prepare a proposed decision for the incorrect reduction claim that shall include a review of the incorrect reduction claim, comments and rebuttals filed on the claim and, to the extent that it is relevant to the claim, a review of the test claim decision and decision and parameters and guidelines. The proposed decision shall also include a staff recommendation on whether the claimant's reimbursement claim was incorrectly reduced.

(c) At least eight weeks before the hearing or at a time required by the executive director or stipulated to by the claimant and the Office of State Controller, Commission staff shall issue the draft proposed decision to all persons~~those~~ on the mailing list described in section 1181.4 of these regulations.

(d) A three-week period for comments shall be given, subject to the executive director's authority to expedite all matters pursuant to Government Code section 17530. Written comments which may be filed ~~and shall be certified, filed, and served~~ in accordance with section 1181.3 of these regulations, by the date determined and noticed by the executive director. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations. ~~All written comments timely filed shall be reviewed by Commission staff and may be incorporated into the proposed decision for the incorrect reduction claim.~~

~~(e) It is the Commission's policy to discourage the introduction of late comments, exhibits, or other evidence filed after the three week comment period described in subdivision (d) of this section. The Commission need not rely on, and staff need not respond to, late comments, exhibits, or other evidence filed in response to a draft proposed decision after the comment period expires.~~

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17530 and 17551(d), Government Code.

§ 1185.8. Withdrawal of Incorrect Reduction Claims.

(a) An incorrect reduction claim, except for a claim by the original claimant in a consolidated incorrect reduction claim, may be withdrawn by written application any time before a decision is adopted or by oral application at the time of hearing. If an application is made, the executive director shall issue a letter to the claimant and the State Controller dismissing the claim.

(b) An incorrect reduction claim, by the original claimant in a consolidated incorrect reduction claim, may be withdrawn by written application any time before a decision is adopted or by oral application at the time of hearing. The original claimant shall ~~certify, file, and serve~~ the written application in accordance with section 1181.3 of these regulations and Commission staff shall post a copy of the notice on the Commission's website for 60 days prior to dismissal of the incorrect reduction claim. If one of the joint claimants takes over the claim, it shall, within 60 days of providing notice of its intent to take over the claim, perfect the filing by filing the written narrative as required by section 1185.1 of these regulations. If none of the joint claimants takes over the claim by substitution of parties within 60 days of service and posting of the application to withdraw, the executive director shall issue a letter to everyone on the mailing list described in section 1181.4 of these regulations dismissing the claim and providing the joint claimants with an opportunity to perfect their individual claims within 60 days of service by filing the written narrative as required by section 1185.1 of these regulations. The letter shall be posted on the Commission's website.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Section 17551(d), Government Code.

§ 1185.9. Reinstatement of Costs.

If the Commission determines that a reimbursement claim was incorrectly reduced, the Commission shall issue the decision to the Office of State Controller and request that the Office of State Controller reinstate the costs that were incorrectly reduced.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Section 17551(d), Government Code.

Article 6. State Mandates Apportionment System

§ 1186.1. Definitions: State Mandates Apportionment System.

(a) Request for Inclusion. A Request for Inclusion is a factual statement about a mandated cost program and a petition for a review of the described program by the

Commission on State Mandates. The review is intended to result in a decision whether or not to include the program in the State Mandates Apportionment System.

(b) Stable costs. Stable costs are those costs incurred by local agencies or school districts as a result of implementing a mandated cost program which, when reviewed on a statewide basis over a three-year period, have not fluctuated significantly.

(c) Request for Removal. A Request for Removal is a factual statement about significant modifications or amendments to a program which is part of the State Mandates Apportionment System. The statement is intended to result in the discontinuance of the program in the State Mandates Apportionment System.

Note: Authority cited: Sections 17527(g) and 17615, Government Code. Reference: Sections 17615 and 17615.1, Government Code.

§ 1186.2. Request for Inclusion.

(a) Any local agency, school district, the Department of Finance or the State Controller's Office may request that the Commission review a mandated cost program for possible inclusion in the State Mandates Apportionment System in accordance with Government Code section 17615.1.

(b) In order to obtain a review and determination regarding inclusion in the system, a local agency, school district or state agency must ~~certify, file, and serve~~ a "Request for Inclusion" in accordance with section 1181.3 of these regulations.

(c) The request for inclusion must contain at least the following:

(1) The chapter number of the law that established the mandated cost program(s).

(2) A detailed narrative describing the mandated cost program with an explanation of the reasons why the mandated cost program should be included in the State Mandates Apportionment System.

(3) Any other pertinent information that will substantiate the request or that would have a bearing on the decision of the Commission in this matter.

(d) The Commission shall consider the recommendation of the Controller for each new mandate proposed for inclusion in the State Mandates Apportionment System in accordance with Government Code section 17615.4(c).

(e) Requests for inclusion will be considered incomplete if any of the elements or documents required in subdivision (c) of this section are illegible or not included. Incomplete requests for inclusion shall be returned to the requester for completion.

(f) Requests for inclusion filings and any state agency recommendations shall be subject to the requirements of article 7 of these regulations beginning at section 1187.1. If representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

Note: Authority cited: Sections 17527(g), 17615 and 17615.1, Government Code. Reference: Sections 17615, 17615.1 and 17615.4, Government Code.

1 **§ 1186.3. Adoption of Finding for Request for Inclusion.**

2 (a) The Commission, after reviewing the request for inclusion and conducting at least
3 one hearing in accordance with article 7 of these regulations, shall adopt a finding that
4 the mandated program will or will not be included in the State Mandates Apportionment
5 System.

6 (b) The primary criteria to be used by the Commission in making a determination will
7 include a review of the mandated program to determine if the program has a history of
8 stable costs for most claimants, if the mandated program has been recently modified,
9 and if inclusion would accurately reflect the costs of the state mandated program.

10 (c) Upon adoption of a finding that a mandated program should be included in the State
11 Mandates Apportionment System, the Commission shall direct the Controller to include
12 the program in the system.

13 Note: Authority cited: Sections 17527(g) and 17615.1, Government Code. Reference:
14 Sections 17615.1 and 17615.4, Government Code.

15 **§ 1186.4. Request for Removal.**

16 (a) Any local agency, school district, or state agency may request that the Commission
17 review a mandated program included in the State Mandates Apportionment System that
18 has been modified or amended by the Legislature or an executive order for possible
19 removal of the program from the system in accordance with Section 17615.7 of the
20 Government Code.

21 (b) In order to obtain a review and determination regarding removal of a program from
22 the system, a local agency, school district, or state agency must ~~certify, file, and serve a~~
23 "Request for Removal" in accordance with section 1181.3 of these regulations.

24 (c) The request for removal must contain at least the following elements:

25 (1) The chapter number or executive order of the law that established the mandated
26 cost program.

27 (2) The chapter number of the law or the executive order which significantly modified or
28 amended the costs of the program or a detailed description of the circumstances or
29 events which have caused the changes.

30 (3) A detailed narrative describing the mandated cost program with an explanation of
31 the reasons the mandated program should no longer be included in the State Mandates
32 Apportionment System.

33 (4) Any other information that will substantiate the request or that would have a bearing
34 on the decision of the Commission in this matter.

35 (d) Requests for removal will be considered incomplete if any of the elements or
36 documents required in subdivision (c) of this section are illegible or not included.
37 Incomplete requests for removal shall be returned to the requester for completion.

38 (e) Request for removal filings and any state agency recommendations shall be subject
39 to the requirements of article 7 of these regulations beginning at section 1187. If

representations of fact are made, they shall be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

Note: Authority cited: Sections 17527(g) and 17615.7, Government Code. Reference: Section 17615.7, Government Code.

