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JOHN CHIANG  
California State Controller

COMMISSION ON  
STATE MANDATES

November 21, 2008

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

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

Re: **Incorrect Reduction Claim**  
*Health Fee Elimination*, 05-4206-I-11  
El Camino Community College District, Claimant  
Education Code Section 76355  
Statutes 1984, Chapter 1, 2<sup>nd</sup> E.S.; Statutes 1987, Chapter 1118  
Fiscal Years 2000-01, 2001-02, and 2002-03

Dear Ms. Higashi and Mr. Petersen:

This letter is in response to the above-entitled Incorrect Reduction Claim. The subject claims were reduced primarily because the Claimant utilized an invalid ICRP. In addition, the claim was reduced because the Claimant understated authorized Health Fees. The reductions were appropriate and in accordance with law.

The Controller's Office is empowered to audit claims for mandated costs and to reduce those that are "excessive or unreasonable."<sup>1</sup> This power has been affirmed in recent cases, such as the Incorrect Reductions Claims (IRCs) for the *Graduation Requirements* mandate.<sup>2</sup> If the claimant disputes the adjustments made by the Controller pursuant to that power, the burden is upon them to demonstrate that they are entitled to the full amount of the claim. This principle likewise has been upheld in the *Graduation Requirements* line of IRCs.<sup>3</sup> See also Evidence Code section 500.<sup>4</sup> Therefore, these claimed costs are unsupported and appropriately disallowed.

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

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

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

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

November 21, 2008

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

The Claimant also understated authorized health services fees, confusing collected with authorized. The Parameters and Guidelines provide that offsetting savings shall include the amount authorized for student fees. The relevant amount is not the amount charged, nor the amount collected, rather it is the amount authorized. This is consistent with mandates law in general and specific case law on point<sup>5</sup>.

Lastly, the Claimant asserts that the audit of the 2000-01 and 2001-02 FYs is precluded by the statute of limitations, specifically, Government Code section 17558.5. However, the claimant incorrectly applies the 1996 version of this statute, rather than the 2003 version. Unless a statute expressly provides to the contrary, any enlargement of a statute of limitations provision applies to matters pending but not already barred.<sup>6</sup> Under the 1996 version, the claims were subject to audit until December 31, 2004, well after the January 1, 2003, effective date. Therefore, the 2003 provisions of Section 17558.5 are applicable to the claim, requiring that the 2000-01 audit be initiated by January 14, 2005, and the 2001-02 audit be initiated by December 30, 2005. Since the audit of both years was initiated no later than January 5, 2005, when the entrance conference was held, the audit is valid and enforceable.

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

Sincerely,



SHAWN D. SILVA

Staff Counsel

SDS/ac

Enclosure

cc: Janice Ely, Business Manager, El Camino Community College District  
Ginny Brummels, Div. of Acctg. & Rptg., State Controller's Office (w/o encl.)  
Jim Spano, Division of Audits, State Controller's Office (w/o encl.)

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

<sup>6</sup> *Douglas Aircraft Co. v. Cranston* (1962) 58 Cal.2d 462, 465. See also, 43 Cal.Jur.3d, Limitations of Actions § 8.

1 **PROOF OF SERVICE**

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

4 On November 21, 2008, I served the foregoing document entitled:

5 **SCO'S RESPONSE TO THE INCORRECT REDUCTION CLAIM FOR**  
6 **EL CAMINO COMMUNITY COLLEGE DISTRICT, CSM 05-4206-I-11**

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

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

Janice Ely, Business Manager  
El Camino Community College District  
16007 Crenshaw Boulevard  
Torrance, CA 90506

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

13  **BY MAIL**

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

16  **BY PERSONAL SERVICE**

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

17  **BY OVERNIGHT MAIL/COURIER**

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

19  **BY FACSIMILE TRANSMISSION**

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

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

24 Executed on November 21, 2008, at Sacramento, California.

25   
Amber A. Camarena

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

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# Tab 1

1 **OFFICE OF THE STATE CONTROLLER**

2 300 Capitol Mall, Suite 1850  
3 Sacramento, CA 94250  
4 Telephone No.: (916) 445-6854

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

9 **INCORRECT REDUCTION CLAIM ON:**

10 *Health Fee Elimination Program*

11 Chapter 1, Statutes of 1984, 2<sup>nd</sup>  
12 Extraordinary Session, and Chapter 1118,  
13 Statutes of 1987

14 **EL CAMINO COMMUNITY COLLEGE  
DISTRICT, Claimant**

No.: CSM 05-4206-I-11

**AFFIDAVIT OF BUREAU CHIEF**

15  
16 I, Jim L. Spano, make the following declarations:

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

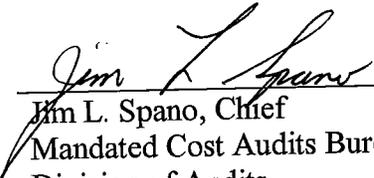
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7) A field audit of the claims for fiscal year (FY) 2000-01, FY 2001-02, and FY 2002-03 commenced on January 5, 2005, and ended on April 07, 2005.

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

Date: October 9, 2007

OFFICE OF THE STATE CONTROLLER

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

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## **Tab 2**

**STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE  
TO THE INCORRECT REDUCTION CLAIM BY  
EL CAMINO COMMUNITY COLLEGE DISTRICT  
For Fiscal Year (FY) 2000-01, FY 2001-02, and FY 2002-03**

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

**SUMMARY**

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim (IRC) that the El Camino Community College District submitted on March 27, 2006. The SCO audited the district's claims for costs of the legislatively mandated Health Fee Elimination Program for the period of July 1, 2000, through June 30, 2003. The SCO issued its final report on October 5, 2005 (**Exhibit D**).

The district submitted reimbursement claims totaling \$479,711 as follows.

- FY 2000-01—\$137,923 (**Exhibit H**)
- FY 2001-02—\$167,511 (**Exhibit H**)
- FY 2002-03—\$174,277 (**Exhibit H**)

The SCO audit disclosed that \$79,820 is allowable and \$399,891 is unallowable. The unallowable costs occurred primarily because the district overstated indirect costs and understated health fees. The State paid the district \$90,101. The amount paid exceeded allowable costs claimed by \$10,281. The following table summarizes the audit results.

<u>Cost Element</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2000, through June 30, 2001</u>			
Health service costs:			
Salaries and benefits	\$ 331,487	\$ 319,367	\$ (12,120)
Services and supplies	40,562	40,562	-
Indirect costs	<u>122,627</u>	<u>48,015</u>	<u>(74,612)</u>
Total health services costs	494,676	407,944	(86,732)
Less authorized health fees	(343,160)	(351,967)	(8,807)
Less offsetting savings/reimbursements	<u>(13,593)</u>	<u>(15,948)</u>	<u>(2,355)</u>
Total program costs	<u>\$ 137,923</u>	40,029	<u>\$ (97,894)</u>
Less amount paid by the State		<u>(54,835)<sup>2</sup></u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (14,806)</u>	

<u>Cost Element</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2001, through June 30, 2002</u>			
Health service costs:			
Salaries and benefits	\$ 367,872	\$ 367,872	\$ —
Services and supplies	35,754	35,754	—
Indirect costs	115,558	57,194	(58,364)
Total health services costs	519,184	460,820	(58,364)
Less authorized health fees	(349,090)	(460,800)	(111,710)
Less offsetting savings/reimbursements	(2,583)	(2,583)	—
Adjustment to eliminate negative balance	—	2,563	2,563
Total program costs	<u>\$ 167,511</u>	—	<u>\$ (167,511)</u>
Less amount paid by the State		(35,266) <sup>1,2</sup>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (35,266)</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Health service costs:			
Salaries and benefits	\$ 400,431	\$ 400,431	\$ —
Services and supplies	54,721	54,721	—
Indirect costs	129,536	69,866	(59,670)
Total health services costs	584,688	525,018	(59,670)
Less authorized health fees	(395,380)	(470,196)	(74,816)
Less offsetting savings/reimbursements	(15,031)	(15,031)	—
Total program costs	<u>\$ 174,277</u>	39,791	<u>\$ (134,486)</u>
Less amount paid by the State		— <sup>2</sup>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 39,791</u>	
<u>Summary: July 1, 2000, through June 30, 2003</u>			
Health service costs:			
Salaries and benefits	\$ 1,099,790	\$ 1,087,670	\$ (12,120)
Services and supplies	131,037	131,037	—
Indirect costs	367,721	175,075	(192,646)
Total health services costs	1,598,548	1,393,782	(204,766)
Less authorized health fees	(1,087,630)	(1,282,963)	(195,333)
Less offsetting savings/reimbursements	(31,207)	(33,562)	(2,355)
Adjustment to eliminate negative balance	—	2,563	2,563
Total program costs	<u>\$ 479,711</u>	79,820	<u>\$ (399,891)</u>
Less amount paid by the State		(90,101) <sup>1,2</sup>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (10,281)</u>	

<sup>1</sup> As noted in Section VI of our response, the final report incorrectly stated that the district was paid \$34,266 rather than the correct amount of \$35,266 for FY 2001-02. The amount presented has been updated for the accurate amount.

<sup>2</sup> Payment information is based on amount paid when the final report was issued.

The district's IRC contests audit adjustments totaling \$399,891. The district believes that its indirect cost rates claimed are appropriate and that it reported the correct amount of health service fee revenues. Further, the district believes that the SCO was not authorized to make changes to the payment amount from the State for FY 2001-02, and that the SCO was not authorized to audit the district's FY 2000-01 and FY 2001-02 claims.

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

**Parameters and Guidelines**

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

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

**V. REIMBURSABLE COSTS**

**A. Scope of Mandate**

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

**B. Reimbursable Activities**

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87 . . . . [see Exhibit B for a list of reimbursable items.]

**VI. CLAIM PREPARATION**

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

Claimed costs should be supported by the following information:

**1. Employee Salaries and Benefits**

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

**2. Services and Supplies**

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

### 3. Allowable Overhead Cost

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

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## VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

## VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount . . . authorized by Education Code Section 72246 for health services [now Education Code Section 76355].

### SCO Claiming Instructions

The SCO annually issues claiming instructions, which contain filing instructions for mandated cost programs. The September 2002 claiming instructions provide instructions for indirect cost. Section 5B(2) of the instructions (**Tab 3**) states, "A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21, "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs [FAM-29C]..." The instructions are consistent with the Health Fee Elimination Claim Summary Instructions, Item (05) (**Tab 4**).

The September 2002 indirect cost claiming instructions are believed to be, for the purposes and scope of the audit period, substantially similar to the version extant at the time the district filed its FY 2000-01, FY 2001-02, and FY 2002-03 mandated cost claims.

## II. **THE DISTRICT OVERSTATED SALARIES AND BENEFITS, AND ITS RELATED INDIRECT COSTS**

### Issue

For FY 2000-01, the district overstated salaries and benefits by \$12,120 and its related indirect cost by \$3,995. The district does not dispute this adjustment.

### SCO Analysis:

The district claimed 12% of the Dean of Student Services' salary and benefits but did not provide documents, such as time logs, to validate the time the dean worked at the health center. Therefore, the portion of the dean's salary and benefits claimed is unallowable.

The parameters and guidelines specify that community college districts shall be reimbursed only for costs of health services programs that are traceable to supporting documentation that shows evidence of the validity of such costs.

#### District's Response

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The district is not disputing this adjustment.

### **III. THE DISTRICT OVERSTATED ITS INDIRECT COST RATES**

#### Issue

The district overstated its indirect cost rates, thus overstating its indirect costs by \$188,652 for the audit period. The district believes that its indirect cost rates claimed are appropriate.

#### SCO Analysis:

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

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

For FY 2000-01, FY 2001-02, and FY 2002-03, the SCO auditor calculated indirect costs using the methodology described in the SCO claiming instructions using Form FAM-29C. The alternative methodology did not support the rates that the district claimed.

Consistent with this methodology, the SCO auditor calculated the indirect cost rates of 19.62% for FY 2000-01, 14.46% for FY 2001-02, and 13.11% for FY 2002-03. The district claimed the indirect cost rates of 32.96% for FY 2000-01, 28.63% for FY 2001-02, and 28.46% for FY 2002-03. The differences between the rates claimed and the rates computed by the SCO were applied to the total direct costs for each corresponding year, resulting in overstated claimed costs of \$70,618 for FY 2000-01, \$58,364 for FY 2001-02, and \$59,670 for FY 2002-03; the total amount is \$188,652.

#### District's Response

The Controller asserts that the District overstated its indirect cost rates and costs in the amount of \$188,652 for the three fiscal years. This finding is based upon the Controller's statement that "the district did not obtain federal approval for its ICRPs. We calculated indirect cost rates using the methodology allowed by the SCO claiming instructions."

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

### CCFS-311

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

### Regulatory Requirements

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

In the audit report, the Controller asserts that the specific directions for the indirect cost rate calculation in the claiming instructions are an extension of the *Parameters and Guidelines*. . . .

### Unreasonable or Excessive

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

### SCO's Comment

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

The SCO's claiming instructions (Tab 3) state, "A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21, "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs [FAM-29C]. . . ." This instruction is consistent with the parameters and guidelines for other community college district mandated programs, including the following.

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

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

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

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

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

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

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

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

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

Nevertheless, the SCO did report that the district's claimed indirect costs were excessive. "Excessive" is defined as "exceeding what is usual, proper, necessary, or normal. . . . Excessive implies an amount or degree too great to be reasonable or acceptable. . . ." <sup>3</sup> The district did not obtain federal approvals of its ICRPs for FY 2000-01, FY 2001-02, and FY 2002-03; therefore, the SCO auditor calculated indirect costs using the methodology described in the SCO claiming instructions using Form FAM-29C. The alternative methodology indirect cost rates did not support the rates that the district claimed; thus, the rates claimed were excessive.

<sup>3</sup> Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.

#### **IV. THE DISTRICT UNDERSTATED AUTHORIZED HEALTH FEE REVENUES CLAIMED**

##### Issue

The district understated authorized health fees revenue by \$195,333 for the audit period because it reported actual revenues received rather than the health service fees it was authorized to collect. The district believes that it reported the correct amount of health service fee revenues.

##### SCO Analysis:

The district did not use the actual number of student counts and Board of Governors Grants (BOGG) waiver counts in its reporting of the health fee revenue. The SCO auditor recalculated the authorized health service fees the district was authorized to collect using various student enrollment and BOGG detail reports dated January 2005 through March 2005.

In addition, the district underreported authorized student health fees by one dollar for FY 2000-01, and two dollars for FY 2001-02 and FY 2002-03.

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

Government Code section 17514 defines "costs mandated by the state" as any increased costs that a school district is required to incur. To the extent community college districts can

charge a fee, they are not required to incur a cost. In addition, Government Code section 17556 states that the CSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

### District's Response

The adjustments for the student health services revenue are based on two reasons. The Controller adjusted the reported enrollment and reported number of students subject to payment of the health services fee. The Controller then calculated the student fees collectible based on the highest student health service fee chargeable, rather than the fee actually charged the student, resulting in a total adjustment of \$195,333 for the three fiscal years.

### Education Code Section 76355

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

### Parameters and Guidelines

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

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

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

### Government Code Section 17514

The Controller relies upon Government Code Section 17514 for the conclusion that "[t]o the extent community college districts can charge a fee, they are not required to incur a cost." . . . There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenue to increased cost, nor any language which describes the legal effect of fees collected. . .

### Government Code Section 17556

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

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

### Student Health Services Fee Amount

The Controller asserts that the district should have collected a student health service fee each semester from non-exempt students in the amount of \$11 for FY 2000-01 and \$12 for FY 2001-02 and FY 2002-03. Districts receive notice of these fee amounts from the Chancellor of the California Community Colleges. An example of one such notice is the letter dated March 5, 2001, attached as Exhibit "F." While Education Code Section 76355 provides for an increase in the student health service fee, it did not grant the Chancellor the authority to establish mandatory fee amounts or mandatory fee increases . . . Therefore, the state cannot rely upon the Chancellor's notice as a basis to adjust the claim for "collectible" student health services fees.

### Fees Collected vs. Fees Collectible

This issue is one of student health fees revenue actually received, rather than student health fees which might be collected. . . Student fees not collected are student fees not "experienced" and as such should not reduce reimbursement. Further, the amount "collectible" will never equal actual revenues collected due to changes in a student's BOGG eligibility, bad debt accounts, and refunds

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

### Enrollment and Exempted Student Statistics

It is our understanding that the Controller adjusted the reported total student enrollment and reported number of exempt students based on data requested during the audit from the office of the Chancellor of the Community Colleges, although the audit report states otherwise. The information obtained from the Chancellor's office is based on information originally provided to the Chancellor by the District in the normal course of business. The Controller has not provided any factual basis why the Chancellor's data, subject to review and revision after the fact for several years, is preferable to the data reported by the District which was available at the time the claims were prepared. . .

<sup>4</sup> Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

### SCO's Comment

We agree that community college districts may choose not to levy a health service fee. However, Education Code section 76355, subdivision (a), provides districts with the authority to levy a health service fee. The parameters and guidelines state that health fees

authorized by the Education Code must be deducted from costs claimed. Education Code section 76355, subdivision (a), states that a governing board of a community college district may require students to pay a health supervision and service fee. Education Code section 76355, subdivision (c), exempts collection of health fees from those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; (3) demonstrate financial need.

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

Effective the summer of 1997, authorized health service fees, pursuant to Education Code section 76355, were \$8 per student for summer and \$11 per student for the fall and spring semesters. Effective the summer of 2001 session, Education Code section 76355(a) authorized a \$1 increase to health service fees, resulting in authorized health service fees of \$9 per student for summer semester and \$12 per student for the fall and spring semesters (**Tab 10**).

Regardless of the district's decision to levy or not levy a health service fee, the district does have the authority to levy the fees. In addition, contrary to the district's response, the SCO made no distinction between full-time or part-time students regarding the authorized health service fee. Districts are authorized to levy the full fee amount to both part-time and full-time students. Government Code section 17514 states that "costs mandated by the state" means any increased costs that a school district is required to incur. Furthermore, Government Code section 17556, subdivision (d), states that the CSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service. For the Health Fee Elimination mandated program, the CSM clearly recognized the availability of another funding source by including the fees as offsetting savings in the parameters and guidelines, section VIII (amended May 25, 1989). To the extent districts have authority to charge a fee, they are not required to incur a cost.

