

## COMMISSION ON STATE MANDATES

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



August 23, 2011

Mr. Keith Petersen  
 SixTen and Associates  
 P.O. Box 340430  
 Sacramento, CA 95834-0430

Ms. Diana McDonough  
 Fagen Friedman & Fulfrost LLP  
 70 Washington Street, Suite 205  
 Oakland, CA 94607

Ms. Juliana Gmur  
 MAXIMUS  
 2380 Houston Ave  
 Clovis, CA 93611

Mr. Leonard Kaye  
 County of Los Angeles  
 Auditor-Controller's Office  
 500 W. Temple Street,  
 Room 603  
 Los Angeles, CA 90012

Mr. Ed Jewik  
 County of Los Angeles  
 Auditor-Controller's Office  
 500 W. Temple Street,  
 Room 603  
 Los Angeles, CA 90012

*And Interested Parties and Affected State Agencies (see mailing list)*

RE: **Request for Comments and Tentative Hearing Date**  
 Regarding Reasonable Reimbursement Methodologies  
 in Relation to the Following Claims:

*Behavioral Intervention Plans, CSM 4464*

San Diego Unified School District, San Joaquin County Office of Education  
 and Butte County Office of Education, Claimants

*Habitual Truants, 09-PGA-01, 01-PGA-06 (CSM-4487 and CSM-4487A)*  
 San Jose Unified School District, Requestors

*Voter Identification Procedures, 03-TC-23*  
 County of San Bernardino, Claimant

*Interagency Child Abuse and Neglect (ICAN) Investigation Reports, 00-TC-22*  
 County of Los Angeles, Claimant

*Enrollment Fee Collection and Waivers, 08-PGA-02*

Los Rios, Cerritos, Citrus, El Camino, Gavilan, Kern, Long Beach, Mt. San Jacinto,  
 Palomar, Pasadena Area, San Bernardino, Santa Monica, State Center, Sierra Joint,  
 Victor Valley, West Kern, and Yosemite Community College Districts, Requestors

Dear Mr. Petersen, Ms. McDonough, Ms. Gmur, Mr. Kaye, and Mr. Jewik:

The Commission on State Mandates' (Commission) staff is in the process of beginning to analyze several proposed reasonable reimbursement methodologies (RRMs).

On July 27, 2011 the Commission conducted a prehearing conference to discuss proposed RRMs as they relate to the *Behavioral Intervention Plans*, *Habitual Truants*, and *Voter Identification Procedures* programs. Specifically, the Commission staff sought input on the definition of 'cost efficient' as it is applied to RRMS.

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On August 12, 2011, staff issued a letter requesting briefing on the following questions:

1. Government Code section 17518.5(a) states: "Reasonable reimbursement methodology" means a formula for reimbursing local agencies and school districts for costs mandated by the state, as defined in Section 17514." Section 17514 states: "'costs mandated by the state' means any increased costs which a local agency or school district is required to incur" to fulfill the requirements of a state mandate.

The California Constitution and section 17514 require that each local agency be reimbursed for its mandated costs. An RRM is a tool to facilitate the reimbursement process. Staff believes it is constitutionally permissible to develop an RRM unit cost that reasonably reimburses each local agency even if some local agencies receive more and some local agencies receive less than the RRM unit cost. The Commission recently found in the *Municipal Stormwater* program that the RRM unit cost of \$6.74 was reasonable even though the unit costs used to develop that figure ranged from a low of \$2.02 to a high of \$14.46. The Commission implicitly found that \$6.74 was a constitutionally permissible figure even though one claimant whose figures were used to calculate the RRM figure had actual costs of \$14.46. Under the RRM, that claimant would be entitled to less than half of its actual costs.

*Question:* At some point is the range of figures used to develop the unit cost so wide that it violates the constitutional requirement that local agencies be reimbursed for their mandate-related costs?

2. Government Code section 17518.5(c) states: "A reasonable reimbursement methodology shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner."

*Question 1:* How should "cost-efficient" be defined?

*Question 2:* What does this section require be cost-efficient? Stated another way, what does a requestor need to show to demonstrate that its proposed RRM unit cost meets the requirement of section 17518(c)?

Responses were due on September 2, 2011. Upon request of the claimants and requestors, staff extended that comment period for all parties to **December 20, 2011**.

Staff is inviting the claimants and requestors for the *Enrollment Collection Fee and Waivers* and *ICAN* programs to also provide responses to these questions.

### Hearing Date

All of the above-named matters are tentatively set for hearing on **Thursday, March 22, 2012**.

Please contact me at (916) 323-3562 if you have questions.

Sincerely,



Drew Bohan  
Executive Director