§ 1186.5. Adoption of Finding for Request for Removal.

(a) The Commission, after reviewing the request for removal and conducting at least one hearing in accordance in article 7 of these regulations, shall adopt a finding that the mandated program will or will not continue to be included in the State Mandates Apportionment System.

(b) The primary criteria to be used by the Commission in making a determination regarding removal will include whether the mandated program was significantly modified or amended by the Legislature or by executive order so as to affect the ongoing costs of the program in a way that the historical costs of the program are no longer an accurate reflection of continuing costs.

(c) Upon adoption of a finding that a mandated program should be removed from the system, the Commission shall direct the Controller to remove the program from the system. In that direction to the Controller, the Commission shall specify if the program will be removed temporarily or for an indefinite period of time.

Note: Authority cited: Sections 17527(g) and 17615.5, Government Code. Reference: Sections 17615.5 and 17615.7, Government Code.

§ 1186.6. Request for Review of an Apportionment or Base Year Entitlement.

(a) Upon request of a local agency, school district or state agency the Commission shall review the apportionment or base year entitlement pursuant to Government Code section 17615.8(a).

(b) In order to obtain a review of an apportionment or base year entitlement a "Request for Review" shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations.

(c) The request for review shall contain at least the following elements:

(1) Identification of the mandated program that is alleged to require review.

(2) A detailed narrative describing the need to modify the apportionment or base year entitlement.

(3) A statement to the effect that the other mandated programs included in the local agency or school district's apportionment are not overfunded in an amount sufficient to offset any underfunding.

(4) Cost information that outlines the amount of the funding for the total apportionment and the calculations necessary to show that the program needing modification either under or over reimburse the local agency or school district's actual costs by 20 percent or by \$1,000, whichever is less.

(d) Requests for review will be considered incomplete if any of the elements required in subdivision (c) of this section are illegible or not included. Incomplete requests for

review shall be returned to the requester for completion. If a complete request is not received by the Commission within 30 days from the date the incomplete request was returned, the Commission shall deem the request to be withdrawn.

Note: Authority cited: Sections 17527(g) and 17615.8(a), Government Code. Reference: Section 17615.8, Government Code.

§ 1186.7. Adjustment to Apportionment.

(a) The Commission, after reviewing an apportionment or base year entitlement and conducting at least one hearing in accordance with article 7 of these regulations, shall adopt a finding that the apportionment or base year entitlement will or will not be adjusted.

(b) If the Commission determines that a local agency or school district's apportionment falls short of reimbursing all mandates upon which the apportionment or base year entitlement is based by 20 percent or by \$1,000, whichever is less, then the Commission shall direct the Controller to adjust the apportionment accordingly.

(c) If the Commission determines that a local agency or school district's apportionment adequately reflects the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the Commission may, in its discretion, direct the Controller to withhold the costs of the Commission's review from the next apportionment to the local agency or school district. A direction to withhold costs from the next apportionment will be made only when the Commission determines that the request to review an apportionment was frivolous and without merit.

Note: Authority cited: Sections 17527(g) and 17615.8(a), Government Code. Reference: Section 17615.8, Government Code.

Article 7. Quasi-Judicial Hearing Procedures and Decisions

§ 1187.1. Scheduling and Noticing the Hearing.

~~(a) A "matter," subject to hearings and decisions under article 7 of these regulations, shall include test claims, proposed parameters and guidelines, requests to amend parameters and guidelines, incorrect reduction claims, requests to approve a joint reasonable reimbursement methodology and statewide estimate of costs, joint requests for early termination of a joint reasonable reimbursement methodology, requests for inclusion or removal from the State Mandates Apportionment System, requests for review of apportionment or base year entitlement for programs included in the State Mandates Apportionment System, requests for review of the Office of State Controller's claiming instructions, and requests for mandate redetermination.~~

(b) A matter is set for hearing when Commission staff issues its draft proposed decision. A written notice of the date, time, and place of hearing shall be issued to all personseveryone on the mailing list as described in section 1181.4 of these regulations and shall be posted on the Commission's website.

Note: Authority cited: Sections 17527(g), 17553(a), 17558.7(g) and 17558.8(b), Government Code. Reference: Sections 17551, 17553(a), 17557, 17571, 17615.1, 17615.4, 17615.7, 17615.8 and 17615.9, Government Code.

1 **§ 1187.2. Assignment to Hearing Panels/Hearing Officers.**

2 (a) After an informational hearing, in accordance with Article 8 of these regulations, the
3 Commission's chairperson may assign a matter before the Commission to a hearing
4 panel consisting of one or more members or to a hearing officer for hearing and
5 preparation of a proposed decision that may be adopted as the decision in the case.

6 (b) Assignments by the Commission chairperson of members on hearing panels shall
7 be rotated among the members with the composition of the members so assigned being
8 varied and changed to assure that there shall never be a fixed and continued
9 composition of members.

10 (c) A matter shall be heard and decided by the Commission itself at the request of any
11 two members of the Commission.

12 Note: Authority cited: Sections 17527(c), 17527(g), 17532 and 17553(a), Government
13 Code. Reference: Sections 17532 and 17551, Government Code.

14 **§ 1187.3. Objection to Hearing Panel, Hearing Officer, or Commission Member.**

15 (a) Any party may ask that a matter be heard by the Commission itself rather than by a
16 hearing panel or hearing officer.

17 (b) Any party may request the disqualification of any hearing officer or Commission
18 member, before the taking of evidence at a hearing, by filing an affidavit stating with
19 particularity the grounds upon which it is alleged that a fair and impartial hearing cannot
20 be provided. Where the request concerns a Commission member, the issue shall be
21 determined by the other members of the Commission. Where the request concerns the
22 hearing officer, the issue shall be determined by the Commission itself, if the
23 Commission itself hears the case with the hearing officer; otherwise the issue shall be
24 determined by the hearing officer.

25 Note: Authority cited: Sections 17527(c), 17527(g) and 17553(a), Government Code.
26 Reference: Sections 17527, 17532 and 17551, Government Code.

27 **§ 1187.4. Informal Conference.**

28 (a) An informal conference may be scheduled by the Commission or the executive
29 director of their own accord or by request of a party or interested party to the matter in
30 question. The parties and interested parties to the matter shall be invited to participate.
31 With the consent of the parties, the informal conference may be a teleconference.

32 (b) At least 10 days before any informal conference, Commission staff shall serve notice
33 of the conference to those on the mailing list for the matter in question as established
34 pursuant to section 1181.4 of these regulations.

35 (c) The purpose of an informal conference may be to:

36 (1) Set dates for receiving comments or rebuttal comments; completing the proposed
37 decision; and hearing the matter.

38 (2) Give the claimant or requester the opportunity to present the matter and to respond
39 to questions from Commission staff and parties and interested parties for the purpose of
40 resolving or clarifying issues of fact or law.

1 (3) Consider whether a reasonable reimbursement methodology may be developed and
2 included in the parameters and guidelines.

3 (4) Review a draft reasonable reimbursement methodology and proposed statewide
4 estimate of costs that are jointly prepared by the test claimant and the Department of
5 Finance pursuant to Government Code section 17557.1.

6 (5) Identify issues and determine methods of resolving those issues.

7 (d) Any party may notify the executive director of any interested parties who should be
8 invited to attend an informal conference.

9 (e) Anything said, any document disclosed, and any new representations of fact made
10 during an informal conference shall not be made part of the administrative record of a
11 matter unless properly admitted into the record through the submission of an
12 amendment to a matter, written comment, rebuttal, or public testimony.

13 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
14 Sections 17518.5, 17530, 17551, 17553(a) and 17557.1, Government Code.