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

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

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

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

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

Thus, it is clear that the CSM's intent was that claimants deduct authorized health service fees from mandate-reimbursable costs claimed. Furthermore, the staff analysis included an attached letter from the CCCCCO, dated April 3, 1989, in which the CCCCCO concurred with the DOF and the CSM regarding authorized health service fees.

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

Two court cases addressed the issue of fee authority.<sup>5</sup> Both cases concluded that "costs," as used in the constitutional provision, exclude "expenses that are recoverable from sources other than taxes." In both cases, the source other than taxes was fee authority.

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

The district is mistaken when it states that the SCO auditor used total reported student enrollment and reported number of exempt students based on data requested during the audit from the Chancellor's Office. The SCO calculated authorized health service fees based on "Student Enrollment List" and "BOGG Detail" reports for the various semesters provided by Marie Stokes, Accounting Technician, Fiscal Services, El Camino Community College District to Janny Chan, SCO Auditor (Tab 9).

<sup>5</sup> *County of Fresno v. California* (1991) 53 Cal. 3d 482; *Connell v. Santa Margarita* (1997) 59 Cal. App. 4th 382.

## V. THE DISTRICT UNDERSTATED ITS OFFSETTING REVENUE

### Issue

For FY 2000-01, the district understated offsetting revenue of \$2,355 because it did not reduce claimed health services costs and related health services revenues recorded in Revenue Account 8890. The district does not dispute this adjustment.

### SCO Analysis:

The parameters and guidelines specify that any offsetting savings or reimbursements received by the district from any source as a result of the mandate must be identified and deducted so that only net district health services costs are claimed.

### District's Response

The district is not disputing this adjustment.

## VI. AMOUNTS PAID BY THE STATE

### Issue

For each fiscal year, the audit report identifies the amount previously paid by the State. The district believes that as of the issuance of the final report, the reported amount paid by the State is incorrect for FY 2001-02. We agree with the district and have noted the corrected amount in the Summary Section of this document.

### SCO Analysis:

The State paid the district \$54,835 for FY 2000-01 and \$35,266 for FY 2001-02. These amounts include cash payments and any outstanding accounts receivable offsets applied.

### District's Response

... The payment received from the state is an integral part of the reimbursement calculation. The Controller changed the FY 2001-02 claim payment amounts received without a finding in the audit report, then changed it again in the October 27, 2005 demand for payment.

<u>Amount Paid by the State</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
As Claimed	\$54,835	\$35,266	\$0
Audit Report	\$54,835	\$34,266	\$0

The propriety of these adjustments cannot be determined until the Controller states the reason for each change.

### SCO's Comment

The final audit report incorrectly stated that the district was paid \$34,266 rather than the correct amount of \$35,266 for FY 2001-02. We have updated the payment amount in the Summary Section of this document.

## VII. STATUTE OF LIMITATIONS FOR AUDIT

### Issue

Based on the statute of limitations for audit, the district believes that the SCO had no authority to assess audit adjustments for FY 2000-01 and FY 2001-02.

### SCO Analysis:

Government Code section 17558.5 subdivision (a), effective July 1, 1996, states that a district's reimbursement claim is subject to audit no later than two years after the end of the calendar year in which the claim is filed or last amended. The district filed its FY 2000-01

claim on January 14, 2002, and filed its FY 2001-02 claim on December 30, 2002. Thus, both claims were subject to audit through December 31, 2004. The SCO initiated the audit on December 2, 2004, and conducted an audit entrance conference on January 5, 2005, at the district's request. Therefore, the SCO initiated an audit within the period in which both claims were subject to audit.

### District's Response

This issue is not a finding of the Controller. The District asserts that the FY 2000-01 and FY 2001-02 claims are beyond the statute of limitations for audit when the Controller issued its audit report on October 5, 2005. The District raised this issue at the beginning of the audit and in its letter dated July 26, 2005 in response to the draft audit report.

### Chronology of Claim Action Dates

January 14, 2002	FY 2000-01 claim filed by the District
December 30, 2002	FY 2001-02 claim filed by the District
December 31, 2004	FY 2000-01 statute of limitations for audit expires
December 31, 2004	FY 2001-02 statute of limitations for audit expires
October 5, 2005	Controller's final audit report issued

The District's fiscal year 2000-01 claim was mailed to the Controller on January 14, 2002. The District's fiscal year 2001-02 claim was mailed to the Controller on December 30, 2002. The audit report is dated October 5, 2005. Pursuant to Government Code Section 17558.5, these claims were subject to audit no later than December 31, 2004. The audit was not completed by this date. Therefore, the audit adjustments for FY 2000-01 and FY 2001-02 are barred by the statute of limitations. . . .

### Statutory History

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

Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and replaced Section 17558.5, changing only the period of limitations. . . .

The FY 2000-01 and FY 2001-02 annual claims are subject to the two-year statute of limitations established by Chapter 945, Statutes of 1995 . . . The FY 2000-01 and FY 2001-02 claims were no longer subject to audit when the audit report was issued.

Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003 amended Section 17558.5. . . .

The amendment is pertinent since it indicates this is the first time that the factual issue of the date the audit is "initiated" for mandate programs for which funds are appropriated is introduced. . . .

Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005 amended Section 17558.5. . . . The amendment is pertinent since it indicates this is the first time that the Controller audits may be completed at a time other than the stated period of limitations.

### Initiation of An Audit

The audit report states the Controller's staff telephone contact with the District on December 2, 2004 "initiated" the audit . . . The words "initiate" an audit are used only in the second

sentence of Section 17558.5, that is, in a situation when no funds are appropriated for the program for the fiscal year for which the claim is made. Then, and only then, is the Controller authorized to "initiate an audit" within two years from the date of initial payment. . . .

. . . The Controller's apparent measurement date for "initiation" of an audit is actually the date of the entrance conference, not the date of the phone contact. . . .

. . . It can be therefore be concluded that the Controller has no legal basis for their policy on the initiation date of audits.

#### Delay of the Audit

The Controller asserts that the Controller "agreed to delay the start of the audit until January 5, 2005," which would seem to infer that the District either requested the delay or somehow committed a willful act intended to delay the completion of the audit . . . The facts regarding the events of December 2 through 9, 2004, are stated in my declaration, which is attached as Exhibit "G."

If there was any delay to the start of the audit, it was by unilateral action of the Controller. Regardless, the delay in the start of an audit which could not have been timely completed is not relevant . . . The Controller did not complete the audit within the statutory period allowed for the first two fiscal year claims included in this audit. The date the audit was "initiated" for the two years is irrelevant, only the date the audit was completed is relevant. . . .The audit findings are therefore void for those two claims.

#### Completion of the Audit

As stated above, the Controller's argument that an attempt was made to "initiate an audit" in December 2004 is not legally relevant since the claims were only "subject to audit" through December 2004. The relevant statute of limitations date is the date when the audit is completed. . . .

The Controller did not complete the audit within the statutory period allowed for the first two fiscal year claims included in this audit. The audit findings are therefore void for the FY 2000-01 and FY 2001-02 claims.

#### SCO's Comment

On Thursday, December 2, 2004, the SCO auditor contacted the business manager for El Camino Community College District to request an entrance conference for any date before December 31, 2004 that was convenient for the district staff. The purpose of the conference was to commence the audit of the Health Fee Elimination Program cost claims for the FY 2000-01, FY 2001-02, and FY 2002-03. The business manager informed the auditor that she preferred to hold the entrance conference in January 2005, as she was going on vacation on December 13, 2004, and the college was closed during the last two weeks of the year. The SCO auditor informed the business manager that the entrance conference would not last more than one hour. The business manager agreed to check with her staff members to determine their availability.

On Monday, December 6, 2004, the business manager left a voice mail message with the SCO auditor stating that the district staff was available for an entrance conference at 2:30

p.m. on December 9, 2004. The auditor was out of the office and did not retrieve the message.

On Tuesday, December 7, 2004, the auditor retrieved the message from the business manager. The auditor discussed the date and time for entrance conference with the auditor's manager. ~~Due to conflicts in schedule, the manager and the auditor were not available for that time.~~ The auditor later called the business manager to inform her that the neither the auditor's manager nor the auditor were available on the afternoon of Thursday, December 9, 2004, but were available in the morning or any other date and time before her departure for vacation on December 13, 2004. The business manager indicated that she had no other time available before her departure, and she therefore consented to meet on January 5, 2005. She indicated that she clearly understood that the audit would include FY 2000-01 and FY 2001-02.

On Thursday, December 9, 2004, our office faxed a letter to the business manager confirming the January 5, 2005, entrance conference date and informing her that the audit would include FY 2000-01 and FY 2001-02 (**Tab 8**). The audit notification letter states:

In a telephone conversation on Thursday, December 2, 2004, Janny Chan, SCO Auditor-in-Charge, asked to begin the audit this month. However, due to the unavailability of appropriate district personnel, Pamela Fees, Business Manager, requested that the audit commence on January 5, 2005, at 10:30 a.m.

The district believes that the audit initiation date is not relevant because the term "initiate an audit" is not specifically stated in the Government Code language applicable to these claims. Instead, the district believes the audit report date is relevant. In particular, the district believes that Chapter 890, Statutes of 2004, is pertinent because "it indicates this is the first time that the Controller audits may be completed at a time other than the stated period of limitations." This is an erroneous conclusion: Before Chapter 890, Statutes of 2004, there was no statutory language defining when the SCO must complete an audit. In addition, the district states, "Had the Legislature intended the former Section to mean 'subject to the initiation of an audit,' there would have been no need to amend the statute to now say 'subject to the initiation of an audit.'" Clearly the opposite is true; the Legislature modified the previous language to clarify its intent.

As of July 1, 1996, Government Code section 17558.5, subdivision (a), stated, "A reimbursement claim . . . is subject to audit by the Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. . . ." In construing statutory language, we are to "ascertain the intent of the Legislature so as to effectuate the purpose of the law." (*Dyna-Med., Inc. v. Fair Employment and Housing Com.* (1987) 43 Cal.3d 1379, 1386.) In doing so, we look first to the statute's words, giving them their usual and ordinary meaning. (*Committee of Seven Thousand v. Superior Court* (1988) 45 Cal. 3d 491, 501.)

In Government Code, section 17558.5, subdivision (a), the words "subject to" mean that the district is "in a position or circumstance that places it under the power or authority of another."<sup>5</sup> The SCO exercised its authority to audit the district's claims by conducting the audit entrance conference within the statute of limitations. There is no statutory language that requires the SCO to issue a final audit report before the two-year period expires.

As of January 1, 2003, Government Code section 17558.5, subdivision (a), was amended to state, "A reimbursement claim . . . is subject to the initiation of an audit by the Controller no later than three years after the reimbursement claim is filed or last amended, whichever is later. . . ." [Emphasis added.] While the amendment does not define the start of an audit, the phrase "initiation of an audit" implies the first step taken by the Controller. Construing the statutory language to permit the Controller's initial contact as the audit's initiation is consistent with the statutory language as well as subsequent amendments. To read the statute as requiring that the SCO issue a final audit report within a certain timeframe would be to read into the statute provisions that do not exist.

The fundamental purpose underlying statute of limitations is "to protect the defendants from having to defend stale claims by providing notice in time to prepare a fair defense on the merits." (*Downs v. Department of Water & Power* (1977) 58 Cal. App. 4<sup>th</sup> 1093.) Here, the SCO exercised its authority to audit the district's claims before the statute of limitations expired by notifying the district by letter, faxed on December 9, 2004 (**Tab 8**), that the audit would include FY 2000-01 and FY 2001-02.

<sup>5</sup> Source: American Heritage Dictionary of the English Language, Fourth Edition © 2000.

## VIII. CONCLUSION

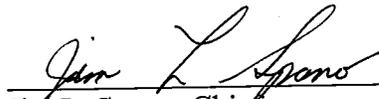
The SCO audited the El Camino Community College District's claims for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2000, through June 30, 2003. The district claimed \$479,711 for the mandated program. Our audit disclosed that \$79,820 is allowable and \$399,891 is unallowable. The unallowable costs occurred primarily because the district claimed overstated its indirect cost rates and understated health fees.

In conclusion, the CSM should find that: (1) the SCO had authority to audit FY 2000-01 and FY 2001-02; (2) the SCO correctly reduced the district's FY 2000-01 claim by \$97,894; (3) the SCO correctly reduced the district's FY 2001-02 claim by \$167,511; and (4) the SCO correctly reduced the district's FY 2002-03 claim by \$134,486.

## VII. CERTIFICATION

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

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

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

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**TAB 3**

**B. Indirect Cost**

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

**(1) Indirect Costs for Schools**

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

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

**(2) Indirect Cost Rate for Community Colleges**

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

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

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

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

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

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

Table 4 Indirect Cost Rate for Community Colleges

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

Table 4 Indirect Cost Rate for Community Colleges (continued)

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

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**TAB 4**

## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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

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

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

## 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services.

Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

## 7. Reimbursement Limitations

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

## 8. Claiming Forms and Instructions

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

**A. Form HFE- 2, Health Services**

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

**B. Form HFE-1.1, Claim Summary**

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

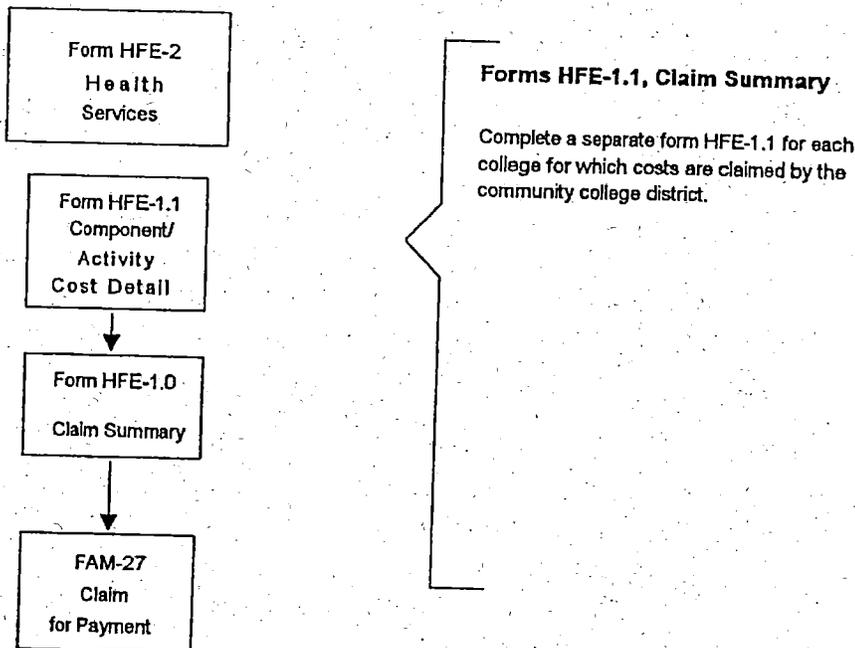
**C. Form HFE-1.0, Claim Summary**

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

**D. Form FAM-27, Claim for Payment**

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

**Illustration of Claim Forms**



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561  <b>HEALTH FEE ELIMINATION</b>	For State Controller Use Only (19) Program Number 00029 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b>  <b>029</b>
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L  
A  
B  
E  
L  
  
H  
E  
R  
E

(01) Claimant Identification Number		
(02) Claimant Name		
County of Location		
Street Address or P.O. Box		Suite
City	State	Zip Code

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

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

**(37) CERTIFICATION OF CLAIM**

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

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

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

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_

\_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

<b>Program</b> <b>029</b>	<b>HEALTH FEE ELIMINATION</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. Completion of this data block will expedite the payment process.
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

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

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

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

*Address, if delivered by other delivery service:*

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

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
<b>(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)</b>		
(a) Name of College	(b) Claimed Amount	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	

<p><b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b></p>	<p><b>FORM HFE-1.0</b></p>
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(01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.

(02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

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

(03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.

(04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.1</b>
--	-------------------------

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

(03) Name of College

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

LESS       SAME       MORE

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

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

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester							
2. Per spring semester							
3. Per summer session							
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) + .....(8.6g)]
(10) Sub-total	[Line (07) - line (09)]

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	
(12) Less: Other Reimbursements, if applicable	
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))]

<b>HEALTH FEE ELIMINATION CLAIM SUMMARY</b> Instructions	<b>FORM HFE-1.1</b>
---	-------------------------

- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
 Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.

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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>	<b>FORM</b> <b>HFE-2</b>
--	-----------------------------

(01) Claimant:	(02) Fiscal Year costs were incurred:
----------------	---------------------------------------

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.	(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes  First Aid, Major Emergencies  First Aid, Minor Emergencies  First Aid Kits, Filled  Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information  Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration  Laboratory Tests Done Inquiry/Interpretation Pap Smears  Physical Examinations Employees Students Athletes  Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list  Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:	(02) Fiscal Year costs were incurred:		
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b> Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
<b>Tests</b> Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list			
<b>Miscellaneous</b> Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
<b>Committees</b> Safety Environmental Disaster Planning			

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**TAB 5**



# Office of Management and Budget

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

### **CIRCULAR NO. A-21** **Revised**

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Cost Principles for Educational Institutions

1. *Purpose.* This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles deal with the subject of cost determination, and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. Agencies are not expected to place additional restrictions on individual items of cost. Provision for profit or other increment above cost is outside the scope of this Circular.
2. *Supersession.* The Circular supersedes Federal Management Circular 73 8, dated December 19, 1973. FMC 73 8 is revised and reissued under its original designation of OMB Circular No. A 21.
3. *Applicability.*
  - a. All Federal agencies that sponsor research and development, training, and other work at educational institutions shall apply the provisions of this Circular in determining the costs incurred for such work. The principles shall also be used as a guide in the pricing of fixed price or lump sum agreements.
  - b. In addition, Federally Funded Research and Development Centers associated with educational institutions shall be required to comply with the Cost Accounting Standards, rules and regulations issued by the Cost Accounting Standards Board, and set forth in 48 CFR part 99; provided that they are subject thereto under defense related contracts.
4. *Responsibilities.* The successful application of cost accounting principles requires development of mutual understanding between representatives of educational institutions and of the Federal Government as to their scope, implementation, and interpretation.
5. *Attachment.* The principles and related policy guides are set forth in the Attachment, "Principles for determining costs applicable to grants, contracts, and other agreements with educational institutions."

