



RECEIVED
January 14, 2015
**Commission on
State Mandates**

BETTY T. YEE
California State Controller

January 13, 2015

Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Draft Proposed Decision

Incorrect Reduction Claim

Health Fee Elimination, 06-4206-I-13

Education Code Section 76355

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

Fiscal Years 1999-2000, 2000-2001, and 2001-2002

Pasadena Area Community College District, Claimant

Dear Ms. Halsey:

The State Controller's Office (SCO) has reviewed the Commission on State Mandates' (Commission) draft staff analysis dated January 9, 2015, for the above incorrect reduction claim filed by Pasadena Area Community College District. We support the Commission's conclusion and recommendation.

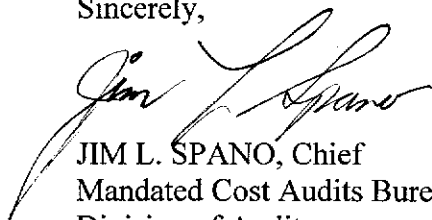
The Commission supported the SCO adjustments related to the following:

- The audit was not time-barred by any statutory or common law limitation.
- Reduction of indirect costs based on recalculation of the indirect cost rates, totaling \$157,273, is correct as a matter of law.
- Reduction based on understated offsetting health service fee revenues, totaling \$287,865, is correct as a matter of law.
- Adjustment to claimant's reimbursement claims based on prior payments made to the claimant.

Heather Halsey, Executive Director
January 13, 2015
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If you have any questions, please contact me by telephone at (916) 323-5849.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L. Spano". The signature is fluid and cursive, with a large initial "J" and "S".

JIM L. SPANO, Chief
Mandated Cost Audits Bureau
Division of Audits

JLS/sk

14974

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On January 14, 2015, I served the:

SCO Comments

Health Fee Elimination, 06-4206-I-13

Pasadena Area Community College District, Claimant

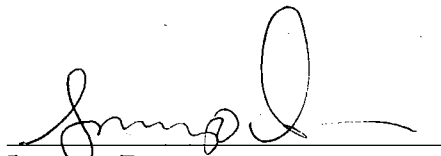
Education Code Section 76355

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Fiscal Years 1999-2000, 2000-2001, and 2001-2002

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on January 14, 2015 at Sacramento, California.



Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 7/1/14

Claim Number: 06-4206-I-13

Matter: Health Fee Elimination

Claimant: Pasadena Area Community College District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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