15 **§ 1187.5. Evidence Submitted to the Commission.**

16 (a) The hearings will not be conducted according to technical rules relating to evidence
17 and witnesses. Any relevant non-repetitive evidence shall be admitted if it is the sort of
18 evidence on which responsible persons are accustomed to rely in the conduct of serious
19 affairs. Irrelevant and unduly repetitious evidence shall be excluded. Hearsay evidence
20 may be used for the purpose of supplementing or explaining other evidence but shall
21 not be sufficient in itself to support a finding unless it would be admissible over objection
22 in civil actions.

23 (b) Oral or written representations of fact offered by any person at an article 7 hearing
24 shall be under oath or affirmation. All written representations of fact submitted to the
25 Commission must be signed under penalty of perjury by persons who are authorized
26 and competent to do so and must be based upon the declarant's personal knowledge,
27 information, or belief.

28 (c) Official notice may be taken in the manner and of the information described in
29 Government Code Section 11515.

30 (d) Each party shall have the right to present witnesses, introduce exhibits, and propose
31 to the chairperson questions for opposing witnesses. Evidence may be submitted to
32 support or rebut any issue. If declarations are to be used in lieu of testimony, the party
33 proposing to use the declaration shall comply with Government Code Section 11514 as
34 follows:

35 (1) At least ten days before the hearing, the party proposing to use a declaration in lieu
36 of testimony shall file in accordance with section 1181.3 of these regulations, a copy of
37 any declaration which the party proposes to introduce in evidence, together with a
38 notice as provided in subdivision (d)(2).

39 (2) The notice referred to in subdivision (d)(1) shall be substantially in the following
40 form:

1 The accompanying declaration of (here insert name of declarant) will be introduced as
2 evidence at the hearing in the matter of (here insert matter and case number). (Here
3 insert name of declarant) will not be called to testify orally and you will not be entitled to
4 propose to the chairperson questions for the opposing witness unless you file in
5 accordance with section 1181.3 of these regulations a request to cross-examine the
6 declarant (here insert a date seven days after the date of filing and serving the
7 declaration).

8 (3) Unless the opposing party, within seven days after service, files in accordance with
9 section 1181.3 of these regulations a request to cross-examine the declarant, the
10 opposing party's right to cross-examine the declarant is waived and the declaration, if
11 introduced in evidence, shall be given the same effect as if the declarant had testified
12 orally.

13 (4) If, however, notice in accordance with subdivision (d)(1) is not provided by the party
14 proposing to use a declaration in lieu of testimony and an opportunity to cross-examine
15 a declarant is not afforded to the opposing party, the declaration may be introduced in
16 evidence but shall be given only the same effect as other hearsay evidence. In such
17 cases, the declaration shall be electronically filed (or e-filed) with the Commission via
18 the Commission's e-filing system, available on the Commission's website.

19 Note: Authority cited: Sections 17527(e), 17527(g), 17553, 17558.7, 17570, 17615.1
20 and 17615.8, Government Code; and Section 17000.6, Welfare and Institutions Code.
21 Reference: Sections 11514, 11515, 17518.5, 17527(e), 17551, 17553, 17557, 17557.2,
22 17559, 17570, 17571 and 17615.7, Government Code.

23 **§ 1187.6. Conduct of Hearing.**

24 (a) Each party shall have the right to present witnesses, to introduce exhibits, and to
25 propose to the chairperson questions for opposing witnesses in support or rebuttal of
26 any matter relevant to the issues even if that matter was not covered in the direct
27 examination. The Commission chairperson or hearing officer, however, may limit the
28 length of testimony to a specific amount of time, or limit the time for each party or
29 witness.

30 (b) ~~The presiding member,~~ Commission members, hearing panel member or hearing
31 officer may question any party or witness and may admit any relevant and material
32 evidence.

33 (c) The taking of evidence in a hearing shall be controlled by the Commission, hearing
34 panel, or hearing officer in the manner best suited to ascertain the facts and safeguard
35 the rights of the parties. Prior to taking evidence, the issues and the order of presenting
36 evidence will be explained.

37 (d) The hearing will ordinarily proceed in the following manner. Commission staff will
38 summarize the matter. The claimant or requester and aligned parties and interested
39 parties will state their positions and present evidence. Opposing parties or interested
40 parties will thereafter state their positions and present evidence. The claimant or
41 requester will then be given an opportunity to reply.

1 (e) The Commission or hearing officer may call a party, or any other person who is
2 present, to testify under oath or affirmation. Any member of the Commission, its
3 executive director, or hearing officer may question witnesses.

4 (f) The Commission or the executive director may require that prepared written
5 testimony, declarations, or other evidence be filed in advance of any hearing to facilitate
6 the orderly consideration of issues at the hearing. A PDF copy of any prepared written
7 testimony, declaration, or other documentary evidence shall be electronically filed (or e-
8 filed) with the Commission via the Commission's e-filing system, available on the
9 Commission's website, at least 24 hours prior to the hearing to be part of the record and
10 considered by the Commission.

11 (g) Commission public hearings shall be recorded by stenographic reporter or electronic
12 recording or both. The transcript or recordings shall be kept for the period of time
13 required by applicable law governing the retention of records of state agency public
14 proceedings, or until the conclusion of administrative or judicial proceedings, whichever
15 is later.

16 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
17 Sections 11125.7, 17527(c), 17532, 17551 and 17553(a), Government Code.

18 **§ 1187.7. Witnesses and Subpoenas.**

19 (a) A party shall arrange for the presence of its own witnesses at a hearing.

20 (b) A subpoena may be issued upon a majority vote of the Commission. A party
21 requesting a subpoena shall file a written application with the Commission at least six
22 weeks prior to the Commission meeting at which the request will be considered.

23 (c) An application for a subpoena to compel the attendance of a witness shall be made
24 by affidavit and shall give the name and address of the person to be subpoenaed, shall
25 describe the matters to be testified on, shall set forth in detail the relevance to the
26 issues involved in the matter, shall specify the date, time, and place of the hearing on
27 the matter and that, to the best of the applicant's personal knowledge, information, or
28 belief, the person to be subpoenaed has knowledge of the matter. If the applicant is
29 unable to obtain the name of the person who has knowledge of the matter, the name of
30 the director of the state or local agency or superintendent of a school district may be
31 used for the application.

32 (d) An application for subpoena duces tecum for the production by a witness of books,
33 papers, correspondence, memoranda, or other records, including records of the
34 claimant or requester, shall be made by affidavit and shall give the name and address of
35 the person to be subpoenaed, shall describe the documents or things desired to be
36 produced, shall set forth in detail the relevance to the issues involved in the matter, shall
37 specify the date on which the documents or things shall be produced, and that, to the
38 best of the applicant's personal knowledge, information, or belief, the witness has the
39 documents or things in his or her possession or under his or her control and that none
40 of the documents or things desired to be produced are public records accessible to the
41 public pursuant to Section 7920.000 et seq., of the Government Code. If the applicant is
42 unable to obtain the name of the person who has possession or control of the
43 documents or things desired to be produced, the name of the director or superintendent

1 or custodian of records of the state or local agency or school district may be used for
2 the application.

3 (e) When a request for subpoena or subpoena duces tecum is approved by the
4 Commission, the subpoena or subpoena duces tecum shall be issued signed by the
5 executive director, but otherwise be blank.

6 (f) Before service, all appropriate portions of the blank subpoena or subpoena duces
7 tecum shall be completed by the applicant, and the name, address, and telephone
8 number of the applicant shall be included on the form. Service of subpoenas and
9 subpoenas duces tecum shall be made with a copy of the affidavit and shall be
10 arranged for by applicants.

11 (g) Except as otherwise provided in this section, service of subpoenas or subpoenas
12 duces tecum shall be in accordance with the provisions of Section 1985 et seq., of the
13 Code of Civil Procedure.