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

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

Attachment

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

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2. Policy guides
3. Application
4. Inquiries

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2. Sponsored agreement
3. Allocation
4. Facilities and administrative (F&A) costs

C. Basic considerations

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2. Factors affecting allowability of costs
3. Reasonable costs
4. Allocable costs
5. Applicable credits
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8. Collection of unallowable costs
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11. Consistency in allocating costs incurred for the same purpose
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1. General
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I. ReservedJ. General provisions for selected items of cost

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2. Advisory councils
3. Alcoholic beverages
4. Alumni/ae activities

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

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

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

H. Simplified method for small institutions.

1. General.

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

2. Simplified procedure Salaries and wages base.

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

scholarships).

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

(3) Library.

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

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

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

3. Simplified procedure Modified total direct cost base.

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

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

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

(3) Library.

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

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

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

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

J. General provisions for selected items of cost.

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

1. *Advertising and public relations costs.*

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

**TAB 6**

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

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

Executive Summary

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

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

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

Claimant

Rio Hondo Community College District

Requesting Party

California Community Colleges Chancellor's Office

### Chronology

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

### Summary of Mandate

Chapter 1/84, 2nd E.S., effective July 1, 1984, repealed Education Code (EC) Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required that any community college district which provided health services for which it was authorized to charge a fee shall maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter.

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

### Proposed Amendments

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

### Recommendations

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

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

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

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

### Staff Analysis

#### Issue 1: Eligible Claimants

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

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

#### Issue 2: Reimbursement Alternatives

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

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

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

Issue 3: Offsetting Savings and Other Reimbursements

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

"72246.(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than seven dollars and fifty cents (\$7.50) for each semester, and five dollars (\$5) for summer school, or five dollars (\$5) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, authorized by Section 72244, or both."

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

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

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

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

Issue 4: Editorial Changes

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

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

Staff Recommendation

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

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

I. SUMMARY OF MANDATE

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

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

II. COMMISSION ON STATE MANDATES' DECISION

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

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

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services for/fees in 1987-88 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSEMENTABLE COSTS

##### A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program ~~with the authority of the community college~~. Only services provided ~~for the~~ in 1983-84 ~~1986-87~~ fiscal year may be claimed.

##### B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year ~~1983-84~~ 1986-87:

##### ACCIDENT REPORTS

##### APPOINTMENTS

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

ASSESSMENT, INTERVENTION & COUNSELING

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

EXAMINATIONS (Minor Illnesses)  
Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

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

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

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

INSURANCE

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

LABORATORY TESTS DONE  
Inquiry/Interpretation  
Pap Smears

PHYSICALS  
Employees  
Students  
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)  
Antacids  
Antidiarrhial  
Antihistamines  
Aspirin, Tylenol, etc.  
Skin rash preparations  
Misc.  
Eye drops  
Ear drops  
Toothache - Oil cloves  
Stingkill  
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS  
Tokens  
Return card/key  
Parking inquiry  
Elevator passes  
Temporary handicapped parking permits

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

TESTS  
Blood Pressure  
Hearing  
Tuberculosis  
Reading  
Information  
Vision  
Glucometer  
Urinalysis  
Hemoglobin  
E.K.G.  
Strep A testing  
P.G. testing  
Monospot  
Hemacult  
Misc.

MISCELLANEOUS

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

COMMITTEES

Safety  
Environmental  
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety  
Stress Management  
Communication Skills  
Weight Loss  
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate. // Eligible / Claims / may / claim / costs / under / one / of / two / alternatives // 1) / Fee / amount / previously / collected / per / student / and / enrollment / count // 2) / actual / costs / of / program /

A. Description of Activity

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

B. *Claiming/Activities*

Claimed costs should be supported by the following information:

*Activity 1 // Fees/Provided/Collected in 1983-84 Fiscal Year/*

*1/ Fees/Collected in the 1983-84 Fiscal Year to support the health services program/*

*2/ Total number of students under item 11/11 through 4/ above // Listing this activity in the total amount claimed would be item 11/B/Y // multiplied by item 11/B/2 // which the total amount reimbursed/charged by the applicable/contract/price/defray/*

*Activity 2 // Actual Costs of Claim Year for Providing 1983-84 Fiscal Year Program Level of Service.*

1. Employee Salaries and Benefits

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

2. Services and Supplies

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

3. Allowable Overhead Cost

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

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 19876-877 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

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

and

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

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

## CALIFORNIA COMMUNITY COLLEGES

NINTH STREET  
SACRAMENTO, CALIFORNIA 95814  
(916) 445-8732 445-1163



February 22, 1989



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

Dear Mr. Eich:

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

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

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

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

Mr. Eich

2

February 22, 1989

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

Sincerely,

*David Mertes*

DAVID MERDES  
Chancellor

DM:PR:mh

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

State of California

**Memorandum**

March 22, 1989

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

From : Department of Finance

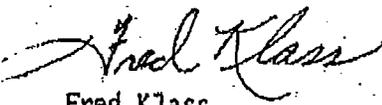
Proposed Amendments to Parameters and Guidelines for Claim No. CSM-4206 -- Chapter 1, Statutes of 1984, 2nd E.S. and Chapter 1118, Statutes of 1987 -- Health Fee Elimination

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

- (1) requires districts which were providing health services in 1986-87, rather than 1983-84, to continue to provide such services, irrespective of whether or not a fee was charged for the services; and
- (2) allows all districts to again charge a fee of up to \$7.50 per student for the services. In this regard, we would point out that the proposed amendment to "VIII. Offsetting Savings, and Other Reimbursements" could be interpreted to require that, if a district elected not to charge fees it would not have to deduct anything from its claim. We believe that, pursuant to Section 17556 (d) of the Government Code, an amount equal to \$7.50 per student must be deducted whether or not it is actually charged since the district has the authority to levy the fee. We suggest that the following language be added as a second paragraph under "VIII": "If a claimant does not levy the fee authorized by Education Code Section 72246 (a), it shall deduct an amount equal to what it would have received had the fee been levied."

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

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

  
Fred Klass  
Assistant Program Budget Manager

cc: see second page

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

LR:1988-2

GOVERNOR'S OFFICE

GEORGE DEUKMEJIAN, Governor

## CALIFORNIA COMMUNITY COLLEGES

1001 NINTH STREET

SACRAMENTO, CALIFORNIA 95814  
TELEPHONE 445-8752 445-1163

April 3, 1989

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

Attention: Ms. Deborah Fraga-Decker

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

Dear Mr. Eich:

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

The Department of Finance has also provided us a copy of their suggestion to add the following language in part VIII: "If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied." This office concurs with their suggestion which is consistent with the law and with our request of February 22.

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

Sincerely,

DAVID MERTES  
Chancellor

DM:PR:mh

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



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

April 3, 1989



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

Dear Ms. Fraga-Decker:

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

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

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

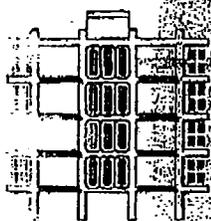
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

Glenn Haas, Assistant Chief  
Division of Accounting

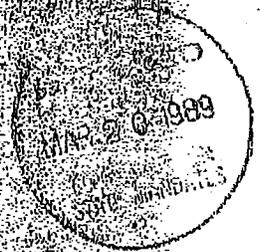
GH/GB:dvl

SC81822



HR/BO

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



March 16, 1989

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

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

Dear Deborah:

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

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

Yours very truly,

Timothy M. Wood  
Vice President  
Administrative Affairs

TMW:hh

**TAB 7**

MINUTES

COMMISSION ON STATE MANDATES

May 25, 1989

10:00 a.m.

State Capitol, Room 437  
Sacramento, California

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

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

Item 1 Minutes

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

The minutes were adopted without objection.

Consent Calendar

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

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

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

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

The following items were continued:

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

The next item to be heard by the Commission was:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There were no other appearances and no further discussion.

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

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

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

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

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

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

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

Chairperson Gould recused himself from the hearing on this item.

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

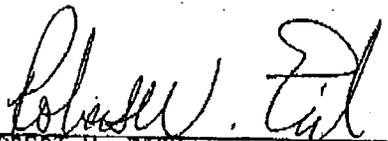
Mr. Parker stated that Commission staff had misstated the events that resulted in the claimant having to pay attorneys' fees to a pupil's guardians, and because of case law, courts do not have any discretion in awarding attorney's fees. Mr. Parker stated that because state legislation has codified the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

Minutes  
Hearing of May 25, 1989  
Page 6

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

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

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



ROBERT W. EICH  
Executive Director

RWE:GLH:cm:0224g

**TAB 8**



2005  
11  
OK 12/5/05

STEVE WESTLY  
California State Controller

December 9, 2004

Dr. Thomas M. Fallo  
President / Superintendent  
El Camino Community College District  
16007 Crenshaw Blvd  
Torrance, CA 90506

Dear Dr. Fallo:

This letter confirms that State Controller's Office has scheduled an audit of El Camino Community College District's legislatively mandated Health Fee Elimination Program cost claims filed for fiscal year (FY) 2000-01, FY 2001-02, and FY 2002-03. *Government Code* Section 17558.5 provides the authority for this audit.

In a telephone conversation on Thursday, December 2, 2004, Janny Chan, SCO Auditor-in-Charge, asked to begin the audit this month. However, due to the unavailability of appropriate district personnel, Pamela Fees, Business Manager, requested that the audit commence on January 5, 2005, at 10:30 a.m. The entrance conference will be held at El Camino Community College District, 16007 Crenshaw, Torrance, California 90506.

Please furnish working accommodations for and provide the necessary records (see the Attachment) to the audit staff.

If you have any questions, please call me at (310) 342-5639.

Sincerely,

A handwritten signature in cursive script, appearing to read "Art Luna".

ART LUNA  
Audit Manager  
Compliance Audits Bureau  
Division of Audits

AL:th

Attachment

*Get 4/5/00*

cc: Pamela Fees, Business Manager  
El Camino Community District  
Jim L. Spano, Chief  
Compliance Audits Bureau  
Division of Audits  
State Controller's Office  
Ginny Brummels, Manager  
Division of Accounting and Reporting  
State Controller's Office  
Janny Chan  
Auditor-in-Charge  
Division of Audits  
State Controller's Office

**EL Camino Community College District  
Records Request for Mandated Cost Program  
FY 2000-01, FY 2001-02, and FY 2002-03**

---

1. Copy of claims filed for the mandated cost program
2. Copy of external and internal audit reports performed on the mandated cost program
3. Organization charts for the district effective during the audit period, showing employee names and position titles
4. Organization charts for the division or units handling the mandated cost program effective during the audit period, showing employee names and position titles
5. Chart of accounts
6. Documentation that supports the indirect cost rates
7. Employee time sheets or time logs
8. Access to payroll records showing employee salaries and benefits paid during the audit period
9. Access to general ledger accounts that support disbursements
10. Documentation that supports amounts received from other funding sources
11. Copies of invoices and other documents necessary to support costs claimed

**TAB 9**

EL CAMINO COMMUNITY COLLEGE DISTRICT  
Health Fee Elimination Program  
Review of Student Count/Health Fees  
July 1, 2000 through June 30, 2003  
C05-MCC-0005

*[Handwritten signature]*  
4/6/05

---

**PURPOSE**

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

**SOURCE**

1. Health Fee Elimination claims for FY 2000/01, FY 2001/02 and FY 2002/03. *2/1/05*
2. Student enrollment - Fall 00 (dated 2/25/05), Spring 01 (2/28/05), Fall 01 (2/24/05), Spring 02 (2/24/05), Fall 02 (3/1/05), Spring 03 (1/19/05). *2/1/05*
3. Student count - BOGG detail reports *2/1/05*
4. Marie Stokes - Accounting technician of Fiscal Services

**SCOPE**

1. Summarized the health fee reported in the claim, by semester
2. Summarized the actual student count, by semester
3. Traced the student count to the detailed run
4. Summarized the actual BOGG waiver, by semester
5. Traced the BOGG waiver to the BOGG detail report
6. Computed the audited student count (actual less fee waiver).
7. Multiplied the standard health fee@student.
8. Compared the audited health fee that should have collected, with the district's reported fee in the claim. *3/1/05*

EL CAMINO COMMUNITY COLLEGE DISTRICT  
Health Fee Elimination Program  
Review of Student Count/Health Fees  
July 1, 2000 through June 30, 2003  
C05-MCC-0005

*[Handwritten signature]*

Audit review:

Based on the following documents, we computed the student health fees that could have been collected-

1. Student enrollment report provided by Marie for each semester - FY 2000/01, FY 2001/02 and FY 2002/03. We requested a detailed run for Spring 03 (by student's name and number) and noted no variance. Due to the volume of the pages, we only copied the front and last pages of the other semesters.
2. BOGG detail reports for each semester - FY 2000/01, FY 2001/02, and FY 2002/03. We requested a detailed run for Spring 03 (by student's name and number) and noted no variance. Due to the volume of the pages, we only copied the front and last pages of the other semesters.

*Education Code Section 76355* <sup>(2)</sup> states that health fees are authorized for all students except those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need.



Transmittal Memo 7672

Company: Janny Chan  
State Controller's Office

Location: (310)342-5670 Telephone #

Comments: Janny, Here are the last BOGG documents you requested. I should have the info from Debbie by tomorrow.

No. of Pages: 10 Today's Date: 3/19/05 Time: 3:36

From: Marie Stokes

Company: El Camino College Dept. Charge

Location: Fax #: Telephone #

Original Disposition:  Destroy  Return  Call for pickup

3/8/2005

Page 20 of 21

El Camino Community College District  
SPRING 2001 BOGG Detail Report  
BOGG A STUDENTS -- PART-TIME

SBOGA	[REDACTED]	0402286	2001/SP	2
SBOGA	[REDACTED]	0402365	2001/SP	6
SBOGA	[REDACTED]	0402581	2001/SP	11
SBOGA	[REDACTED]	0402603	2001/SP	6
SBOGA	[REDACTED]	0402725	2001/SP	5
SBOGA	[REDACTED]	0402775	2001/SP	11
SBOGA	[REDACTED]	0402799	2001/SP	3
SBOGA	[REDACTED]	0403034	2001/SP	3
SBOGA	[REDACTED]	0403206	2001/SP	7
SBOGA	[REDACTED]	0403484	2001/SP	9
SBOGA	[REDACTED]	0403552	2001/SP	6
SBOGA	[REDACTED]	0403906	2001/SP	10
SBOGA	[REDACTED]	0403929	2001/SP	3
SBOGA	[REDACTED]	0403969	2001/SP	11
SBOGA	[REDACTED]	0404239	2001/SP	3
SBOGA	[REDACTED]	0404337	2001/SP	4
SBOGA	[REDACTED]	0404380	2001/SP	2
SBOGA	[REDACTED]	0404412	2001/SP	5
SBOGA	[REDACTED]	0404478	2001/SP	1
SBOGA	[REDACTED]	0404624	2001/SP	7
SBOGA	[REDACTED]	0404765	2001/SP	3
SBOGA	[REDACTED]	0404788	2001/SP	10
SBOGA	[REDACTED]	0404841	2001/SP	3

El Camino Community College Distric  
*Student Enrollment Fall 2000 - FULL-TIME*

Last	First	SSN	Status	DOB	Address	City	ZIP
Abarientos	Jemuel		F				
Abbott	Dominic		F				
Abe	Katsutaro		F				
Abeita	Andrew		F				
Abelin	Simone		F				
Abou-Halak	David		F				
Abraha	Yared		F				
Abrahamian	Anthony		F				
Abrahamian	Samuel		F				
Abram	Brandon		F				
Abrego	Amanda		F				
Abuana	Teodorico		F				
Acevedo	Caro		F				
Acosta	Michelle		F				
Acosta	Denise		F				
Acosta	Marcos		F				
Acosta	Christina		F				
Adam	Neri		F				
Adamick	Lynn		F				
Adams	Brian		F				
Adams	John		F				



CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE

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



March 5, 2001

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

From: Thomas J. Nussbaum  
Chancellor

Subject: Student Health Fee Increase

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

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

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

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

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

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

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

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

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

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

**DISTRICT'S**  
**INCORRECT REDUCTION CLAIM**  
**FILED WITH THE**  
**COMMISSION ON STATE MANDATES**  
**ON March 27, 2006**

**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

Rec'd  
4/11/06  
/



April 3, 2006

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

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

Re: **Incorrect Reduction Claim**  
*Health Fee Elimination*, 05-4206-I-11  
El Camino Community College District, Claimant  
Education Code Section 76355  
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118  
Fiscal Years 2000-2001, 2001-2002, and 2002-2003

Dear Mr. Petersen and Ms. Brummels:

On March 27, 2006, the El Camino Community College District filed an incorrect reduction claim (IRC) with the Commission on State Mandates (Commission) based on the *Health Fee Elimination* program for fiscal years 2000-2001, 2001-2002, and 2002-2003. Commission staff determined that the IRC filing is complete.

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

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

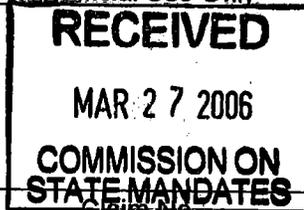
The failure of the SCO to respond within this 90-day timeline shall not cause the Commission to delay consideration of this IRC.

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

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

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

For Official Use Only



**INCORRECT REDUCTION CLAIM FORM**

Local Agency or School District Submitting Claim

**EL CAMINO COMMUNITY COLLEGE DISTRICT**

Contact Person

Telephone Number

Keith B. Petersen, President  
SixTen and Associates  
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San Diego, CA 92117

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Address

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El Camino Community College District  
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Representative Organization to be Notified

Telephone Number

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

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

**CLAIM IDENTIFICATION: Specify Statute or Executive Order**

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

<u>Fiscal Year</u>	<u>Amount of the Incorrect Reduction</u>
2000-2001	\$ 97,894
2001-2002	\$167,511
2002-2003	\$134,486
Total Amount	\$399,891

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

Name and Title of Authorized Representative

Telephone No.

Pamela Fees, Business Manager

Voice: 310-660-3110  
Fax: 310-660-3798  
E-Mail: PFees@elcamino.edu

Signature of Authorized Representative

Date

*Pamela Fees*

March 21, 2006

1 Claim Prepared by:  
2 Keith B. Petersen  
3 SixTen and Associates  
4 5252 Balboa Avenue, Suite 807  
5 San Diego, California 92117  
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8 BEFORE THE  
9 COMMISSION ON STATE MANDATES  
10 STATE OF CALIFORNIA

11  
12 INCORRECT REDUCTION CLAIM OF: )

13 ) No. CSM \_\_\_\_\_

14 )  
15 ) Chapter 1, Statutes of 1984, 2nd E.S.  
16 ) Chapter 1118, Statutes of 1987

17 EL CAMINO )  
18 Community College District, )

19 ) Education Code Section 76355

20 ) Health Fee Elimination

21 ) Claimant. )

22 ) Annual Reimbursement Claims:

23 )  
24 ) Fiscal Year 2000-01

25 ) Fiscal Year 2001-02

26 ) Fiscal Year 2002-03

27 )  
28 \_\_\_\_\_) INCORRECT REDUCTION CLAIM FILING

29 PART I. AUTHORITY FOR THE CLAIM

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

Incorrect Reduction Claim of El Camino Community College District  
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1 "District") is a school district as defined in Government Code Section 17519. Title 2,  
2 CCR, Section 1185 (a), requires the claimant to file an incorrect reduction claim with  
3 the Commission.

4 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),  
5 requires incorrect reduction claims to be filed no later than three years following the  
6 date of the Controller's remittance advice notifying the claimant of a reduction. A  
7 Controller's audit report dated October 5, 2005, has been issued. The audit report  
8 constitutes a demand for repayment and adjudication of the claims. On October 27,  
9 2005, the Controller issued "results of review letters" reporting the audit results for the  
10 FY 2000-01 and FY 2001-02 claims, and demanding payment of amounts due to the  
state.

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

19 PART II. SUMMARY OF THE CLAIM

20 The Controller conducted a field audit of the District's annual reimbursement  
21 claims for the costs of complying with the legislatively mandated Health Fee Elimination

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

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1 program for the period of July 1, 2000 through June 30, 2003. As a result of the audit,  
2 the Controller determined that \$399,891 of the claimed costs are unallowable:

3	Fiscal	Amount	Audit	SCO	Amount Due
4	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u>&lt;State&gt; District</u>
5	2000-01	\$137,923	\$ 97,894	\$54,835	<\$14,806>
6	2001-02	\$167,511	\$167,511	\$34,266	<\$34,266>
7	2002-03	<u>\$174,277</u>	<u>\$134,486</u>	<u>\$ 0</u>	<u>\$39,791</u>
8	Totals	\$479,711	\$399,891	\$89,101	<\$ 9,281>

9 Since the District has been paid \$89,101 for these claims, the audit report concludes  
10 that a remaining amount of \$9,281 is payable to the state.

11 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

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

16 PART IV. BASIS FOR REIMBURSEMENT

17 1. Mandate Legislation

18 Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, repealed Education  
19 Code Section 72246 which had authorized community college districts to charge a  
20 student health services fee for the purpose of providing student health supervision and  
21 services, direct and indirect medical and hospitalization services, and operation of

Incorrect Reduction Claim of El Camino Community College District  
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1 student health centers. This statute also required the scope of student health services  
2 for which a community college district charged a fee during the 1983-84 fiscal year be  
3 maintained at that level thereafter. The provisions of this statute were to automatically  
4 repeal on December 31, 1987.

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

8 Chapter 8, Statutes of 1993, Section 29, repealed Education Code Section  
9 72246, effective April 15, 1993. Chapter 8, Statutes of 1993, Section 34, added  
10 Education Code Section 76355<sup>1</sup>, containing substantially the same provisions as former

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

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

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

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

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

Incorrect Reduction Claim of El Camino Community College District  
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1 Section 72246, effective April 15, 1993.

2 2. Test Claim

3 In December 1985, Rio Hondo Community College District filed a test claim

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to subdivision (a):

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

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

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

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

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

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

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

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

Incorrect Reduction Claim of El Camino Community College District  
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1 alleging that Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, by eliminating the  
2 authority to levy a fee and by requiring a maintenance of effort, mandated increased  
3 costs by mandating a new program or the higher level of service of an existing program  
4 within the meaning of California Constitution Article XIII B, Section 6.

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

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

16 3. Parameters and Guidelines

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

1 "V. REIMBURSABLE COSTS

2 A. Scope of Mandate

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

6 VI. CLAIM PREPARATION

7 B... 3. Allowable Overhead Cost

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

11 VII. SUPPORTING DATA

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

15 VIII OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

27 4. Claiming Instructions

28 The Controller has frequently revised claiming instructions for the Health Fee  
29 Elimination mandate. A copy of the September 1997 revision of the claiming

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

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1 instructions is attached as Exhibit "C." The September 1997 claiming instructions are  
2 believed to be, for the purposes and scope of this incorrect reduction claim,  
3 substantially similar to the version extant at the time the claims which are the subject of  
4 this Incorrect reduction claim were filed. However, since the Controller's claim forms  
5 and instructions have not been adopted as regulations, they have no force of law, and,  
6 therefore, have no effect on the outcome of this incorrect reduction claim.

7 **PART V. STATE CONTROLLER CLAIM ADJUDICATION**

8 The Controller conducted an audit of the District's annual reimbursement claims  
9 for fiscal years 2000-01, 2001-02, and 2002-03. The audit concluded that only 17% of  
10 the District's costs, as claimed, are allowable. A copy of the October 5, 2005-audit  
11 report and is attached as Exhibit "D."

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

13 By letter dated July 13, 2005, the Controller transmitted a copy of its draft audit  
14 report. By letter dated July 26, 2005, the District objected to the proposed adjustments  
15 set forth in the draft audit report. A copy of the District's letter of July 26, 2005 is  
16 attached as Exhibit "E." The Controller then issued its final audit report without change  
17 to the adjustments as stated in the draft audit report.

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

19 **Finding 1 - Overstated salary, benefits, and indirect costs**

20 The District is not disputing this adjustment.

1 **Finding 2 - Overstated indirect cost rates**

2 The Controller asserts that the District overstated its indirect cost rates and  
3 costs in the amount of \$188,652 for the three fiscal years. This finding is based upon  
4 the Controller's statement that "the district did not obtain federal approval for its IRCPs.  
5 We calculated indirect cost rates using the methodology allowed by the SCO claiming  
6 instructions." Contrary to the Controller's ministerial preferences, there is no  
7 requirement in law that the claimant's indirect cost rate must be "federally" approved,  
8 and the Commission has never specified the federal agencies which have the authority  
9 to approve indirect cost rates. Further, it should be noted that the Controller did not  
10 determine that the District's rate was excessive or unreasonable.

11 CCFS-311

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

1 method used.

2 Regulatory Requirements

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

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

16 Unreasonable or Excessive

17 Government Code Section 17561(d)(2) requires the Controller to pay claims,  
18 provided that the Controller may audit the records of any school district to verify the  
19 actual amount of the mandated costs, and may reduce any claim that the Controller  
20 determines is excessive or unreasonable. The Controller is authorized to reduce a  
21 claim only if it determines the claim to be excessive or unreasonable. Here, the District

Incorrect Reduction Claim of El Camino Community College District  
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1 has computed its indirect cost rate utilizing cost accounting principles from the Office of  
2 Management and Budget Circular A-21, and the Controller has disallowed it without a  
3 determination of whether the product of the District's calculation would, or would not, be  
4 excessive, unreasonable, or inconsistent with cost accounting principles.

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

14 **Finding 3: Understated authorized health revenues claimed**

15 The adjustments for the student health services revenue are based on two  
16 reasons. The Controller adjusted the reported enrollment and reported number of  
17 students subject to payment of the health services fee. The Controller then calculated  
18 the student fees collectible based on the highest student health service fee chargeable,  
19 rather than the fee actually charged the student, resulting in a total adjustment of  
20 \$195,333 for the three fiscal years.

1 Education Code Section 76355

2 Education Code Section 76355, subdivision (a), in relevant part, provides: "The  
3 governing board of a district maintaining a community college *may require* community  
4 college students to pay a fee . . . for health supervision and services . . ." There is no  
5 requirement that community colleges levy these fees. The permissive nature of the  
6 provision is further illustrated in subdivision (b) which states "*If, pursuant to this*  
7 *Section, a fee is required, the governing board of the district shall decide the amount of*  
8 *the fee, if any, that a part-time student is required to pay. The governing board may*  
9 *decide whether the fee shall be mandatory or optional.*"

10 Parameters and Guidelines

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

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

19 In order for a district to "experience" these "offsetting savings" a district must actually  
20 have collected these fees. Student health services fees actually collected must be  
21 used to offset costs, but not student fees that could have been collected and were not.

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

Incorrect Reduction Claim of El Camino Community College District  
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1 The use of the term "any offsetting savings" further illustrates the permissive nature of  
2 the fees.

3 Government Code Section 17514

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

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

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

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

23 /

Incorrect Reduction Claim of El Camino Community College District  
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1 Government Code Section 17556

2 The Controller relies upon Government Code Section 17556 for the conclusion  
3 that the "COSM shall not find costs mandated by the State if the district has the  
4 authority to levy fees to pay for the mandated program or increased level of services."

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

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

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

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

19 Student Health Services Fee Amount

20 The Controller asserts that the district should have collected a student health  
21 service fee each semester from non-exempt students in the amount of \$11 for FY 2000-  
22 01 and \$12 for FY 2001-02 and FY 2002-03. Districts receive notice of these fee  
23 amounts from the Chancellor of the California Community Colleges. An example of one

Incorrect Reduction Claim of El Camino Community College District  
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1 such notice is the letter dated March 5, 2001, attached as Exhibit "F." While Education  
2 Code Section 76355 provides for an increase in the student health service fee, it did  
3 not grant the Chancellor the authority to establish mandatory fee amounts or mandatory  
4 fee increases. No state agency was granted that authority by the Education Code, and  
5 no state agency has exercised its rulemaking authority to establish mandatory fees  
6 amounts. It should be noted that the Chancellor's letter properly states that increasing  
7 the amount of the fee is at the option of the district, and that the Chancellor is not  
8 asserting that authority. Therefore, the state cannot rely upon the Chancellor's notice  
9 as a basis to adjust the claim for "collectible" student health services fees.

10 Fees Collected vs. Fees Collectible

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

18 Because districts are not required to collect a fee from students for student  
19 health services, and if such a fee is collected, the amount is to be determined by the  
20 district and not the Controller, the Controller's adjustment is without legal basis. What  
21 claimants are required by the parameters and guidelines to do is to reduce the amount

Incorrect Reduction Claim of El Camino Community College District  
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1 of their claimed costs by the amount of student health services fee revenue actually  
2 received. Therefore, student health fees are merely collectible, they are not  
3 mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

4 Enrollment and Exempted Student Statistics

5 It is our understanding that the Controller adjusted the reported total student  
6 enrollment and reported number of exempt students based on data requested during  
7 the audit from the office of the Chancellor of the Community Colleges, although the  
8 audit report states otherwise. The information obtained from the Chancellor's office is  
9 based on information originally provided to the Chancellor by the District in the normal  
10 course of business. The Controller has not provided any factual basis why the  
11 Chancellor's data, subject to review and revision after the fact for several years, is  
12 preferable to the data reported by the District which was available at the time the claims  
13 were prepared.

14 Other than stating that the District "did not use the actual number of student  
15 counts and BOGG waiver counts," the audit report does not state the source of the data  
16 used by the auditor. That is to say, the Controller does not indicate how and why its  
17 determination of "actual" student counts is any more "actual" than the amount reported  
18 on the claims.

19 **Finding 4- Understated offsetting revenue**

20 The District is not disputing this adjustment.

Incorrect Reduction Claim of El Camino Community College District  
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1 **Amounts Paid By The State**

2 This issue was not an audit finding. The payment received from the state is an  
3 integral part of the reimbursement calculation. The Controller changed the FY 2001-02  
4 claim payment amount received from the state without a finding in the audit report, then  
5 changed it again in the October 27, 2005 demand for payment.

6 <u>Amount Paid by the State</u>	7 Fiscal Year of Claim		
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
8 As Claimed	\$54,835	\$35,266	\$ 0
9 As Audited	\$54,835	\$34,266	\$ 0
10 October 27, 2005 demand for payment	\$54,835	\$35,266	n/a

11 The propriety of these adjustments cannot be determined until the Controller states the  
12 reason for the change.

13 **Statute of Limitations for Audit**

14 This issue is not a finding of the Controller. The District asserts that the FY  
15 2000-01 and FY 2001-02 claims are beyond the statute of limitations for audit when  
16 the Controller issued its audit report on October 5, 2005. The District raised this issue  
17 at the beginning of the audit and in its letter dated July 26, 2005 in response to the  
18 draft audit report.

19 Chronology of Claim Action Dates

20 January 14, 2002	FY 2000-01 claim filed by the District (certified mail)
21 December 30, 2002	FY 2001-02 claim filed by the District (certified mail)

Incorrect Reduction Claim of El Camino Community College District  
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- 1 December 31, 2004 FY 2000-01 statute of limitations for audit expires
- 2 December 31, 2004 FY 2001-02 statute of limitations for audit expires
- 3 October 5, 2005 Controller's final audit report issued

4 The District's FY 2000-01 claim was mailed to the Controller on January 14,  
5 2002. The District's FY 2001-02 claim was mailed to the Controller on December 30,  
6 2002. The audit report is dated October 5, 2005. Pursuant to Government Code  
7 Section 17558.5, these claims were subject to audit no later than December 31, 2004.  
8 The audit was not completed by this date. Therefore, the audit adjustments for FY  
9 2000-01 and FY 2001-02 are barred by the statute of limitations.

10 In the audit report, the Controller responded as follows:

12 "On December 2, 2004, we made phone contact with the district' business  
13 manager and sent a follow-up letter dated December 9, 2004, wherein we  
14 agreed to delay the start of the audit until January 5, 2005. In both the phone  
15 call and the letter, we clearly stated that the audit would include the claims filed  
16 in the 2002 calendar year. This audit was initiated prior to the statutory deadline  
of December 2004 in which to commence an audit."

17 Thus, the Controller is asserting that date when the audit was "initiated" is relevant to  
18 the period of limitations, and not the date of the audit report. The comment regarding  
19 which claims would be included in the audit is not responsive to the issue of the statute  
20 of limitations. In any case, a review of the legislative history of Government Code  
21 Section 17558.5 indicates that the matter of the audit "initiation" date is not relevant to  
22 the FY 2000-01 and FY 2001-02 fiscal year claims.

23 /

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

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1 Statutory History

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

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

13 Thus, there are two standards. A funded claim is "subject to audit" for four years after  
14 the end of the calendar year in which the claim was filed. An "unfunded" claim must  
15 have its audit "initiated" within four years of first payment.

16 Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and  
17 replaced Section 17558.5, changing only the period of limitations:

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

24 The FY 2000-01 and FY 2001-02 annual claims are subject to the two-year statute of  
25 limitations established by Chapter 945, Statutes of 1995. Since funds were  
26 appropriated for the program for all the fiscal years which are the subject of the audit,

Incorrect Reduction Claim of El Camino Community College District  
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1 the alternative measurement date is not applicable, and the potential factual issue of  
2 when the audit is initiated is not relevant. The FY 2000-01 and FY 2001-02 claims  
3 were no longer subject to audit when the audit report was issued.

4 Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003  
5 amended Section 17558.5 to state:

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

14 The FY 2002-03 claim is subject to this statute, since the claim was filed in January  
15 2004. However, the District does not allege a statute of limitations problem for the FY  
16 2002-03 claim. The amendment is pertinent since it indicates this is the first time that  
17 the factual issue of the date the audit is “initiated” for mandate programs for which  
18 funds are appropriated is introduced. This also means, at the time the claim is filed, it  
19 is impossible for the claimant to know when the statute of limitations will expire, which  
20 is contrary to the purpose of a statute of limitations.

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

23 “(a) A reimbursement claim for actual costs filed by a local agency or school  
24 district pursuant to this chapter is subject to the initiation of an audit by the  
25 Controller no later than three years after the date that the actual reimbursement  
26 claim is filed or last amended, whichever is later. However, if no funds are

Incorrect Reduction Claim of El Camino Community College District  
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1 appropriated or no payment is made to a claimant for the program for the fiscal  
2 year for which the claim is filed, the time for the Controller to initiate an audit  
3 shall commence to run from the date of initial payment of the claim. In any case,  
4 an audit shall be completed not later than two years after the date that the audit  
5 is commenced."

6 None of the fiscal period claims which are the subject of the audit are subject to  
7 this amended version of Section 17558.5. The amendment is pertinent since it  
8 indicates this is the first time that the Controller audits may be completed at a time  
9 other than the stated period of limitations.

10 Initiation of An Audit

11 The audit report states that the Controller's staff telephone contact with the  
12 District on December 2, 2004 "initiated" the audit. First, the initiation date of the audit  
13 is not relevant to the FY 2000-01 and FY 2001-02 claims. The words "initiate an audit"  
14 are used only in the second sentence of Section 17558.5, that is, in a situation when no  
15 funds are appropriated for the program for the fiscal year for which the claim is made.  
16 Then, and only then, is the Controller authorized to "initiate an audit" within two years  
17 from the date of initial payment. The two claim years at issue here are not subject to  
18 the "no funds appropriated" provision, they are subject only to the first sentence of the  
19 statute, i.e., they were only "subject to audit" through December 2004.

20 The unmistakable language of Section 17558.5 is confirmed by the later actions  
21 of the Legislature. Chapter 1128, Statutes of 2002, amended subdivision (a) of  
22 Government Code Section 17558.5 to change the "subject to audit" language of the first  
23 sentence to "subject to the initiation of an audit." Had the Legislature intended the

Incorrect Reduction Claim of El Camino Community College District  
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1 former Section to mean "subject to the initiation of an audit," there would have been no  
2 need to amend the statute to now say "subject to the initiation of an audit." Even if the  
3 Controller had "initiated" the audit on the date of the first phone call, it could not have  
4 completed its months of field work, exit conference, office review, draft audit report, and  
5 issued a final audit report on or before December 31, 2004.