14 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference:
15 Sections 17527(d), 17551 and 17553(a), Government Code.

16 **§ 1187.8. Representation at Hearing.**

17 (a) A party may appear in person or through an authorized representative. An
18 authorized representative may be an individual, firm, or organization. When using an
19 authorized representative, a party shall designate in writing the authorized
20 representative to act as its sole representative and shall ~~certify, file, and serve~~ written
21 notice identifying the authorized representative in accordance with section 1181.3 of
22 these regulations.

23 (b) A representative of a party shall be deemed to control all matters respecting the
24 interest of that party in the proceeding. All correspondence and communications shall
25 be issued to the authorized representative. Any current member of a designated firm or
26 organization may appear as the party's representative, without requiring the party
27 withdraw the designation and designate a new representative.

28 (c) Withdrawal of appearance of any representative may be effected by ~~certifying, filing,~~
29 ~~and serving~~ a written notice of withdrawal in accordance with section 1181.3 of these
30 regulations. Any change in representation shall be authorized by the party in writing and
31 ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations.

32 Note: Authority cited: 17527(c), 17527(g), 17553(a), 17558.7, 17570, 17615.1 and
33 17615.8, Government Code; and Section 17000.6, Welfare and Institutions Code.
34 Reference: Sections 17527(c), 17551, 17553, 17557, 17557.2, 17570, 17571 and
35 17615.7, Government Code.

36 **§ 1187.9. Extensions of Time to File Comments or Rebuttals and Postponements**
37 **and Continuances of Hearings.**

38 (a) Requests for Extensions of Time

39 Any party or interested party to a matter may request an extension of time by filing a
40 request with the executive director before the date set for filing of comments or rebuttals
41 with Commission staff on that matter. The request shall fully explain the reasons for the

extension, propose a new date for filing, and be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. So long as a postponement of a hearing would not be required, there is no prejudice to any party or interested party, and there is no other good reason for denial, the request shall be approved. A party to a matter may request an extension of time that would necessitate rescheduling a hearing, but shall also include a request for postponement of the hearing, pursuant to subdivision (b) of this section. Within two business days of receipt of the request, the executive director shall determine whether the extension will be granted and notify all persons on the mailing list prepared pursuant to section 1181.4 of these regulations.

(b) Requests for Postponement of Hearing

A party to an article 7 matter may request a postponement of a hearing on that matter, until the next regularly scheduled hearing. Although postponements of hearings are disfavored, each request for a postponement must be considered on its own merits. The request shall fully explain the reasons for the postponement, and be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. Within two business days of receipt of the request, the executive director shall determine whether the postponement will be granted and notify all persons on the mailing list prepared pursuant to section 1181.4 of these regulations. The executive director may postpone the matter only on an affirmative showing of good cause.

(1) Circumstances that may indicate good cause include:

(A) The unavailability of a party, party representative, or witness because of death, illness, or other excusable circumstances;

(B) The substitution of a party representative, but only where there is an affirmative showing that the substitution is required in the interests of justice;

(C) The addition of a new party if:

1. The new party has not had a reasonable opportunity to prepare for hearing; or
2. The other parties have not had a reasonable opportunity to prepare for hearing in regard to the new party's involvement in the matter;

(D) A party's excused inability to obtain essential testimony, documents, or other material evidence despite diligent efforts;

(E) A significant, unanticipated change in the status of the matter as a result of which the matter is not ready for hearing; or

(F) The number and complexity of the issues.

(2) Other factors to be considered: In determining whether to grant a postponement, the executive director shall consider the facts and circumstances that are relevant to the determination. These may include:

(A) The proximity of the hearing date;

(B) Whether there was any previous postponement, extension of time, or delay of hearing due to any party;

(C) The length of the postponement requested;

1 (D) The availability of alternative means to address the problem that gave rise to the
2 request for a postponement;

3 (E) The prejudice that parties or witnesses will suffer as a result of the postponement;

4 (F) If the matter was granted expedited scheduling, the reasons for that status and
5 whether the need for a postponement outweighs the need to avoid delay;

6 (G) The Commission's backlog of matters and the impact of granting a postponement
7 on other pending matters;

8 (H) Whether the claimant or requester representative is engaged in a trial or other
9 hearing that conflicts with the Commission hearing;

10 (I) Whether, pursuant to Government Code 17554, all parties have stipulated to a
11 postponement; and

12 (J) Whether the interests of justice are best served by a postponement, by moving
13 forward with the hearing on the matter, or by imposing conditions on the postponement.

14 (3) Approval of Requests for Postponement

15 (A) A request filed by the claimant or requester at least 15 days before the hearing shall
16 be approved by the executive director for good cause.

17 (B) A request filed by stipulation of the parties, including the claimant or requester, shall
18 be approved by the executive director for good cause.

19 (C) A request filed by the claimant or requester less than 15 days before the hearing
20 may be approved by the executive director for good cause.

21 (D) A request filed by an interested party may be approved by the executive director for
22 good cause. If a state agency makes a request before filing comments on the test claim,
23 that request shall be accompanied by a notice of intent to oppose the test claim in whole
24 or in part.

25 (4) Postponement on Commission Staff's Own Motion: The executive director may
26 postpone a hearing on a matter for good cause and shall notify all persons on the
27 mailing list prepared pursuant to section 1181.4 of these regulations.

28 (c) Continuance of a Hearing

29 (1) Prior to the adoption of its written decision on the matter being heard, the
30 Commission on its own motion, or upon a clear showing of good cause at the request of
31 a party, may continue a hearing to another time or place. Written notice of the time and
32 place of the continued hearing, except as provided herein, shall be in accordance with
33 section 1187.1 of these regulations. When a continuance is ordered during a hearing,
34 oral notice of the time and place of the continued hearing may also be given to each
35 party present at the hearing.

36 (2) Continuances will be granted only upon a clear showing of good cause as described
37 in subdivision (b). In determining whether there is good cause for a continuance the
38 following policy should be taken into consideration: Continuances are not favored by the
39 Commission. The parties are expected to submit for decision all matters in controversy
40 at a single hearing and to produce at the hearing all necessary evidence, including

witnesses, documents and anything considered essential in the proof of a party's allegations.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17527, 17551 and 17553(a), Government Code; and California Rules of Court, Rule 3.1332.

§ 1187.10. Decision; Action on Proposed Decision.

(a) The Commission shall adopt a decision for all matters subject to hearings and decisions under article 7 of these regulations.

(b) If a matter is heard before the Commission itself, the Commission may adopt the proposed decision on the same day as the hearing.

(c) If a matter is heard by a hearing panel or a hearing officer alone, the panel or hearing officer shall prepare a proposed decision that may be adopted as the decision of the Commission at the next Commission meeting.

(d) A copy of the proposed decision shall be served filed by Commission staff ~~as a public record and a copy of the proposed decision shall be served by Commission staff on each party to all persons on the mailing list~~. The Commission ~~itself~~ may adopt the proposed decision or decide the case itself, provided that the Commission ~~itself~~ shall decide no matters provided for in this subdivision without affording the parties the opportunity to present either oral or written argument before the Commission.

(e) If the proposed decision of Commission staff is not adopted by the Commission, as provided in subdivisions ~~sections~~ (b) or (c), the Commission shall direct appropriate modification of the proposed decision and thereafter adopt it as the Commission's decision.

(f) Except as provided for in subdivision (b), the proposed decision shall be prepared within a reasonable time following submission of the matter to the hearing officer or panel, and within a reasonable time after the evidentiary hearing, served by Commission staff to all persons on the mailing list ~~It shall be served on the parties promptly thereafter~~.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17532, 17551 and 17553(a), Government Code.

§ 1187.11. Form of Decision.

(a) Any decision adopted pursuant to evidence introduced at an adjudicatory hearing shall be in writing, be based on the record, and shall include a statement of reasons for the decision, findings and conclusions. A copy of the decision shall be served on those identified on the mailing list established pursuant to section 1181.4 of these regulations. The effective date of the decision is the date it is first mailed or served.

(b) After a decision has been adopted and served, it shall not be changed except to correct clerical errors, in which case a corrected decision shall be prepared and served on all persons on the mailing list prepared pursuant to section 1181.4 of these regulations.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code; and *Topanga Association for a Scenic Community v. County of Los Angeles* (1974) 11 Cal.3d 506. Reference: Sections 17551 and 17553(a), Government Code.

§ 1187.12. Withdrawal of a Matter.

A matter, or any portion of a matter, other than a test claim, may be withdrawn by written application of the claimant or requester any time before a decision is adopted, or by oral application at the time of hearing. A test claim, or portion thereof, may be withdrawn by the claimant upon written application to the executive director any time before a decision is adopted or after enactment of a legislatively determined mandate on the same statute or executive order pursuant to Government Code section 17574. The claimant or requester shall ~~certify, file, and serve~~ the written application in accordance with section 1181.3 of these regulations. Dismissal of items withdrawn pursuant to this section shall be in accordance with the procedures described in section 1187.14 of these regulations.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17551 and 17553, Government Code.

§ 1187.13. Abandonment of a Matter.

(a) The executive director may deem a matter "abandoned" if any of the following occur:

(1) The claimant or requester does not respond, within 60 days of service, to a written notification sent to the superintendent of the school district or chief administrative officer of the local agency or director of a state agency that the matter will be deemed "abandoned."

(2) The matter has been postponed or placed on inactive status by the claimant or requester for a period of more than one year. However, delays or postponements under the following circumstances will not be considered for purposes of computing whether a matter has been postponed or placed on inactive status by the claimant or requester for more than one year:

(A) Delays or postponements made at the request of the Commission or opposing party to the matter;

(B) Delays or postponements, made at the request of the claimant or requester, pending the resolution of a matter currently before the Commission of an issue similar to or related to the postponed matter; and

(C) Delays or postponements, made at the request of the claimant or requester, pending the resolution of litigation of an issue similar to or related to the postponed matter.

Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections 17530 and 17553(a), Government Code.

§ 1187.14. Substitution of Parties and Dismissal of a Matter.

(a) A matter, other than a test claim, that has been withdrawn in accordance with section 1187.12 or deemed abandoned in accordance with section 1187.13, may be

1 dismissed by the executive director. Commission staff shall issue a written notice of
2 dismissal to everyone on the mailing list for the matter to be dismissed.

3 (b) A test claim that has been withdrawn or deemed abandoned may be dismissed by
4 the Commission on its own motion or by a motion of a party after notice and an
5 opportunity to be heard has been provided to the claimant, parties and interested
6 parties as provided below.

7 (1) For test claims that are withdrawn, deemed abandoned, or filed by an agency that is
8 not eligible to seek reimbursement because it is not subject to the taxing and spending
9 limitations of article XIII A and B of the California Constitution, Commission staff shall
10 serve written notice to initiate dismissal of the test claim to everyone on the mailing list
11 for the matter. The notice shall announce that another local agency or school district
12 may take over the claim by substitution of parties within 60 days of the issuance of the
13 notice. The notice shall also announce the opportunity to file written comments on the
14 proposed dismissal of the test claim. A copy of the notice shall also be posted on the
15 Commission's website.

16 (2) Written comments shall be ~~certified, filed, and served~~ in accordance with section
17 1181.3 of these regulations. If representations of fact are made, they shall be supported
18 by documentary or testimonial evidence in accordance with section 1187.5 of these
19 regulations.

20 (3) If no other local agency or school district takes over the test claim by substitution of
21 parties within 60 days of the issuance of the notice, the Commission shall hear the
22 proposed dismissal of the test claim.

23 (4) The hearing on a dismissal of a test claim shall be conducted in accordance with
24 article 7 of these regulations.

25 Note: Authority cited: Sections 17527(c), 17527(g) and 17553(a), Government Code.
26 Reference: Sections 17551 and 17553(a), Government Code.

27 **§ 1187.15. Reconsideration of an Adopted Decision on a Test Claim or Incorrect**
28 **Reduction Claim.**

29 (a) Notwithstanding section 1187.11(b) of these regulations, the Commission may order
30 a reconsideration or amend all or part of an adopted decision on a test claim (including
31 a new test claim decision adopted pursuant to a mandate redetermination) or incorrect
32 reduction claim on petition of any party, interested party, or Commission member only
33 upon a showing of new or different facts, circumstances, or law, or a clerical error. The
34 power to order a reconsideration or amend an adopted decision on a test claim or
35 incorrect reduction claim shall expire 30 days after the adopted decision is served on
36 the claimant or requester. If additional time is needed to evaluate a petition for
37 reconsideration filed before the expiration of the 30-day period, the Commission may
38 grant a stay of that expiration for no more than 30 days, solely for the purpose of
39 considering the petition. A request for reconsideration shall be deemed automatically
40 stayed for the 30-day period. If no action is taken on a petition within the time allowed
41 for ordering reconsideration, the petition shall be deemed denied.

(b) All requests for reconsideration from any party or interested party shall be ~~certified,~~
filed, ~~and served~~ in accordance with section 1181.3 of these regulations and shall
contain the following:

- (1) The name and address of the requester;
- (2) A copy of the Commission's adopted decision;
- (3) A detailed statement of the clerical error or the new or different facts, circumstances,
or law supporting the request, and all documentation to support the request. For the
purposes of this section, an alleged new or different law shall not include a later enacted
statute without a retroactive application.
- (4) A description of the proposed amendment to the decision on the test claim or
incorrect reduction claim; and
- (5) If representations of fact are made, they shall be supported by documentary or
testimonial evidence in accordance with section 1187.5 of these regulations.

(c) Commission member requests may be made orally during a regularly scheduled
Commission meeting. Commission staff shall prepare the written request based on the
elements specified in subsections (b)(1-5) above.

(d) Any signatory to a written agreement that settles a matter may not request
reconsideration of that matter if the matter is settled with prejudice.

(e) Before the Commission considers the request for reconsideration, Commission staff
shall prepare a written analysis that includes a review of the request and written
comments filed by other state agencies, interested parties, and the requester. The
written analysis shall address whether the request for reconsideration is timely,
complete, diligent, and is based on a clerical error or new or different facts,
circumstances, or law that is likely to support an amendment to the findings or
conclusions in the adopted decision on the test claim or incorrect reduction claim, and
include a recommendation on whether or not the request for reconsideration should be
granted. The Commission shall consider the request for reconsideration and the written
staff analysis at a scheduled meeting. Five affirmative votes shall be required to grant
the request for reconsideration and schedule the request for a second hearing on the
merits.

(f) If the Commission grants the request for reconsideration, a second hearing shall be
conducted to determine if the adopted decision on a test claim or incorrect reduction
claim must be amended based on a clerical error or new or different facts,
circumstances, or law.

(1) The following procedures shall govern the Commission's reconsideration of the
adopted decision:

(A) At least eight weeks before the Commission is scheduled to reconsider an adopted
decision, or at another time determined by the executive director, Commission staff
shall prepare a draft proposed decision and issue it to those on the mailing list for the
matter established pursuant to section 1181.4 of these regulations.