6 The Controller's apparent measurement date for "initiation" of an audit is actually  
7 the date of the entrance conference, not the date of the phone contact. However, for  
8 this audit, and two audits issued in 2004 for Los Rios Community College District<sup>3</sup>, the  
9 Controller asserts the telephone contact as the initiation date for the audit. In other  
10 mandate audit reports issued both after the Los Rios audits and after this audit report,  
the Controller states that the entrance conference date initiates the audit.<sup>4</sup> Further, in

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<sup>3</sup> The two Controller's audits which were released before the El Camino audit which assert that the telephone contact is the action which "initiates" the audit are:

- Los Rios Community College District, Health Fee Elimination, issued June 24, 2004.
- Los Rios Community College District, Mandate Reimbursement Process, issued June 24, 2004.

<sup>4</sup> The following Controller's audit reports were issued after the Los Rios audit reports and before the El Camino audit report and specifically state that the entrance date is the initiation date for the audit:

- Newport-Mesa Unified School District, School District of Choice, issued August 31, 2004.
- State Center Community College District, Health Fee Elimination, issued September 17, 2004.
- Clovis Unified School District, Graduation Requirements, issued October 22, 2004.

Incorrect Reduction Claim of El Camino Community College District  
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1 the matter of the Health Fee Elimination audit of North Orange Community College  
2 District, the draft audit report dated May 6, 2005, included the three fiscal years audited  
3 by the Controller: FY 2000-01, FY 2001-02, and FY 2002-03. In its response letter  
4 dated June 15, 2005, North Orange County asserted that the statute of limitations for  
5 the audit of the FY 2000-01 claim expired December 31, 2003, pursuant to Government  
6 Code Section 17558.5, because the audit report was issued after that date. In the final  
7 audit report dated July 22, 2005, the Controller agreed that FY 2000-01 was barred  
8 from audit, but for another reason, the stated reason being that the "FY 2000-01 claim  
9 was not subject to audit due to the expiration of the statute of limitations within which to  
10 initiate an audit." The North Orange County audit entrance conference date was

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- San Bernardino Community College District, Health Fee Elimination, issued November 10, 2004.
  - West Valley-Mission Community College District, Health Fee Elimination, issued April 8, 2005.
  - Long Beach Community College District, Health Fee Elimination, issued April 27, 2005.
  - North Orange County Community College District, Health Fee Elimination, issued July 22, 2005.
  - Poway Unified School District, Emergency Procedures, Earthquakes and Disasters, issued August 31, 2005.

The following Controller's audit reports were issued after the El Camino audit report and specifically state that the entrance date is the initiation date for the audit:

- Norwalk-La Mirada Unified School District, School District of Choice, issued October 7, 2005.
- Norwalk-La Mirada Unified School District, Intradistrict Attendance, issued December 23, 2005.
- Norwalk-La Mirada Unified School District, Collective Bargaining, issued December 23, 2005.

Incorrect Reduction Claim of El Camino Community College District  
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1 January 26, 2004, which is the date, according to the Controller, that the audit was  
2 "initiated."

3 Given this contradiction in measurement dates, it does not appear that the  
4 Controller has a single position on this issue. It appears the Controller discarded the  
5 "telephone call date" rule after the Los Rios audits and then reinstated it for this audit,  
6 perhaps in order to avoid losing jurisdiction of the first two fiscal years. It can therefore  
7 be concluded that the Controller has no legal basis for their policy on the initiation date  
8 of audits.

9 Delay of the Audit

10 The Controller asserts that the Controller "agreed to delay the start of the audit  
11 until January 5, 2005," which would seem to infer that the District either requested the  
12 delay or somehow committed a willful act intended to delay the completion of the audit.  
13 However, the Controller provides no evidence that there was any willful act by the  
14 District intended to delay the start or completion of the audit. The facts regarding the  
15 events of December 2 through 9, 2004, are stated in my declaration, which is attached  
16 as Exhibit "G."

17 If there was any delay to the start of the audit, it was by unilateral action of the  
18 Controller. Regardless, the delay in the start of an audit which could not have been  
19 timely completed is not relevant. There was no credible attempt by the Controller's  
20 office "to initiate the audit" in December 2004. The Controller did not complete the  
21 audit within the statutory period allowed for the first two fiscal year claims included in

Incorrect Reduction Claim of El Camino Community College District  
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1 this audit. The date the audit was "initiated" for the two years is irrelevant, only the  
2 date the audit was completed is relevant as evidenced by the Controller's audit report.  
3 The audit findings are therefore void for those two claims.

4 Completion of the Audit

5 As stated above, the Controller's argument that an attempt was made to "initiate  
6 an audit" in December 2004 is not legally relevant since the claims were only "subject  
7 to audit" through December 2004. The relevant statute of limitations date is the date  
8 when the audit is completed, which is the date the audit report is issued. The annual  
9 claims are "subject to audit" until the audit is completed. The audit report is the  
10 document which completes the audit. If the audit report is not the action which  
11 completes the audit, then the audit report is not a legally enforceable notice of findings  
12 or demand for payment, and there is no other document prior to the audit report which  
13 adjudicates the results of the audit.

14 The Controller did not complete the audit within the statutory period allowed for  
15 the first two fiscal year claims included in this audit. The audit findings are therefore  
16 void for the FY 2000-01 and FY 2001-02 claims.

17 PART VIII. RELIEF REQUESTED

18 The District filed its annual reimbursement claims within the time limits  
19 prescribed by the Government Code. The amounts claimed by the District for  
20 reimbursement of the costs of implementing the program imposed by Chapter 1,  
21 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code

Incorrect Reduction Claim of El Camino Community College District  
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1 Section 76355 represent the actual costs incurred by the District to carry out this  
2 program. These costs were properly claimed pursuant to the Commission's parameters  
3 and guidelines. Reimbursement of these costs is required under Article XIII B, Section  
4 6 of the California Constitution. The Controller denied reimbursement without any  
5 basis in law or fact. The District has met its burden of going forward on this claim by  
6 complying with the requirements of Section 1185, Title 2, California Code of  
7 Regulations. Because the Controller has enforced and is seeking to enforce these  
8 adjustments without benefit of statute or regulation, the burden of proof is now upon the  
9 Controller to establish a legal basis for its actions.

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

14 /

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PART IX. CERTIFICATION

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

Executed on March 21<sup>st</sup>, 2006, at Torrance, California, by

*Pamela Fees*  
Pamela Fees, Business Manager  
El Camino Community College District  
16007 Crenshaw Blvd.  
Torrance, CA 90506  
Voice: 310-660-3110  
Fax: 310-660-3798  
E-Mail: PFees@elcamino.edu

APPOINTMENT OF REPRESENTATIVE

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

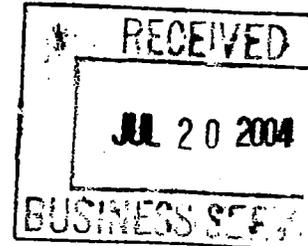
*Pamela Fees*  
Pamela Fees, Business Manager  
El Camino Community College District

3-21-06  
Date

Attachments:

Exhibit "A"	Controller's Legal Counsel's Letter of July 15, 2004
Exhibit "B"	Commission Parameters and Guidelines amended May 25, 1989
Exhibit "C"	Controller's Claiming Instructions September 1997
Exhibit "D"	Controller's Audit Report dated October 5, 2005
Exhibit "E"	District's Letter dated July 26, 2005
Exhibit "F"	Chancellor's Letter dated March 5, 2001
Exhibit "G"	Declaration of Pamela Fees dated February 27, 2006

**EXHIBIT A**



STEVE WESTLY  
California State Controller

July 15, 2004

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

Re: Foothill-De Anza Community College District Audit

Dear Mr. Brandy:

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

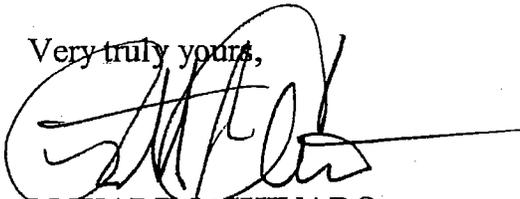
The Controller's informal audit review process was established to resolve factual disputes where no other forum for resolution, other than a judicial proceeding, is available.

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

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

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

Very truly yours,



RICHARD J. CHIVARO  
Chief Counsel

RJC/st

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

**EXHIBIT B**

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

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

I. SUMMARY OF MANDATE

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

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

II. COMMISSION ON STATE MANDATES' DECISION

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

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

III. ELIGIBLE CLAIMANTS

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

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSABLE COSTS

##### A. Scope of Mandate

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

##### B. Reimbursable Activities

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

##### ACCIDENT REPORTS

##### APPOINTMENTS

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

ASSESSMENT, INTERVENTION & COUNSELING

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

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

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

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

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

INSURANCE

On Campus Accident  
Voluntary  
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation  
Pap Smears

PHYSICALS

Employees  
Students  
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

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

PARKING CARDS/ELEVATOR KEYS

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

REFERRALS TO OUTSIDE AGENCIES

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

TESTS

Blood Pressure  
Hearing  
Tuberculosis  
Reading  
Information  
Vision  
Glucometer  
Urinalysis

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

MISCELLANEOUS

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

COMMITTEES

Safety  
Environmental  
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety  
Stress Management  
Communication Skills  
Weight Loss  
Assertiveness Skills

## VI. CLAIM PREPARATION

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

### A. Description of Activity

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

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

Claimed costs should be supported by the following information:

#### 1. Employee Salaries and Benefits

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

#### 2. Services and Supplies

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

#### 3. Allowable Overhead Cost

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

## VII. SUPPORTING DATA

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

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

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

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

and

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

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

**EXHIBIT C**

## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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

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

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

**6. Reimbursable Components**

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

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

**7. Reimbursement Limitations**

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

**8. Claiming Forms and Instructions**

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

**A. Form HFE- 2, Health Services**

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

**B. Form HFE-1.1, Claim Summary**

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

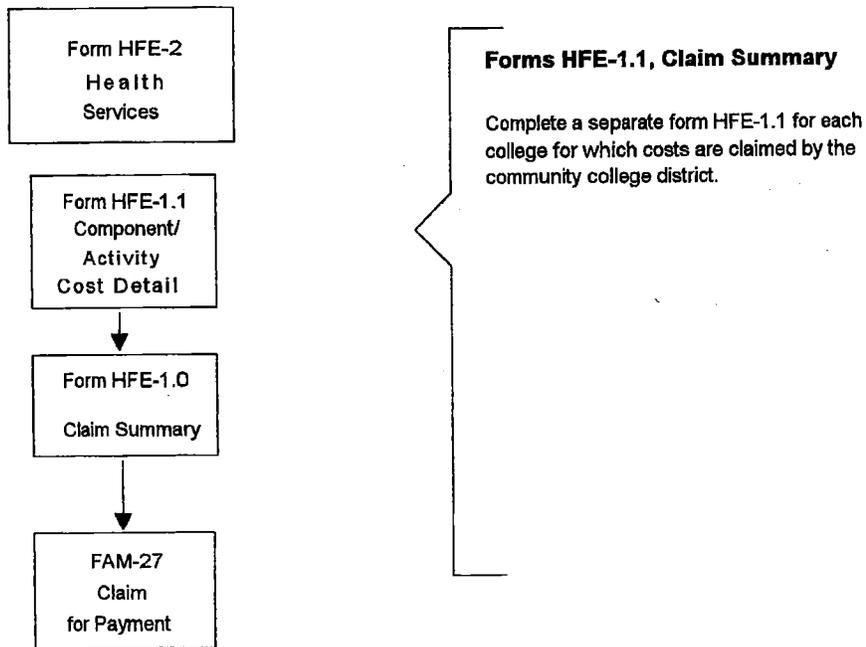
**C. Form HFE-1.0, Claim Summary**

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

**D. Form FAM-27, Claim for Payment**

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

**Illustration of Claim Forms**



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

For State Controller Use Only

Program

(19) Program Number 00029

(20) Date Filed \_\_\_/\_\_\_/\_\_\_

(21) LRS Input \_\_\_/\_\_\_/\_\_\_

**029**

L  
A  
B  
E  
L  
  
H  
E  
R  
E

(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
(02) Claimant Name		(22) HFE-1.0,(04)(b)	
County of Location		(23)	
Street Address or P.O. Box		(24)	
City State Zip Code		(25)	
<b>Type of Claim</b>	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
<b>Fiscal Year of Cost</b>	(06) 20___/20___	(12) 20___/20___	(29)
<b>Total Claimed Amount</b>	(07)	(13)	(30)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(31)
<b>Less: Prior Claim Payment Received</b>		(15)	(32)
<b>Net Claimed Amount</b>		(16)	(33)
<b>Due to Claimant</b>	(08)	(17)	(34)
<b>Due to State</b>		(18)	(35)

**(37) CERTIFICATION OF CLAIM**

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

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

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

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

Program

**029**

**HEALTH FEE ELIMINATION  
Certification Claim Form  
Instructions**

**FORM  
FAM-27**

- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

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

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

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

*Address, if delivered by other delivery service:*

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

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
--	-------------------------

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

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

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

<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]
----------------------------------	---

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

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

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

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.1</b>
--	-------------------------

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

(03) Name of College

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

LESS       SAME       MORE

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

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

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester							
2. Per spring semester							
3. Per summer session							
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) + .....(8.6g)]

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

**Cost Reduction**

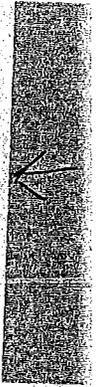
(11) Less: Offsetting Savings, if applicable

(12) Less: Other Reimbursements, if applicable

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

<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.1</b>
--	-------------------------

- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.,). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.



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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>	<b>FORM</b> <b>HFE-2</b>
--	-----------------------------

(01) Claimant:	(02) Fiscal Year costs were incurred:
----------------	---------------------------------------

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.	(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes		
First Aid, Major Emergencies		
First Aid, Minor Emergencies		
First Aid Kits, Filled		
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration		
Laboratory Tests Done Inquiry/Interpretation Pap Smears		
Physical Examinations Employees Students Athletes		
Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list		
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b> Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
<b>Tests</b> Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list			
<b>Miscellaneous</b> Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
<b>Committees</b> Safety Environmental Disaster Planning			

**EXHIBIT D**

# **EL CAMINO COMMUNITY COLLEGE DISTRICT**

Audit Report

## **HEALTH FEE ELIMINATION PROGRAM**

Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session,  
and Chapter 1118, Statutes of 1987

*July 1, 2000, through June 30, 2003*



**STEVE WESTLY**  
California State Controller

October 2005



**STEVE WESTLY**  
**California State Controller**

October 5, 2005

Thomas M. Fallo, Ed.D.  
President, Superintendent  
El Camino Community College District  
16007 Crenshaw Boulevard  
Torrance, CA 90506

Dear Dr. Fallo:

The State Controller's Office audited the costs claimed by El Camino Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2000, through June 30, 2003.

The district claimed \$479,711 for the mandated program. Our audit disclosed that \$79,820 is allowable and \$399,891 is unallowable. The unallowable costs occurred because the district claimed unallowable costs and understated claimed revenue. The State paid the district \$89,101. The amount paid exceeds allowable costs claimed by \$9,281.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site, at [www.csm.ca.gov](http://www.csm.ca.gov) (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at [csminfo@csm.ca.gov](mailto:csminfo@csm.ca.gov).

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey V. Brownfield". The signature is written in a cursive, flowing style.

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

JVB/ams

cc: Pamela Fees, Business Manager  
El Camino Community College District  
Marty Rubio, Specialist  
Fiscal Accountability Section  
California Community Colleges Chancellor's Office  
Jeannie Oropeza, Program Budget Manager  
Education Systems Unit  
Department of Finance

# Contents

## **Audit Report**

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the El Camino Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session (E.S.), and Chapter 1118, Statutes of 1987) for the period of July 1, 2000, through June 30, 2003. The last day of fieldwork was April 7, 2005.

The district claimed \$479,711 for the mandated program. Our audit disclosed that \$79,820 is allowable and \$399,891 is unallowable. The unallowable costs occurred because the district claimed unallowable costs and understated revenue. The State paid the district \$89,101. The amount paid exceeds allowable costs claimed by \$9,281.

## Background

*Education Code* Section 72246 (repealed by Chapter 1, Statutes of 1984, 2<sup>nd</sup> E.S. and renumbered as Section 76355 by Chapter 8, Statutes of 1993) authorizes community college districts to charge a health fee for providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during fiscal year (FY) 1983-84 had to be maintained at that level in FY 1984-85 and every year thereafter. The provisions of this statute would automatically sunset on December 31, 1987, reinstating the community college districts' authority to charge a health service fee as specified.

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

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

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

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

## Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Health Fee Elimination Program for the period of July 1, 2000, through June 30, 2003.

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

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

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

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by *Government Auditing Standards*. However, the district declined our request.

## Conclusion

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

For the audit period, the El Camino Community College District claimed \$479,711 for costs of the Health Fee Elimination Program. Our audit disclosed that \$79,820 is allowable and \$399,891 is unallowable.

For fiscal year (FY) 2000-01, the State paid the district \$54,835. Our audit disclosed that \$40,029 is allowable. The district should return \$14,806 to the State.

For FY 2001-02, the State paid the district \$34,266. Our audit disclosed that all of the costs claimed are unallowable. The district should return the total amount to the State.

For FY 2002-03, the district was not reimbursed by the State. Our audit disclosed that \$39,791 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$39,791, contingent upon available appropriations.

**Views of  
Responsible  
Official**

We issued a draft audit report on July 13, 2005. Pamela Fees, Business Manager, responded by letter dated July 26, 2005 (Attachment), disagreeing with the audit results for Findings 2 and 3. The district stated that it is not disputing the adjustment at this time for Findings 1 and 4. This final audit report includes the district's response.