1 (B) Written comments may be filed with the Commission on the draft proposed decision.
2 All representations of fact shall be supported by documentary or testimonial evidence in
3 accordance with section 1187.5 of these regulations. Written comments shall be
4 ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations. A
5 three-week period for comments shall be given, subject to the executive director's
6 authority to expedite all matters pursuant to Government Code section 17530. All
7 written comments timely filed shall be reviewed by Commission staff and may be
8 incorporated into the proposed decision presented to the Commission.

9 (2) The procedures set forth in article 7 shall govern the Commission's hearings and
10 decisions process, except that five affirmative votes shall be required to amend an
11 adopted decision on a test claim or incorrect reduction claim.

12 (g) If the Commission changes an adopted decision on a test claim, the procedures set
13 forth in Sections 1183.7 through 1183.14 of these regulations shall govern the adoption
14 of parameters and guidelines or amended parameters and guidelines, and the statewide
15 cost estimate, if applicable.

16 (h) Failure to seek Commission reconsideration of an adopted decision shall not affect a
17 party's right to seek judicial review pursuant to Government Code section 17559(b).

18 (i) This section only applies to reconsiderations requested pursuant to Government
19 Code section 17559(a); it does not apply to remands or reconsiderations directed by the
20 courts or by statute.

21 Note: Authority cited: Sections 17527(c), 17527(g), 17553(a) and 17559(a),
22 Government Code. Reference: Sections 17532, 17551 and 17559, Government Code.

23 **Article 8. Rulemaking and Informational Hearings**

24 **§ 1188.1. Scheduling and Noticing of an Informational Hearing**

25 (a) The Commission may, upon its own motion, set an informational hearing on any
26 subject within its jurisdiction. Matters subject to informational hearings under article 8 of
27 these regulations include: a proposed assignment of an article 7 matter to a hearing
28 officer, a rulemaking proceeding, the adoption of a statewide cost estimate, and any
29 other subject that meets the definition of "informational hearing" in section 1181.2 of
30 these regulations and is not subject to hearings under article 7 of these regulations.

31 (b) An article 8 matter is set for hearing when Commission staff issues its notice and
32 agenda providing the date, time, and place of the hearing to everyone on the mailing list
33 described in section 1181.4 of these regulations.

34 (c) Commission staff shall issue notice of an informational hearing in accordance with
35 Government Code section 11120 et seq. The notice shall include the following:

36 (1) A statement of the authority pursuant to which the hearing is ordered, and a
37 reference to any code sections or other provisions of law pursuant to which the
38 information is to be gathered or disseminated;

39 (2) A statement of the nature and purpose of the proceedings;

(3) A statement requiring the presence and participation of any persons the Commission may direct, consistent with the nature and purpose of the proceedings;

(4) A statement indicating the time during which written comments will be received and the manner by which the comments shall be filed;

(5) A statement that any person may make oral comments on the subject of the hearing; and

(6) A statement setting forth additional procedures deemed necessary by the Commission and not inconsistent with these regulations.

Note: Authority cited: Sections 17527(c) and 17527(g), Government Code. Reference: Sections 11125, 17527(c) and 17532, Government Code.

§ 1188.2. Rulemaking.

(a) Petitions:

(1) Any person may petition the Commission to request rulemaking hearings. The petition shall be filed ~~and served~~ in accordance with section 1181.3 of these regulations and shall include:

(A) The name, address, and telephone number of the petitioner;

(B) The substance or nature of the regulation, amendment, or repeal requested;

(C) The reasons for the request; and

(D) Reference to the authority of the Commission to take the action requested.

(2) The petition shall be filed with the executive director who shall, within seven days after its filing, determine whether the petition contains the information specified in subsection (a)(1) of this section.

(A) If the executive director determines that the petition is complete, it shall be certified in writing as complete and the petitioner shall be so notified.

(B) If the executive director determines that the petition is not complete, it shall be returned to the petitioner accompanied by a statement of its defects. The petitioner may correct the petition and resubmit it at any time.

(3) Upon certification by the executive director, the Commission shall, within 60 days from the filing of the petition, deny the petition, stating the reason for the denial in writing, or grant the petition, directing staff to prepare an appropriate order pursuant to subdivision (b) of this section.

(b) Commission Order to Initiate a Rulemaking Proceeding. The Commission may, upon its own motion or upon granting a petition filed pursuant to subdivision (a) of this section, adopt an order to initiate a rulemaking proceeding in accordance with the procedures of Government Code sections 11346.2, 11346.4, 11346.8, and 11346.9.

(c) Notice.

(1) Notice of a rulemaking proceeding shall be given in accordance with Government Code section 11346.4.

(2) At least 10 days prior to the first hearing in a proceeding ordered pursuant to subdivision (b) of this section, the executive director shall cause notice of the hearing to be issued to every person requested to participate in the proceedings, and to any person who the executive director determines to be concerned with the subject matter of the proceeding, and shall post a copy of the notice on the Commission's website.

(3) In addition to the requirements of subsections (c)(1) and (2) of this section, notice of additional hearing shall be required at least 10 days prior to the commencement of the hearing unless continuation is orally announced in a public hearing.

(4) Nothing in this section shall preclude the Commission from publishing notice in additional forms or media as the executive director may prescribe.

(5) A copy of the order adopted pursuant to subdivision (b) of this section shall accompany the initial notice prepared and issued pursuant to this section, unless a copy of the order has been previously issued to those persons who would receive the notice.

Note: Authority cited: Section 17527(g), Government Code. Reference: Sections 11340.6, 11346.2, 11346.4, 11346.8, 11346.9, 17527(c), 17527(g), 17530, 11346.4 and 17551, Government Code.

Article 9. Conflict-of-Interest Code for the Commission on State Mandates

§ 1189.10. General Provisions.

The Political Reform Act (Government Code Sections 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. § 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations, Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix, designating positions and establishing disclosure categories shall constitute the conflict-of-interest code of the Commission on State Mandates (Commission).

Individuals holding designated positions shall file their statements of economic interests with the Commission, which will make the statements available for public inspection and reproduction. (Gov. Code, § 81008.) Upon receipt of the statements for the Commission members, their alternates, and the Executive Director, the Commission shall make and retain a copy and forward the originals to the Fair Political Practices Commission. All other statements will be retained by the Commission.

Note: Authority cited: Sections 87300, 87301, 87302, 87304 and 87306, Government Code.

Reference: Sections 81008, 82019, 87206, 87207, 87300, 87301, 87302, 87304 and 87306, Government Code.

Appendix

<i>Designated Positions</i>	<i>Disclosure Categories</i>
Members and alternates of the Commission on State Mandates	1
Executive Director	1
Chief Legal Counsel (Career Executive Assignment)	1
Attorney (All Levels)	1
Senior Legal Analyst	2, 3
Staff Services Manager I, II	2, 3
Staff Services Analyst	2, 3
Associate Governmental Program Analyst	2, 3
Associate Budget Analyst	2, 3
Graduate Legal Assistant	1
Information Technology Specialist (All Levels)	2
Office Technician	4
Consultants/New Positions*	

Disclosure Categories

Category 1 designated positions must disclose all investments, and business positions in business entities, interests in real property, and income, including gifts, loans, and travel payments, from any source.

Category 2 designated positions shall report all investments, business positions in any business entity, interests in real property, and income, including gifts, loans, and travel payments, from any source of the type which has contracted, or in the future may contract, with the Commission to provide services, supplies, materials, machinery or equipment.

Category 3 designated positions shall report all business positions and income, including gifts, loans, and travel payments, from any school district, local governmental agency or special district which has received, or in the future may receive, state reimbursement under article XIII B, section 6 of the California Constitution.

Category 4 designated positions shall report all investments, business positions in any business entity, and income, including gifts, loans, and travel payments, from any source of the type which has contracted, or in the future may contract, with the Commission to provide supplies, materials, machinery or equipment.

*Consultants and new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation:

The executive director may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The executive director's determination is a public record and

1 shall be retained for public inspection in the same manner and location as this conflict-
2 of-interest code. (Gov. Code § 81008.)

3 Members of the Commission on State Mandates

4 Elected state officers (State Treasurer and State Controller), and the Director of Finance
5 who serve on the Commission on State Mandates are not required to file a statement of
6 economic interests under this conflict-of-interest code. Elected state officers are
7 excepted from filing under Government Code Section 82019, and the Director of
8 Finance is excepted from filing under California Code of Regulations, Title 2, Section
9 18730(b)(3). However, all other members and all designees must file a statement of
10 economic interests under this conflict-of-interest code with the Commission.

11 **§ 1189.11. Ethics Orientation.**

12 (a) The commission shall provide an ethics orientation course and establish a schedule
13 for training employees designated in Appendix A by December 31, 2003 and every two
14 calendar years thereafter.

15 (b) Not later than December 31, 2003, and every two calendar years thereafter, each
16 designated employee shall complete ethics orientation training. Employees who
17 become designated employees after January 1, 2004, shall complete the training within
18 six months of appointment and thereafter according to the schedule established by the
19 commission. Members and alternates of the commission may take training with their
20 employing agency and certify to the commission that they have completed the training.

21 **Article 10. Mandate Redetermination Process**

22 **§ 1190.1. Filing a Request to Adopt a New Test Claim Decision.**

23 (a) A local agency or a school district, statewide association of local agencies or school
24 districts, the Department of Finance, Office of the State Controller, or other affected
25 state agency, may file a request to adopt a new test claim decision to supersede a
26 previously adopted test claim decision by making a showing that the state's liability
27 pursuant to Article XIII B, section 6(a) of the California Constitution for the previously
28 adopted test claim decision has been modified based on a "subsequent change in law"
29 as defined by Government Code section 17570(a)(2). Such a request is known as a
30 "request for mandate redetermination."

31 (b) All requests for mandate redetermination shall be filed on a form developed by the
32 executive director and shall contain a detailed analysis of how and why the state's
33 liability for mandate reimbursement has been modified pursuant to article XIII B, section
34 6(a) of the California Constitution and all of the elements and accompanying documents
35 required by the form and Government Code section 17570(d). If representations of fact
36 are made, they shall be supported by documentary or testimonial evidence in
37 accordance with section 1187.5 of these regulations.

38 (c) The detailed analysis of how and why the state's liability for mandate reimbursement
39 has been modified pursuant to article XIII B, section 6(a) of the California Constitution
40 based on a "subsequent change in law" as defined by Government Code section 17570
41 requires more than a written narrative or simple statement of the facts and law. It

requires the application of the law (Gov. Code § 17570 (a) and (b)) to the facts (i.e. the alleged subsequent change in law) discussing, for each activity addressed in the prior test claim decision, how and why the state's liability for that activity has been modified. Specific references shall be made to statutes and chapters, articles, sections, and page numbers that are alleged to impose or not impose a reimbursable state-mandated program.

(d) A request for mandate redetermination and accompanying documents shall be ~~certified, filed, and served~~ in accordance with section 1181.3 of these regulations.

(e) Within 10 days of receipt of a request for mandate redetermination, Commission staff shall notify the requester if the request is complete or incomplete and refer the requester to these regulations. Requests for mandate redetermination shall be considered incomplete if any of the elements required in subdivisions (b), (c), or (d) of this section are illegible or are not included. If a complete request for mandate redetermination is not received within 30 calendar days from the date the incomplete request was returned, the executive director shall disallow the original request filing date. New requests for mandate redetermination may be accepted on the same subsequent change in law alleged to modify the state's liability pursuant to article XIII B, section 6(a) of the California Constitution.

(f) A request for mandate redetermination shall be filed on or before June 30 following a fiscal year in order to establish eligibility for reimbursement or loss of reimbursement for that fiscal year.

(g) A requester may not add a new subsequent change in law to a request for mandate redetermination after the request has been deemed complete.

(h) Any request for mandate redetermination that fails to allege a "subsequent change in law," as defined by Government Code section 17570, shall be returned by the executive director with a written notice stating the reason that the request is being returned. These filings may include, but are not limited to, requests that meet the requirements for a proposed parameters and guidelines amendment or a new test claim filing.

Note: Authority cited: Sections 17527(g), 17553(a) and 17570(d), Government Code.
Reference: Sections 17530 and 17570, Government Code.

§ 1190.2. Review and Response.

(a) Within 10 days of receipt of a complete request for mandate redetermination, Commission staff shall issue a written notice to the Department of Finance, Office of the State Controller, any affected state agency, the original test claimant, and any known interested party, that:

(1) A copy of the request for mandate redetermination has been posted on the Commission's website, and

(2) Written comments concerning the request for mandate redetermination may be filed within 30 days and evidence may also be presented at the hearing on the request for mandate redetermination.

(b) Content and Form. Written comments on the request for mandate redetermination shall contain the following documentary evidence, if applicable:

(1) If representations of fact are made, they must be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(2) A copy of relevant portions of state constitutional provisions, state and federal statutes, and executive orders, and a copy of administrative decisions and court decisions that may impact the alleged mandate, unless the authorities are also cited in the request to adopt a new test claim decision. The specific statutes and chapters, articles, sections, and page numbers must be identified. Published court decisions arising from state mandate determinations by the Board of Control and the Commission, article XIII B, section 6 of the California Constitution, and Government Code sections 17500 et seq., are exempt from the requirements of this subsection. When an omnibus bill is relevant to the response, only the relevant pages of the statute, including the Legislative Counsel's Digest and the specific statutory amendments at issue shall be filed.

(c) Filing. Written comments and supporting documentation concerning a request for mandate redetermination shall be ~~certified~~, filed, ~~and served~~ in accordance with Section 1181.3 of these regulations.

Note: Authority cited: Sections 17527(g), 17553(a) and 17570(d), Government Code.
Reference: Section 17570, Government Code.

§ 1190.3. Rebuttal.

(a) Parties and interested parties shall be given an opportunity to rebut written comments concerning a request for mandate redetermination by filing written rebuttals within 30 days of service of the comments.

(b) Content and Form. A written rebuttal shall contain the following documentary evidence, if applicable:

(1) If representations of fact are made, they must be supported by documentary or testimonial evidence in accordance with section 1187.5 of these regulations.

(2) A copy of relevant portions of state constitutional provisions, federal statutes, and executive orders, and a copy of administrative decisions and court decisions that are cited in the rebuttal, unless the authorities are also cited in the request to adopt a new test claim decision or any response thereto. The specific statutes and chapters, articles, sections, and page numbers shall be identified. Published court decisions arising from state mandate determinations by the Board of Control and the Commission, article XIII B, section 6 of the California Constitution, and Government Code sections 17500 et seq., are exempt from the requirements of this subsection. When an omnibus bill is relevant to the rebuttal, only the relevant pages of the statute, including the Legislative Counsel's Digest and the specific statutory amendments at issue shall be filed.

(c) The rebuttal to a comment concerning a request for mandate redetermination shall be ~~certified~~, filed, ~~and served~~ in accordance with section 1181.3 of these regulations.

Note: Authority cited: Sections 17527(g), 17553(a) and 17570(d), Government Code.
Reference: Section 17570, Government Code.

1 **§ 1190.4. Executive Director's Authority to Consolidate Requests for Mandate**
2 **Redetermination.**

3 (a) The executive director may consolidate two or more requests for mandate
4 redetermination for the second hearing, if some or all of the same statutes, regulations
5 or executive orders are at issue, if necessary to ensure the complete, fair, or timely
6 consideration of any request for mandate redetermination.