**Restricted Use**

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



JEFFREY V. BROWNFIELD  
Chief, Division of Audits

## Schedule 1— Summary of Program Costs July 1, 2000, through June 30, 2003

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2000, through June 30, 2001</u>				
Health services costs:				
Salaries and benefits	\$ 331,487	\$ 319,367	\$ (12,120)	Finding 1
Services and supplies	40,562	40,562	—	
Indirect costs	122,627	48,015	(74,612)	Findings 1, 2
Total health services costs	494,676	407,944	(86,732)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	494,676	407,944	(86,732)	
Less authorized health fees	(343,160)	(351,967)	(8,807)	Finding 3
Subtotal	151,516	55,977	(95,539)	
Less offsetting savings/reimbursements	(13,593)	(15,948)	(2,355)	Finding 4
Subtotal	137,923	40,029	(97,894)	
Adjustment to eliminate negative balance	—	—	—	
Total	\$ 137,923	40,029	\$ (97,894)	
Less amount paid by the State		(54,835)		
Allowable costs claimed in excess of (less than) amount paid		\$ (14,806)		
<u>July 1, 2001, through June 30, 2002</u>				
Health services costs:				
Salaries and benefits	\$ 367,872	\$ 367,872	\$ —	
Services and supplies	35,754	35,754	—	
Indirect costs	115,558	57,194	(58,364)	Finding 2
Total health services costs	519,184	460,820	(58,364)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	519,184	460,820	(58,364)	
Less authorized health fees	(349,090)	(460,800)	(111,710)	Finding 3
Subtotal	170,094	20	(170,074)	
Less offsetting savings/reimbursements	(2,583)	(2,583)	—	
Subtotal	167,511	(2,563)	(170,074)	
Adjustment to eliminate negative balance	—	2,563	2,563	
Total	\$ 167,511	—	\$ (167,511)	
Less amount paid by the State		(34,266)		
Allowable costs claimed in excess of (less than) amount paid		\$ (34,266)		

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2002, through June 30, 2003</u>				
Health services costs:				
Salaries and benefits	\$ 400,431	\$ 400,431	\$ —	
Services and supplies	54,721	54,721	—	
Indirect costs	129,536	69,866	(59,670)	Finding 2
Total health services costs	584,688	525,018	(59,670)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	584,688	525,018	(59,670)	
Less authorized health fees	(395,380)	(470,196)	(74,816)	Finding 3
Subtotal	189,308	54,822	(134,486)	
Less offsetting savings/reimbursements	(15,031)	(15,031)	—	
Subtotal	174,277	39,791	(134,486)	
Adjustment to eliminate negative balance	—	—	—	
Total	\$ 174,277	39,791	\$ (134,486)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ 39,791		
<u>Summary: July 1, 2000, through June 30, 2003</u>				
Health services costs:				
Salaries and benefits	\$ 1,099,790	\$ 1,087,670	\$ (12,120)	Finding 1
Services and supplies	131,037	131,037	—	
Indirect costs	367,721	175,075	(192,646)	Findings 1, 2
Total health services costs	1,598,548	1,393,782	(204,766)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	1,598,548	1,393,782	(204,766)	
Less authorized health fees	(1,087,630)	(1,282,963)	(195,333)	Finding 3
Subtotal	510,918	110,819	(400,099)	
Less offsetting savings/reimbursements	(31,207)	(33,562)	(2,355)	Finding 4
Subtotal	479,711	77,257	(402,454)	
Adjustment to eliminate negative balance	—	2,563	2,563	
Total	\$ 479,711	79,820	\$ (399,891)	
Less amount paid by the State		(89,101)		
Allowable costs claimed in excess of (less than) amount paid		\$ (9,281)		

<sup>1</sup> See the Findings and Recommendations section.

# Findings and Recommendations

**FINDING 1—  
Overstated salary,  
benefit, and indirect  
costs**

The district overstated salaries and benefits by \$12,120 for the fiscal year (FY) 2000-01. The related indirect cost was \$3,995.

The district claimed 12% of the Dean of Student Services' salary and benefit but did not provide documents such as time logs to validate the time worked at the health center. Therefore, the portion of the dean's salary claimed is unallowable.

*Parameters and Guidelines* specifies that community college districts shall be reimbursed only for costs of health services programs that are traceable to supporting documentation showing evidence of the validity of such costs.

Recommendation

We recommend the district utilize supporting documentation such as time logs to validate labor charges.

District's Response

The District is not disputing this adjustment at this time.

SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 2—  
Overstated indirect  
cost rates**

The district overstated its indirect cost rates, and thus overstated its indirect costs by \$188,652 for the audit period.

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

	Fiscal Year		
	2000-01	2001-02	2002-03
Allowable indirect cost rate	13.34%	14.17%	15.35%
Less claimed indirect cost rate	(32.96)%	(28.63)%	(28.46)%
Unsupported indirect cost rate	(19.62)%	(14.46)%	(13.11)%

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

	Fiscal Year			Total
	2000-01	2001-02	2002-03	
Allowable direct costs claimed	\$ 359,929	\$ 403,626	\$ 455,152	
Unsupported indirect cost rate	×(19.62)%	×(14.46)%	×(13.11)%	
Audit adjustment	\$ (70,618)	\$ (58,364)	\$ (59,670)	\$ (188,652)

*Parameters and Guidelines* states that indirect costs may be claimed in the manner described in the SCO claiming instructions. The SCO claiming instructions require that districts obtain federal approval of ICRPs prepared according to Office of Management and Budget (OMB) Circular A-21. Alternately, districts may use form FAM-29C to compute indirect cost rates. Form FAM-29C uses total expenditures reported on the *California Community College Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)*.

### Recommendation

We recommend the district claim indirect costs based on indirect cost rates computed in accordance with the SCO claiming instructions. The district should obtain federal approval for ICRPs prepared in accordance with OMB Circular A-21. Alternately, the district should use form FAM-29C to prepare ICRPs based on the methodology allowed in the SCO claiming instructions.

### District's Response

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government. The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller.

The Controller's claiming instructions state that for claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, a rate calculated using form FAM-29C, or a 7% indirect cost rate. The Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the Controller wishes to enforce audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

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

### SCO's Comment

The finding and recommendation remain unchanged.

We disagree with the district's assertions that the SCO has no legal basis to disallow the indirect cost rate calculations used by the district and has not shown a factual basis to reject the rates as unreasonable or excessive.

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

**FINDING 3—  
Understated  
authorized health fee  
revenues claimed**

The district understated authorized health fee revenue by \$195,333 for the audit period.

The district did not use the actual number of student counts and Board of Governors Grants (BOGG) waiver counts in its reporting of the health fee revenue. We recalculated the authorized health fees the district was authorized to collect, using various student enrollment and BOGG detail reports dated January 2005 through March 2005. In addition, the district underreported authorized student health fees by one dollar for FY 2000-01, and two dollars for FY 2001-02 and FY 2002-03.

The understated authorized health fee revenues are calculated as follows.

	Fall	Spring	Total
<u>FY 2000-01</u>			
Student enrollment	22,111	21,592	
Less allowable health fee exceptions	(5,724)	(5,982)	
Subtotals	16,387	15,610	
Authorized student health fee	× \$(11)	× \$(11)	
Audited authorized health fee revenues	<u>\$ (180,257)</u>	<u>\$ (171,710)</u>	\$ (351,967)
Claimed authorized health fee revenues			343,160
Audit adjustment, FY 2000-01			<u>(8,807)</u>
<u>FY 2001-02</u>			
Student enrollment	25,054	24,970	
Less allowable health fee exceptions	(5,736)	(5,888)	
Subtotals	19,318	19,082	
Authorized student health fee	× \$(12)	× \$(12)	
Audited authorized health fee revenues	<u>\$ (231,816)</u>	<u>\$ (228,984)</u>	(460,800)
Claimed authorized health fee revenues			349,090
Audit adjustment, FY 2001-02			<u>(111,710)</u>
<u>FY 2002-03</u>			
Student enrollment	25,626	27,353	
Less allowable health fee exceptions	(7,047)	(6,749)	
Subtotal	18,579	20,604	
Authorized student health fee	× \$(12)	× \$(12)	
Audited authorized health fee revenues	<u>\$ (222,948)</u>	<u>\$ (247,248)</u>	(470,196)
Claimed authorized health fee revenues			395,380
Audit adjustment, FY 2002-03			<u>(74,816)</u>
Total audit adjustments			<u>\$ (195,333)</u>

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

Also, *Government Code* Section 17514 states that costs mandated by the State means any increased costs which a district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, *Government Code* Section 17556 states that COSM shall not find costs mandated by the State if the district has the authority to levy fees to pay for the mandated program or increased level of services.

### Recommendation

We recommend the district ensure that allowable health services program costs are offset by the amount of health service fee revenue authorized by the *Education Code*.

### District's Response

The adjustments for the student health services revenue are based on two reasons. The Controller adjusted the reported enrollment and reported number of students exempt from payment of the fee. The Controller then calculated the student fees collectible based on the highest student health service fee chargeable, rather than the fee actually charged the student.

### STUDENT HEALTH SERVICES FEE AMOUNT

#### "Authorized" Fee Amount

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

#### Education Code Section 76355

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

Parameters and Guidelines

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

Government Code Section 17514

The Controller relies upon Government Code Section 17514 for the conclusion that "to the extent community college districts can charge a fee, they are not required to incur a cost." Government Code Section 17514, as added by Chapter 1459, Statutes of 1984, actually states:

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

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

Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that "the COSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service." Government Code Section 17556 as last amended by Chapter 589/89 actually states:

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

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

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

## ENROLLMENT AND EXEMPTED STUDENTS

The Controller adjusted the reported total student enrollment and reported number of exempt students based on data requested during the audit from the office of the Chancellor of the Community Colleges. The information obtained from the Chancellor's office is based on information provided by the District. The Controller has not provided any factual basis why the Chancellor's data, subject to review and revision for several years, is preferable to the data reported by the District which was available at the time the claims were prepared.

### SCO's Comment

The finding and recommendation remain unchanged.

The district is incorrect when it states that we used student enrollment and Board of Governors Grants (BOGG) waiver counts based on data from the office of Chancellor of the Community Colleges. As mentioned above, the district did not use the actual number of student counts and BOGG waiver counts in its reporting of the health fee revenue. We recalculated the authorized health fees the district was authorized to collect using the district's Student Enrollment Reports and the BOGG Detail Reports dated January 2005 through March 2005.

We agree that community college districts may choose not to levy a health service fee. This is true even if *Education Code* Section 76355 provides the districts with the authority to levy such fees. However, the effect of not imposing the health service fee is that the related health service costs do not meet the requirement for mandated costs as defined by *Government Code* Section 17514. Health service costs recoverable through authorized fees are not costs that the district is required to incur. *Government Code* Section 17556 states that COSM shall not find costs mandated by the State as defined in *Government Code* Section 17514 if the district has authority to levy fees to pay for mandated program or increased level of service.

### **FINDING 4— Understated offsetting revenue**

For FY 2000-01, the district understated offsetting revenue by \$2,355 because it did not reduce claimed health services costs and related health services revenues recorded in revenue account 8890.

*Parameters and Guidelines* specifies that any offsetting savings or reimbursements received by the district from any source as a result of the mandate must be identified and deducted so that only net district health services costs are claimed.

### Recommendation

We recommend the district ensure all applicable revenues are offset on its claims against its mandated program costs.

### District's Response

The District is not disputing this adjustment at this time.

### SCO's Comment

The finding and recommendation remain unchanged.

**IER ISSUE—  
ute of limitations**

The district's response included comments regarding our authority to audit costs claimed for FY 2000-01 and FY 2001-02.

**District's Response**

The District's Fiscal Year 2000-01 claim was mailed to the Controller on January 14, 2002. The District's Fiscal Year 2001-02 claim was mailed to the Controller on December 30, 2002. The draft audit report is dated July 13, 2005. According to Government Code Section 17558.5, these claims were subject to audit no later than December 31, 2004. The audit was not completed by this date. Therefore, the proposed audit adjustments for FY 2000-01 and FY 2001-02 are barred by the statute of limitations set forth in Government Code Section 17558.5.

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

**SCO's Comment**

We disagree with the district's assertion that the audit and the related adjustment of the claims are barred by the statute of limitations. *Government Code* Section 17558.5(a), in effect during the audit period, states that district's reimbursement claim is subject to an audit no later than two years after the end of the calendar year in which the claim is filed or last amended. The claims were filed in January 2002 and December 2002, respectively. On December 2, 2004, we made phone contact with the district's business manager and sent a follow-up letter dated December 9, 2004, wherein we agreed to delay the start of the audit until January 5, 2005. In both the phone call and the letter, we clearly stated that the audit would include the claims filed in the 2002 calendar year. This audit was initiated prior to the statutory deadline of December 2004 in which to commence an audit.

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

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## EL CAMINO COMMUNITY COLLEGE DISTRICT

16007 Crenshaw Boulevard Torrance, California 90506-0001  
Telephone (310) 532-3670 or 1-866-ELCAMINO

July 26, 2005

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

Re: Chapter 1, Statutes of 1984  
Health Fee Elimination  
State Controller's Audit  
Fiscal Years: 2000-01, 2001-02 and 2002-03

Dear Mr. Spano:

This letter is the response of the El Camino Community College District to the letter to President Thomas M. Fallo, EdD, from Vincent P. Brown, Chief Operating Officer, State Controller's Office, dated July 13, 2005, and received by the District on July 26, 2005, which enclosed a draft copy of the State Controller's Office audit report of the District's Health Fee Elimination claims for the period of July 1, 2000 through June 30, 2003.

### **Finding 1 - Overstated salary, benefits, and indirect costs**

The District is not disputing this adjustment at this time.

### **Finding 2 - Overstated indirect cost rates**

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government. The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller.

The Controller's planning instructions state that for estimating indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-211, rates calculated using Form F-AM-22C, or a 7% indirect cost rate. The Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the Controller wishes to enforce audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

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

**Finding 3 - Understated authorized health fees revenues claimed**

The adjustments for the student health services revenue are based on two reasons. The Controller adjusted the reported enrollment and reported number of students exempt from payment of the fee. The Controller then calculated the student fees collectible based on the highest student health service fee chargeable, rather than the fee actually charged the student.

**STUDENT HEALTH SERVICES FEE AMOUNT**

"Authorized" Fee Amount

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

Education Code Section 76355

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

### Parameters and Guidelines

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

### Government Code Section 17514

The Controller relies upon Government Code Section 17514 for the conclusion that "to the extent community college districts can charge a fee, they are not required to incur a cost." Government Code Section 17514, as added by Chapter 1459, Statutes of 1984, actually states:

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

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

### Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that "the COSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service." Government Code Section 17556 as last amended by Chapter 589/89 actually states:

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

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

The Controller misrepresents the law. Government Code Section 17566 prohibits the Commission on State Mandates from finding costs subject to reimbursement, that is approving a test claim activity for reimbursement where the authority to levy fees in an amount sufficient to offset the entire mandated costs. Here, the Commission has already approved the test claim and made a finding of a new program or higher level of service for which the claimants do not have the ability to levy a fee in an amount sufficient to offset the entire mandated costs.

#### ENROLLMENT AND EXEMPTED STUDENTS

The Controller adjusted the reported total student enrollment and reported number of exempt students based on data requested during the audit from the office of the Chancellor of the Community Colleges. The information obtained from the Chancellor's office is based on information provided by the District. The Controller has not provided any factual basis why the Chancellor's data, subject to review and revision for several years, is preferable to the data reported by the District which was available at the time the claims were prepared.

#### Finding 4- Understated offsetting revenue

The District is not disputing this adjustment at this time.

#### Statute of Limitations

The District's Fiscal Year 2000-01 claim was mailed to the Controller on January 14, 2002. The District's Fiscal Year 2001-02 claim was mailed to the Controller on December 30, 2002. The draft audit report is dated July 13, 2005. According to Government Code Section 17558.5, these claims were subject to audit no later than December 31, 2004. The audit was not completed by this date. Therefore, the proposed audit adjustments for FY 2000-01 and FY 2001-02 are barred by the statute of limitations set forth in Government Code Section 17558.5.

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

Sincerely,

EL CAMINO COMMUNITY COLLEGE



Pamela Fees  
Business Manager

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

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

C05-MCC-005





STEVE WESTLY  
California State Controller  
Division of Accounting and Reporting  
OCTOBER 27, 2005

CC19140  
00234  
2005/10/27

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

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2001/2002 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED 167,511.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 167,511.00

PRIOR PYMT TO/FR ANOTHER PGM - 35,266.00

TOTAL ADJUSTMENTS - 202,777.00

AMOUNT DUE STATE \$ 35,266.00

PLEASE REMIT A WARRANT IN THE AMOUNT OF \$ 35,266.00 WITHIN 30 DAYS FROM THE DATE OF THIS LETTER, PAYABLE TO THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875 WITH A COPY OF THIS LETTER. FAILURE TO REMIT THE AMOUNT DUE WILL RESULT IN OUR OFFICE PROCEEDING TO OFFSET THE AMOUNT FROM THE NEXT PAYMENTS DUE TO YOUR AGENCY FOR STATE MANDATED COST PROGRAMS.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT ALEXIS LIAKOS AT (916) 323-0698 OR IN WRITING AT THE ABOVE ADDRESS.

SINCERELY,

*Ginny Brummels*  
GINNY BRUMMELS, MANAGER

LOCAL REIMBURSEMENT SECTION  
P.O. BOX 942850 SACRAMENTO, CA 94250-5875



STEVE WESTLY  
California State Controller  
Division of Accounting and Reporting  
OCTOBER 27, 2005

CC19140  
00234  
2005/10/27

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

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2000/2001 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED 137,923.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 97,894.00

PRIOR PYMT TO/FR ANOTHER PGM - 54,835.00

TOTAL ADJUSTMENTS - 152,729.00

AMOUNT DUE STATE \$ 14,806.00

PLEASE REMIT A WARRANT IN THE AMOUNT OF \$ 14,806.00 WITHIN 30 DAYS FROM THE DATE OF THIS LETTER, PAYABLE TO THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875 WITH A COPY OF THIS LETTER. FAILURE TO REMIT THE AMOUNT DUE WILL RESULT IN OUR OFFICE PROCEEDING TO OFFSET THE AMOUNT FROM THE NEXT PAYMENTS DUE TO YOUR AGENCY FOR STATE MANDATED COST PROGRAMS.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT ALEXIS LIAKOS AT (916) 323-0698 OR IN WRITING AT THE ABOVE ADDRESS.

SINCERELY,

*Ginny Brummels*  
GINNY BRUMMELS, MANAGER

LOCAL REIMBURSEMENT SECTION  
P.O. BOX 942850 SACRAMENTO, CA 94250-5875

**EXHIBIT E**



## EL CAMINO COMMUNITY COLLEGE DISTRICT

16007 Crenshaw Boulevard Torrance, California 90506-0001  
Telephone (310) 532-3670 or 1-866-ELCAMINO

July 26, 2005

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

Re: Chapter 1, Statutes of 1984  
Health Fee Elimination  
State Controller's Audit  
Fiscal Years: 2000-01, 2001-02 and 2002-03

Dear Mr. Spano:

This letter is the response of the El Camino Community College District to the letter to President Thomas M. Fallo, EdD, from Vincent P. Brown, Chief Operating Officer, State Controller's Office, dated July 13, 2005, and received by the District on July 26, 2005, which enclosed a draft copy of the State Controller's Office audit report of the District's Health Fee Elimination claims for the period of July 1, 2000 through June 30, 2003.

### **Finding 1 - Overstated salary, benefits, and indirect costs**

The District is not disputing this adjustment at this time.

### **Finding 2 - Overstated indirect cost rates**

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government. The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller.

The Controller's existing instructions state that for existing indirect costs, college districts have the option of having the indirect costs calculated as a percent of the Office of Management and Budget Circular 414 rates calculated as shown in FAM 29C, or a 7% indirect cost rate. The Controller's existing instructions were never adopted as rules or regulations, and therefore have no force of law. The instructions on the Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard to statute (Government Code Section 17604.6(2)). If the Controller wishes to enforce audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

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

### Finding 7 - Understated authorized health fees revenues claimed

The adjustments for the student health services revenue are based on two reasons. The Controller adjusted the reported enrollment and reported number of students exempt from payment of the fee. The Controller then calculated the student fees collectible based on the highest student health services fee chargeable, rather than the fee actually charged the student.

#### STUDENT HEALTH SERVICES FEE AMOUNT

##### "Authorized" Fee Amount

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

##### Education Code Section 76355

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

### Parameters and Guidelines

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

### Government Code Section 17514

The Controller relies upon Government Code Section 17514 for the conclusion that "to the extent community college districts can charge a fee, they are not required to incur a cost." Government Code Section 17514, as added by Chapter 1459, Statutes of 1984, actually states:

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

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

### Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that "the COSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service." Government Code Section 17556 as last amended by Chapter 589/89 actually states:

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

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

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

#### ENROLLMENT AND EXEMPTED STUDENTS

The Controller adjusted the reported total student enrollment and reported number of exempt students based on data requested during the audit from the office of the Chancellor of the Community Colleges. The information obtained from the Chancellor's office is based on information provided by the District. The Controller has not provided any factual basis why the Chancellor's data, subject to review and revision for several years, is preferable to the data reported by the District which was available at the time the claims were prepared.

#### Finding 4- Understated offsetting revenue

The District is not disputing this adjustment at this time.

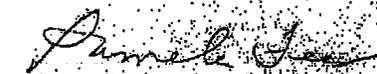
#### Statute of Limitations

The District's Fiscal Year 2000-01 claim was mailed to the Controller on January 14, 2002. The District's Fiscal Year 2001-02 claim was mailed to the Controller on December 30, 2002. The draft audit report is dated July 13, 2005. According to Government Code Section 17558.5, these claims were subject to audit no later than December 31, 2004. The audit was not completed by this date. Therefore, the proposed audit adjustments for FY 2000-01 and FY 2001-02 are barred by the statute of limitations set forth in Government Code Section 17558.5.

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

Sincerely,

EL CAMINO COMMUNITY COLLEGE



Pamela Fees  
Business Manager

**EXHIBIT F**

**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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



March 5, 2001

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

From: Thomas J. Nussbaum  
Chancellor

Subject: Student Health Fee Increase

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

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

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

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

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

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

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

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

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

I:\Fisc\FiscUnit\01StudentHealthFees\011StuHealthFees.doc

**EXHIBIT G**



DECLARATION OF PAMELA FEES  
INCORRECT REDUCTION CLAIM OF  
EL CAMINO COMMUNITY COLLEGE DISTRICT

---

- 1 7. On Tuesday, December 7, 2004, I received a telephone call from Ms. Chan in  
2 which she stated that her supervisor was not available to attend the entrance  
3 conference on December 9, 2004. During this phone contact, Ms. Chan then  
4 requested the entrance conference to be conducted on January 5, 2005. During  
5 this phone contact, I agreed to the change of date.
- 6 8. On Tuesday, December 7, 2004, I received an e-mail from Ms. Chan confirming  
7 the results of the phone call. The e-mail asked me to provide a letter to her  
8 supervisor stating that the entrance conference was "postponed" to January 5,  
9 2005. This e-mail is dated December 7, 2004, and is attached as Exhibit 1.
- 10 9. On Tuesday, December 7, 2004, I prepared the memo requested by Ms. Chan  
11 and faxed it to her at the telephone number Ms. Chan provided in the e-mail.  
12 This memo is dated December 7, 2004, and attached as Exhibit 2.
- 13 10. On Wednesday, December 8, 2004, I received an e-mail from Ms. Chan in  
14 which she requested that I provide a "formal letter (instead of a memo) to Art  
15 Luna, SCO audit manager" regarding the "postponement" of the entrance  
16 conference. This e-mail is dated December 8, 2004, and attached as Exhibit 3.
- 17 11. On Wednesday, December 8, 2004, I prepared the letter requested by Ms. Chan  
18 and faxed it to her at the telephone number Ms. Chan provided. This letter is  
19 dated December 8, 2004, and attached as Exhibit 4.
- 20 12. On Thursday, December 9, 2004, I received by fax a letter dated December 9,  
21 2004, from Art Luna, Audit Manager, which confirmed the entrance conference

DECLARATION OF PAMELA FEES  
INCORRECT REDUCTION CLAIM OF  
EL CAMINO COMMUNITY COLLEGE DISTRICT

---

1 date of January 5, 2005. In the letter, Mr. Luna stated that the delay of the  
2 entrance conference date was due to the unavailability of District staff. His  
3 statement is in direct contradiction of all previous district communication and  
4 correspondence. The letter is attached as Exhibit 5.

5 The foregoing facts are known to me personally and, if so required, I could testify  
6 to the statements made herein. I hereby declare under penalty of perjury under the  
7 laws of the State of California that the foregoing is true and correct except where stated  
8 upon information or belief and that the attached exhibits are true and correct copies of  
9 the correspondence of the parties.

10 EXECUTED this 27<sup>th</sup> day of February 2006, at Torrance, California.

11   
12 \_\_\_\_\_

13 Pamela Fees

## Fees, Pamela

---

**From:** jchan@sco.ca.gov  
**Sent:** Tuesday, December 07, 2004 2:37 PM  
**To:** Fees, Pamela  
**Cc:** aluna@sco.ca.gov  
**Subject:** Entrance Conference

Hi Pamela

Per our phone conversation today at 2:25 p.m., the entrance conference for Thursday, December 9 is re-scheduled for January 5, 2005.

In addition, you will provide me a letter stating the entrance conference is postponed from December 9, 2004 to January 5, 2005.

Please fax a copy to: (310) 342-5670

and send the original letter to

State Controller's Office

Division of Audits

600 Corporate Pointe,

Suite 1000

Culver City, California

90230

Attention: Janny Chan

Thank you.

Janny Chan  
(310) 665-1650

**EL CAMINO COMMUNITY COLLEGE DISTRICT**  
16007 Crenshaw Blvd., Torrance, CA 90506



December 7, 2004

To: Janny Chan  
State Controller's Office  
Division of Audits

FAX No. (310) 342-5670  
Tele No. (310) 665-1650

From: Pamela Fees   
Business Manager

Telephone No. (310) 660-3110  
FAX No. (310) 660-3798

Pages transmitted (including cover page): 1

Re: Health Elimination Fee Audit

In your call to me the morning of December 2, 2004, you asked that I meet with you for an entrance conference the week of December 6. You indicated Tuesday-Friday after 1:30 would be good times to consider for the 1 hour meeting.

I called you back later that day to let you know I would not be working December 3 but was checking with staff to determine if December 8 or 9 would be available.

I confirmed with them Monday that December 9 at 2:30 would be fine and I left you a voice message the morning of December 6.

You called today to let me know your boss wasn't available the afternoon of December 9, even if I moved up our meeting time to 12:30, therefore you couldn't accept that date.

At your suggestion we selected a date in January to conduct the entrance conference. At this time it is scheduled for Wednesday, January 5, 2005, at 10:30 a.m.

We will prepare a parking permit and map indicating the location of the meeting at El Camino College and mail it to you.

Ex 2

## **Fees, Pamela**

---

**Fr** jchan@sco.ca.gov  
**Se** Wednesday, December 08, 2004 12:08 PM  
**To:** Fees, Pamela  
**Subject:** entrance conference

Hi Pamela

Please fax a formal letter (instead of a memo) to Art Luna, SCO audit manager, stating that an entrance conference for December 9 is postponed to January 5, 2005.

Call me if you have questions.

Janny Chan  
State Auditor  
(310) 665-1650

FAX (310) 342-5670

**EL CAMINO COMMUNITY COLLEGE DISTRICT**  
16007 Crenshaw Blvd., Torrance, CA 90506



December 8, 2004

To: Janny Chan  
State Controller's Office  
Division of Audits

FAX No. (310) 342-5670  
Tele No. (310) 665-1650

From: Pamela Fees *P. Fees*  
Business Manager

Telephone No. (310) 660-3110  
FAX No. (310) 660-3798

Pages transmitted (including cover page): 2

Re: Health Fee Elimination Audit

I have attached a formal letter to Art Luna, per your request, indicating our agreed upon meeting date of January 5, 2005.

EX 4



## EL CAMINO COMMUNITY COLLEGE DISTRICT

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

December 8, 2004

Art Luna  
State Controller's Office  
Division of Audits  
600 Corporate Pointe, Suite 1000  
Culver City, CA 90230

Dear Mr. Luna:

Per my conversation with Janny Chan yesterday, I understand the original entrance conference date and time (December 9, 2004 at 2:30) I had suggested to discuss the Health Fee Elimination was a time at which you are unavailable.

I confirmed this in a fax to Janny yesterday in a memo form and am now formalizing it in a letter to you.

Therefore we have scheduled the meeting for January 5, 2005, at 10:30 a.m. I will prepare a parking permit and map indicating the location of the meeting at El Camino College and mail it to Janny.

Sincerely,

Pamela Fees  
Business Manager



**STEVE WESTLY**  
**California State Controller**

December 9, 2004

Dr. Thomas M. Fallo  
President / Superintendent  
El Camino Community College District  
16007 Crenshaw Blvd  
Torrance, CA 90506

Dear Dr. Fallo:

This letter confirms that State Controller's Office has scheduled an audit of El Camino Community College District's legislatively mandated Health Fee Elimination Program cost claims filed for fiscal year (FY) 2000-01, FY 2001-02, and FY 2002-03. *Government Code* Section 17558.5 provides the authority for this audit.

In a telephone conversation on Thursday, December 2, 2004, Janny Chan, SCO Auditor-in-Charge, asked to begin the audit this month. However, due to the unavailability of appropriate district personnel, Pamela Fees, Business Manager, requested that the audit commence on January 5, 2005, at 10:30 a.m. The entrance conference will be held at El Camino Community College District, 16007 Crenshaw, Torrance, California 90506.

Please furnish working accommodations for and provide the necessary records (see the Attachment) to the audit staff.

If you have any questions, please call me at (310) 342-5639.

Sincerely,

A handwritten signature in black ink, appearing to read "Art Luna".

ART LUNA  
Audit Manager  
Compliance Audits Bureau  
Division of Audits

AL:th

Attachment

cc: Pamela Fees, Business Manager  
El Camino Community District  
Jim L. Spano, Chief  
Compliance Audits Bureau  
Division of Audits  
State Controller's Office  
Ginny Brummels, Manager  
Division of Accounting and Reporting  
State Controller's Office  
Janny Chan  
Auditor-in-Charge  
Division of Audits  
State Controller's Office

**EXHIBIT H**

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>	For State Controller Use only (19) Program Number 00029 (20) Date File ____/____/____ (21) LRS Input ____/____/____
--	--

<b>(01) Claimant Identification Number:</b> S19140	<b>Reimbursement Claim Data</b>	
<b>(02) Mailing Address:</b> Claimant Name El Camino Community College District County of Location Los Angeles Street Address 16007 Crenshaw Blvd City Torrance	State CA	Zip Code 90506-3110

Claim File Copy

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
<b>Fiscal Year of Cost</b>	(06) 2001-2002	(12) 2000-2001	(30)
<b>Total Claimed Amount</b>	(07) \$ 151,000	(13) \$ 137,923	(31)
<b>Less: 10% Late Penalty, but not to exceed \$1000</b>		(14) \$ -	(32)
<b>Less: Estimate Claim Payment Received</b>		(15) \$ 54,835	(33)
<b>Net Claimed Amount</b>		(16) \$ 83,088	(34)
<b>Due from State</b>	(08) \$ 151,000	(17) \$ 83,088	(35)
<b>Due to State</b>		(18) \$ -	(36)

**(38) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 309, Statutes of 1995, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 309, Statutes of 1995.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 309, Statutes of 1995, set forth on the attached statements.

<b>Signature of Authorized Representative</b> 	<b>Date</b> 12-20-01
Pamela Fees Type or Print Name	Business Manager Title
<b>(39) Name of Contact Person or Claim</b> SixTen & Associates	<b>Telephone Number</b> (858) 514-8605

CONTROLLER OF CALIFORNIA  
P.O. BOX 942950, SACRAMENTO, CALIFORNIA 94250

THIS REMITTANCE ADVICE IS FOR INFORMATION PURPOSE ONLY.  
THE WARRANT COVERING THE AMOUNT SHOWN WILL BE MAILED  
DIRECTLY TO THE PAYEE.

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

WARRANT AMT: \*\*\*54,835.00

PAYEE: TREASURER, EL CAMINO COMM COL DIST  
FUND NAME: GENERAL FUND

ISSUE DATE: 03/08/2001

CLAIM SCHEDULE NBR: MA00514

REIMBURSEMENT OF STATE MANDATED COSTS  
IF YOU HAVE ANY QUESTIONS CALL NIEMAND QUOK AT (916) 323-0734  
ACL : 6370-295-0001      PRG : HEALTH FEE ELIMINATION CH 1/  
2000/2001 ESTIMATED PAYMENT      CLAIMED AMT:      190,000.00  
TOTAL ADJUSTMENTS:      .00  
TOTAL APPROVED CLAIMED AMT:      190,000.00  
LESS PRIOR PAYMENTS:      .00  
PRORATA PERCENT:      28.860275  
PRORATA BALANCE DUE:      135,165.00  
APPROVED PAYMENT AMOUNT:      54,835.00  
PAYMENT OFFSETS -NONE  
NET PAYMENT AMOUNT:      54,835.00

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
CLAIM SUMMARY**

**FORM  
HFE-1.0**

<b>(01) Claimant:</b>	<b>(02) Type of Claim:</b>		Fiscal Year
<b>Claimant Name</b>	Reimbursement <input checked="" type="checkbox"/>		
El Camino Community College District	Estimated <input type="checkbox"/>		2000-2001

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

(a) Name of College	(b) Claimed Amount
1. El Camino Community College	\$ 137,923.35
2.	\$ -
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)] \$ 137,923

<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
--	-------------------------------

<b>(01) Claimant:</b>  El Camino Community College District	<b>(02) Type of Claim:</b> Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2000-2001
---	---	------------------------------

**(03) Name of College** El Camino Community College

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

LESS       SAME       MORE

	Direct Cost	Indirect Cost of: 32.96%	Total
<b>(05) Cost of Health Services for the Fiscal year of Claim</b>	\$ 372,049	\$ 122,627	\$ 494,676
<b>(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87</b>	\$ -	\$ -	\$ -
<b>(07) Cost of providing current fiscal year health services at the 1986/87 level</b> [Line (05) - line (06)]	\$ 372,049	\$ 122,627	\$ 494,676

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

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	4,330	14,025	\$ 10.00	\$ 43,300	\$ 10.00	\$ 140,250	\$ 183,550
2. Per spring semester	3,103	12,858	\$ 10.00	\$ 31,030	\$ 10.00	\$ 128,580	\$ 159,610
3. Per summer session	503	12,691	-	\$ -	-	\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
<b>(09) Total health fee that could have been collected</b>	[Line (8.1g) + (8.2g) + .....(8.6g)]						\$ 343,160
<b>(10) Sub-total</b>	[Line (07) - line (09)]						\$ 151,516

<b>Cost Reduction</b>	
<b>(11) Less: Offsetting Savings, if applicable</b>	\$ -
<b>(12) Less: Other Reimbursements, if applicable</b>	\$ 13,593.00
<b>(13) Total Amount Claimed</b>	[Line (10) - {line (11) + line (12)}] \$ 137,923

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
INDIRECT COST RATE CALCULATION**

1999-2000

For 00-01 CLAIMS

REFERENCE (CCFS 311)	DESCRIPTION	1999-2000
<b>INSTRUCTIONAL ACTIVITY</b>		
	<b>Instructional Costs</b>	
	Instructional Salaries and Benefits	31,896,009
	Instructional Operating Expenses	971,604
	Instructional Support	160,692
	Auxiliary Classes - Instructional	72,640
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>33,101,945</b>
	<b>Non-Instructional Costs</b>	
	Non-Instructional Salaries and Benefits	1,919,149
	Instructional Admin. Salaries and Benefits	4,288,094
	Instructional Admin. Operating Expenses	750,056
	Auxiliary Classes - Noninstructional Salaries @ Benefits	382,569
	Auxiliary Classes - Operating Expenses	196,258
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>7,536,126</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>40,638,071</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	<b>Direct Support Costs</b>	
	Instructional Support Services	2,187,865
	Admissions and Records	2,204,832
	Counseling and Guidance	2,634,277
	Other Student Services	4,679,975
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>11,636,949</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>	<b>52,275,020</b>
	<b>Indirect Support Costs</b>	
	Operation and Maintenance of Plant	6,851,184
	Planning and Policy Making	2,476,025
	General Instructional Support Services	7,907,021
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>17,234,230</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>	<b>69,509,250</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
<b>Indirect Support Costs Allocation Rate =</b>	<b>Total Indirect Support Costs (6)</b>	<b>32.96%</b>
	<b>Total Instructional Activity Costs and Direct Support Costs (5)</b>	
<b>Direct Support Costs Allocation Rate =</b>	<b>Total Direct Support Costs (4)</b>	<b>28.63%</b>
	<b>Total Instructional Activity Costs (3)</b>	
<b>Total Support Cost Allocation</b>		<b>61.60%</b>