7 (b) At least 10 days before the action is taken, the executive director shall serve on the
8 parties and interested parties on the mailing list described in section 1181.4 of these
9 regulations, and post on the Commission's website, a notice of any proposed action to
10 consolidate.

11 Note: Authority cited: Section 17527(g), 17553(a) and 17570(d), Government Code.
12 Reference: Sections 17530, 17554 and 17570, Government Code.

13 **§ 1190.5. Hearing Process and Form of Decision.**

14 Notwithstanding any other provision of these regulations, mandate redetermination
15 process hearings and decisions shall be subject to article 7 of these regulations. There
16 shall be a two-step hearing process for requests to adopt a new test claim decision as
17 follows:

18 (a) The First Hearing:

19 (1) The first hearing shall be limited to the issue of whether the requester has made an
20 adequate showing that identifies a subsequent change in law as defined by Government
21 Code section 17570, material to the prior test claim decision, which may modify the
22 state's liability pursuant to article XIII B, section 6(a) of the California Constitution. The
23 Commission shall find that the requester has made an adequate showing if it finds that
24 the request, when considered in light of all of the written comments and supporting
25 documentation in the record of this request, has a substantial possibility of prevailing at
26 the second hearing.

27 (2) At least eight weeks before the hearing or at another time required by the executive
28 director or stipulated to by the parties, Commission staff shall prepare a draft proposed
29 decision and issue it to the parties, interested parties, and any person who requests a
30 copy, and shall post it on the Commission's website. A request for mandate
31 redetermination is set for the first hearing when Commission staff issues its draft
32 proposed decision. A written notice of the date, time, and place of the first hearing shall
33 be served on everyone on the mailing list described in section 1181.4 of these
34 regulations and posted on the Commission's website.

35 (3) Written comments concerning the draft proposed decision may be filed with the
36 Commission. Written comments shall be ~~certified, filed, and served~~ in accordance with
37 section 1181.3 of these regulations, by the date determined and noticed by the
38 executive director. A three-week period for comments shall be given, subject to the
39 executive director's authority to expedite all matters pursuant to Government Code
40 section 17530. If representations of fact are made, they shall be supported by
41 documentary or testimonial evidence in accordance with section 1187.5 of these
42 regulations. All written comments timely filed shall be reviewed by Commission staff and

1 may be incorporated into the proposed decision of the request to adopt a new test claim
2 decision.

3 (A) It is the Commission's policy to discourage the introduction of late comments,
4 exhibits, or other evidence filed after the three-week comment period described in
5 subdivision (a)(3) of this section. The Commission need not rely on, and staff need not
6 respond to, late comments, exhibits, or other evidence filed in response to a draft
7 proposed decision.

8 (4) Before the first hearing on the request for mandate redetermination, Commission
9 staff shall prepare a proposed decision limited to the issue of whether the requester has
10 made a showing that identifies a subsequent change in law, material to the prior test
11 claim decision, which may modify the state's liability pursuant to article XIII B, section
12 6(a) of the California Constitution. This proposed decision shall consider the request,
13 written comment, rebuttals and supporting documentation filed by the parties and
14 interested parties. The proposed decision for the first hearing shall find that the
15 requester has made an adequate showing if staff finds that the request, when
16 considered in light of all of the written comments and supporting documentation in the
17 record of this request, has a substantial possibility of prevailing at the second hearing.

18 (5) If, at the first hearing, the Commission finds that:

19 (A) The requester has not made an adequate showing, when considered in light of all of
20 the written comments, rebuttals and supporting documentation in the record and
21 testimony at the hearing, that the request for mandate redetermination has a substantial
22 possibility of prevailing at the second hearing, the Commission shall issue a decision
23 denying the request for mandate redetermination.

24 (B) The requester has made an adequate showing, when considered in light of all of the
25 written comments, rebuttals, and supporting documentation in the record and testimony
26 at the hearing, the Commission shall issue a decision finding that an adequate showing
27 has been made and setting the second hearing on whether the Commission shall adopt
28 a new test claim decision to supersede the previously adopted test claim decision.

29 (6) Everyone on the mailing list described in section 1181.4 of these regulations shall be
30 issued written notice that the Commission's decision has been posted on the
31 Commission's website and, if applicable, that the date, time, and place of the second
32 hearing have also been posted on the Commission's website.

33 (b) The Second Hearing:

34 (1) If the Commission proceeds to the second hearing, it shall consider whether the
35 state's liability pursuant to article XIII B, section 6(a) of the California Constitution has
36 been modified based on the subsequent change in law alleged by the requester, thus
37 requiring adoption of a new test claim decision to supersede the previously adopted test
38 claim decision. If the Commission finds that the state's liability pursuant to article XIII B,
39 section 6(a) of the California Constitution has been modified based on the subsequent
40 change in law alleged by the requester, it shall adopt a new decision that reflects the
41 modified liability of the state.

42 (2) Before the second hearing, Commission staff shall prepare a proposed decision. At
43 least eight weeks before the hearing or at another time required by the executive

1 director or stipulated to by the parties, Commission staff shall prepare a draft proposed
2 decision and issue it to everyone on the mailing list described in section 1181.4 of these
3 regulations and post it on the Commission's website. The proposed decision shall
4 consider the request, and any written comments and rebuttals and supporting
5 documentation filed.

6 (3) Any party or interested party may file written comments concerning the draft
7 proposed decision with the Commission. Written comments shall be ~~certified, filed, and~~
8 ~~served~~ in accordance with section 1181.3 of these regulations, by the date determined
9 and noticed by the executive director. A three-week period for comments shall be given,
10 subject to the executive director's authority to expedite all matters pursuant to
11 Government Code section 17530. If representations of fact are made, they shall be
12 supported by documentary or testimonial evidence in accordance with section 1187.5 of
13 these regulations. All written comments timely filed shall be reviewed by Commission
14 staff and may be incorporated into the proposed decision.

15 (A) It is the Commission's policy to discourage the introduction of late comments,
16 exhibits, or other evidence filed after the three-week comment period described in
17 subdivision (b)(3) of this section. The Commission need not rely on, and staff need not
18 respond to, late comments, exhibits, or other evidence filed in response to a draft
19 proposed decision.

20 (4) If, at the second hearing, the Commission finds that the state's liability pursuant to
21 article XIII B, section 6(a) of the California Constitution:

22 (A) has not been modified based on a subsequent change in law as defined by
23 Government Code section 17570 (a)(2), the Commission shall issue a decision denying
24 the request.

25 (B) has been modified based on a subsequent change in law, as defined by
26 Government Code section 17570 (a)(2) the Commission shall adopt a new decision to
27 supersede the prior decision. The new decision shall be prepared in writing, based on
28 the record, and shall include a statement of reasons for the decision, findings, and
29 conclusions.

30 (5) Everyone on the mailing list described in section 1181.4 of these regulations shall be
31 issued written notice that a copy of the decision has been posted on the Commission's
32 website.

33 (6) After a decision or proposed decision has been served or posted on the
34 Commission's website, it shall not be changed except to correct clerical errors, in which
35 case a corrected decision or proposed decision shall be prepared and posted on the
36 Commission's website. Everyone on the mailing list described in section 1181.4 of these
37 regulations shall be issued written notice that a copy of the revised decision has been
38 posted on the Commission's website.

39 (7) If a new decision is adopted that finds that the State's liability under article XIII B,
40 section
41 6(a) of the California Constitution has been modified, the amount and method of
42 reimbursement shall be determined in accordance with article 3 of these regulations.

43 Note: Authority cited: Section 17527(g), 17553(a) and 17570(d), Government Code.

- 1 Reference: Sections 17530 and 17570, Government Code.