<b>MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL</b>		<b>FORM HFE-2.1</b>	
(01) Claimant  El Camino Community College District		Fiscal Year  2000-2001	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon		X	X
Dermatology, Family practice		X	X
Internal Medicine		X	X
Outside Physician		X	X
Dental Services			
Outside Labs, (X-ray, etc.,)		X	X
Psychologist, full services		X	X
Cancel/Change Appointments		X	X
Registered Nurse		X	X
Check Appointments			
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports		X	X
Nutrition		X	X
Test Results, office		X	X
Venereal Disease		X	X
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye/Vision		X	X
Dermatology/Allergy		X	X
Gynecology/Pregnancy Service			
Neuralgic		X	X
Orthopedic		X	X
Genito/Urinary		X	X
Dental		X	X
Gastro-Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	X
Sunstance Abuse Identification and Counseling		X	X
Eating Disorders		X	X
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, list		X	X
Examinations, minor illnesses			
Recheck Minor Injury		X	X
Health Talks or Fairs, Information			
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X
Child Abuse		X	X

<b>MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM HFE-2.1</b>	
(01) Claimant  El Camino Community College District	Fiscal Year  2000-2001	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes	X X X	X X X
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled	X X X	X X X
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information	X X X X	X X X X
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration		
Laboratory Tests Done Inquiry/Interpretation Pap Smears	X X X	X X X
Physical Examinations Employees Students Athletes	X X	X X
Medications Antacids Antidiarrheal Aspirin, Tylenol, etc., Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list--> Ibuprofen	X X X X X X X X X X	X X X X X X X X X
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
(01) Claimant  El Camino Community College District		Fiscal Year  2000-2001	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies			
Private Medical Doctor		X	X
Health Department		X	X
Clinic		X	X
Dental		X	X
Counseling Centers		X	X
Crisis Centers		X	X
Transitional Living Facilities, battered/homeless women		X	X
Family Planning Facilities		X	X
Other Health Agencies			
Tests			
Blood Pressure		X	X
Hearing		X	X
Tuberculosis			
Reading		X	X
Information		X	X
Vision		X	X
Glucometer		X	X
Urinalysis		X	X
Hemoglobin			
EKG		X	X
Strep A Testing		X	X
PG Testing		X	X
Monospot		X	X
Hemacult			
Others, list			
Miscellaneous			
Absence Excuses/PE Waiver		X	X
Allergy Injections		X	X
Band-aids		X	X
Booklets/Pamphlets		X	X
Dressing Change		X	X
Rest		X	X
Suture Removal		X	X
Temperature		X	X
Weigh		X	X
Information		X	X
Report/Form		X	X
Wart Removal			
Others, list			
Committees			
Safety		X	X
Environmental		X	X
Disaster Planning			
Skin Rash Preparations			
Eye Drops			

State of California

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

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

Program  
**029**

**Reimbursement Claim Data**

**(01) Claimant Identification Number:**  
 S19140

**(02) Mailing Address:**

**Claimant Name**  
 El Camino Community College District

**County of Location**  
 Los Angeles

**Street Address**  
 16007 Crenshaw Boulevard

**City State Zip Code**  
 Torrance CA 90506-0002

(22) HFE - 1.0, (04)(b)	\$ 167,511
(23)	
(24)	
(25)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>
<b>Fiscal Year of Cost</b>	(06) 2002-03	(12) 2001-2002
<b>Total Claimed Amount</b>	(07) \$ 180,000	(13) \$ 167,511
<b>Less: 10% Late Penalty, but not to exceed \$00</b>		(14) \$ -
<b>Less: Estimate Claim Payment Received</b>		(15) \$ 35,266
<b>Net Claimed Amount</b>		(16) \$ 132,245
<b>Due from State</b>	(08) \$ 180,000	(17) \$ 132,245
<b>Due to State</b>		(18) \$ -

**(38) CERTIFICATION OF CLAIM**

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

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

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

**Signature of Authorized Officer**  
  
 Pamela Fees  
 Type or Print Name

**Date**  
 12-23-02  
 Business Manager  
 Title

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



# STATE OF CALIFORNIA

62-528582

H THE TREASURER OF THE STATE WILL PAY OUT OF THE IDENTIFICATION NO. S19140

FUND NO. 0001 FUND NAME GENERAL FUND

6870

MO. DAY YR. 03 06 2002

90-1342/1211

62528582

TO 6582  
TREASURER  
EL CAMINO COMM COL DIST  
LOS ANGELES COUNTY  
16007 CRENSHAW BLVD  
TORRANCE CA 90506

DOLLARS CENTS  
\$ 13,528.00

*Kathleen Connell*  
KATHLEEN CONNELL  
STATE CONTROLLER

⑆121113423⑆ 62528582⑈

DETACH ON DOTTED LINE  
KEEP THIS PORTION FOR YOUR RECORDS

62-528582

ISSUE DATE: 03/06/2002

ISSUE DATE: 03/06/2002

CLAIM SCHEDULE NBR: MA11392E

### REIMBURSEMENT OF STATE MANDATED COSTS

ANY QUESTIONS REGARDING THIS CLAIM CALL FRAN 916 323-0766

ACL : 6870-295-0001      PROG : HEALTH FEE ELIMINATION CH 1/84

2001/2002 ESTIMATED PAYMENT      CLAIMED AMT:      151,000.00

TOTAL ADJUSTMENTS:      .00

TOTAL APPROVED CLAIMED AMT:      151,000.00

LESS PRIOR PAYMENTS:      .00

PRORATA PERCENT:      23.354721

PRORATA BALANCE DUE:      115,734.00-

APPROVED PAYMENT AMOUNT:      35,266.00

PAYMENT OFFSETS (ACL NBR, NAME, FY, AMT.):

6110-295-0001      COLLECTIVE BARGAIN CH 96 99/00      21,738-

NET PAYMENT AMOUNT:      13,528.00

	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.0</b>
--	--	-------------------------------

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

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

(a) Name of College	(b) Claimed Amount
1. El Camino College	\$ 167,511.12
2.	\$ -
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -

<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 167,511
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	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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<b>(01) Claimant:</b>  El Camino Community College District	<b>(02) Type of Claim:</b> Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2001-2002
---	---	------------------------------

**(03) Name of College** El Camino College

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

LESS       SAME       MORE

	Direct Cost	Indirect Cost of: 28.63%	Total
<b>(05) Cost of Health Services for the Fiscal year of Claim</b>	\$ 403,626	\$ 115,558	\$ 519,184
<b>(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87</b>	\$ -	\$ -	\$ -
<b>(07) Cost of providing current fiscal year health services at the 1986/87 level</b> [Line (05) - line (06)]	\$ 403,626	\$ 115,558	\$ 519,184

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

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	2,298	15,445	\$ 10.00	\$ 22,980	\$ 10.00	\$ 154,450	\$ 177,430
2. Per spring semester	1,894	15,272	\$ 10.00	\$ 18,940	\$ 10.00	\$ 152,720	\$ 171,660
3. Per summer session	30	13,942	\$ -	\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
<b>(09) Total health fee that could have been collected</b>	[Line (8.1g) + (8.2g) + .....(8.6g)]						\$ 349,090
<b>(10) Sub-total</b>	[Line (07) - line (09)]						\$ 170,094

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ 2,583
<b>(13) Total Amount Claimed</b>	\$ 167,511

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

EL CAJO COMMUNITY COLLEGE DISTRICT  
 CALCULATION OF INDIRECT COST RATE,  
 FISCAL YEAR  
 2000-2001

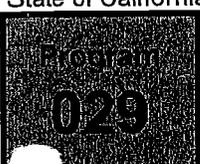
FOR 01-02  
 CLAIMS

REFERENCE (CCFS 311)	DESCRIPTION	2000-2001
<b>INSTRUCTIONAL ACTIVITY</b>		
	<b>Instructional Costs</b>	
	Instructional Salaries and Benefits	34,637,085
	Instructional Operating Expenses	1,405,525
	Instructional Support Instructional Salaries and Benefits	0
	Auxiliary Operations Instructional Salaries and Benefits	112,575
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>36,155,185</b>
	<b>Non-Instructional Costs</b>	
	Non-Instructional Salaries and Benefits	2,350,610
	Instructional Admin. Salaries and Benefits	4,749,688
	Instructional Admin. Operating Expenses	1,141,056
	Auxiliary Classes Non-Inst. Salaries and Benefits	1,605,173
	Auxiliary Classes Operating Expenses	1,543,211
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>11,389,738</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>47,544,923</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	<b>Direct Support Costs</b>	
	Instructional Support Services Non Inst. Salaries and Benefits	2,068,940
	Instructional Support Services Operating Expenses	279,642
	Admissions and Records	2,372,772
	Counseling and Guidance	3,469,142
	Other Student Services	5,897,480
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>14,087,976</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>	<b>61,632,899</b>
	<b>Indirect Support Costs</b>	
	Operation and Maintenance of Plant	7,135,934
	Planning and Policy Making	2,634,424
	General Instructional Support Services	7,872,419
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>17,642,777</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>	<b>79,275,676</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
Indirect Support Costs Allocation Rate =	Total Indirect Supports Costs (6)	28.63%
	Total Instructional Activity Costs and Direct Support Costs (5)	
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4)	29.63%
	Total Instructional Activity Costs (3)	
Total Support Cost Allocation		58.26%

	<b>MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM HFE-2.1</b>
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(c.) Claimant  El Camino Community College District	Fiscal Year  2001-2002
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services		
Outside Labs, (X-ray, etc.)	X	X
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports	X	X
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service		
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list	X	X
Examinations, minor illnesses		
Recheck Minor Injury	X	X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse	X	X

		<b>MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL</b>		<b>FORM HFE-2.1</b>	
( ) Claimant  El Camino Community College District			Fiscal Year  2001-2002		
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.			(a) FY 1986/87	(b) FY of Claim	
Birth Control/Family Planning			X	X	
Stop Smoking			X	X	
Library, Videos and Cassettes			X	X	
First Aid, Major Emergencies			X	X	
First Aid, Minor Emergencies			X	X	
First Aid Kits, Filled			X	X	
Immunizations					
Diphtheria/Tetanus			X	X	
Measles/Rubella			X	X	
Influenza			X	X	
Information			X	X	
Insurance					
On Campus Accident					
Voluntary					
Insurance Inquiry/Claim Administration					
Laboratory Tests Done			X	X	
Inquiry/Interpretation			X	X	
Pap Smears			X	X	
Physical Examinations					
Employees					
Students			X	X	
Athletes			X	X	
Medications					
Antacids			X	X	
Antidiarrheal			X	X	
Aspirin, Tylenol, etc.,			X	X	
Skin Rash Preparations			X	X	
Eye Drops			X	X	
Ear Drops			X	X	
Toothache, oil cloves			X	X	
Stingkill			X	X	
Midol, Menstrual Cramps			X	X	
Other, list--> Ibuprofen			X	X	
Parking Cards/Elevator Keys					
Tokens					
Return Card/Key					
Parking Inquiry					
Elevator Passes					
Temporary Handicapped Parking Permits					



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

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

Program  
**029**

**(01) Claimant Identification Number:**

L S19140

**(02) Mailing Address:**

**Claimant Name**

EL Camino Community College District

**County of Location**

Los Angeles

**Street Address**

16007 Crenshaw Boulevard

**City**

Torrance

**State**

CA

**Zip Code**

90506-0002

**Reimbursement Claim Data**

(22) HFE - 1.0, (04)(b)

\$ 174,277

(23)

(24)

(25)

(26)

**Type of Claim**

**Estimated Claim**

**Reimbursement Claim**

(27)

(03) Estimated

(09) Reimbursement

(28)

(04) Combined

(10) Combined

(29)

(05) Amended

(11) Amended

(30)

**Fiscal Year of Cost**

(06) 2003-2004

(12) 2002-2003

(31)

**Total Claimed Amount**

(07) \$ 175,000

(13) \$ 174,277

(32)

**Less: 10% Late Penalty, but not to exceed \$100**

(14) \$ -

(33)

**Less: Estimate Claim Payment Received**

(15) \$ -

(34)

**Net Claimed Amount**

(16) \$ 174,277

(35)

**Due from State**

(08) \$ 175,000

(17) \$ 174,277

(36)

**Due to State**

(18) \$ -

(37)

**(38) CERTIFICATION OF CLAIM**

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

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

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

Signature of Authorized Officer

Date

*Pamela Fees*

1-6-04

Pamela Fees

Business Manager

Name or Print Name

Title

Name of Contact Person or Claim

Telephone Number (858) 514-8605

SixTen and Associates

E-Mail Address kbpsixten@aol.com



**MANDATED COSTS  
HEALTH FEE ELIMINATION  
CLAIM SUMMARY**

**FORM  
HFE-1.0**

<b>(01) Claimant:</b>	<b>(02) Type of Claim:</b>	Fiscal Year
Claimant Name	Reimbursement <input checked="" type="checkbox"/>	
El Camino Community College District	Estimated <input type="checkbox"/>	2002-2003

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

(a) Name of College	(b) Claimed Amount
1. El Camino College	\$ 174,277.26
2.	\$ -
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
<b>(04) Total Amount Claimed</b>	\$ 174,277

[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

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

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

LESS       SAME       MORE

	Direct Cost	Indirect Cost of: 28.46%	Total
<b>(05) Cost of Health Services for the Fiscal year of Claim</b>	\$ 455,152	\$ 129,536	\$ 584,688
<b>(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87</b>	\$ -	\$ -	\$ -
<b>(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]</b>	\$ 455,152	\$ 129,536	\$ 584,688

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

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	4,776	15,928	\$ 10.00	\$ 47,760	\$ 10.00	\$ 159,280	\$ 207,040
2. Per spring semester	4,448	14,386	\$ 10.00	\$ 44,480	\$ 10.00	\$ 143,860	\$ 188,340
3. Per summer session				\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

<b>(09) Total health fee that could have been collected</b>	[Line (8.1g) + (8.2g) + .....(8.6g)]	\$ 395,380
<b>(10) Sub-total</b>	[Line (07) - line (09)]	\$ 189,308

<b>Cost Reduction</b>		
(11) Less: Offsetting Savings, if applicable		\$ -
(12) Less: Other Reimbursements, if applicable		\$ 15,031
<b>(13) Total Amount Claimed</b>	[Line (10) - {(line (11) + line (12))}]	\$ 174,277

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
CALCULATION OF INDIRECT COST RATE,  
FISCAL YEAR  
2001-2002**

*For 02-03  
claims*

REFERENCE (CCFS 311)	DESCRIPTION	2001-2002
<b>INSTRUCTIONAL ACTIVITY</b>		
	Instructional Costs	
	Instructional Salaries and Benefits	38,465,491
	Instructional Operating Expenses	1,307,934
	Instructional Support Instructional Salaries and Benefits	0
	Auxiliary Operations Instructional Salaries and Benefits	123,607
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>39,897,032</b>
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	2,570,144
	Instructional Admin. Salaries and Benefits	5,056,212
	Instructional Admin. Operating Expenses	971,106
	Auxiliary Classes Non-Inst. Salaries and Benefits	2,052,409
	Auxiliary Classes Operating Expenses	1,373,030
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>12,022,901</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>51,919,933</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	2,302,041
	Instructional Support Services Operating Expenses	259,142
	Admissions and Records	2,418,915
	Counselling and Guidance	3,696,847
	Other Student Services	6,515,747
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>15,192,692</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>	<b>67,112,625</b>
	Indirect Support Costs	
	Operation and Maintenance of Plant	7,117,031
	Planning and Policy Making	2,723,404
	General Instructional Support Services	9,259,918
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>19,100,353</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>	<b>86,212,978</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
Indirect Support Costs Allocation Rate =	Total Indirect Supports Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	28.46%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	29.26%
Total Support Cost Allocation		57.72%

	<b>MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM HFE-2.1</b>
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(01) Claimant  El Camino Community College District	Fiscal Year  2002-2003
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
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Accident Reports	X	X
Appointments		
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services		
Outside Labs, (X-ray, etc.,)	X	X
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports	X	X
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service	X	X
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list	X	X
Examinations, minor illnesses		
Recheck Minor Injury	X	X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse	X	X

<div style="background-color: #cccccc; padding: 5px;">                     Program  <b>029</b> </div> <div style="text-align: center; padding: 5px;"> <b>MANDATED COSTS                      HEALTH FEE ELIMINATION                      COMPONENT/ACTIVITY COST DETAIL</b> </div>	<b>FORM                      HFE-2.1</b>	
(01) Claimant  El Camino Community College District	Fiscal Year  2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes	X X X	X X X
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled	X X X	X X X
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information	 X X X X	 X X X X
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration	    	    
Laboratory Tests Done Inquiry/Interpretation Pap Smears	 X X	 X X
Physical Examinations Employees Students Athletes	  X X	  X X
Medications Antacids Antidiarrheal Aspirin, Tylenol, etc., Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list	 X X X X X X X X X	 X X X X X X X X X
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits	     	     



# CONFIRMATION OF RECEIPT OF DOCUMENT

Please fax this form to SixTen upon receipt of the enclosed claim.

Fax to: SixTen and Associates  
858-514-8645

From: Commission on State Mandates

RE: Incorrect Reduction Claim of

El Camino Community College District  
Health Fee Elimination  
2000-01 through 2002-03

This fax is to confirm receipt of the above referenced document.

Date received: 3/27/04

Received by: 