

## COMMISSION ON STATE MANDATES

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

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

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

RE: **Request for Comments**

Regarding Reasonable Reimbursement Methodologies  
in Relation to the Following Claims:

*Behavioral Intervention Plans*, CSM 4464

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

*Habitual Truants*, 09-PGA-01, 01-PGA-06 (CSM-4487 and CSM-4487A)

San Jose Unified School District, Requestors

*Voter Identification Procedures*, 03-TC-23

County of San Bernardino, Claimant

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

Thank you for your participation on July 27, 2011 at the prehearing conference conducted by the Commission on State Mandates (Commission) to discuss reasonable reimbursement methodologies (RRMs) as they relate to the above-named matters, and to future requests for RRMs. Staff sought input regarding how "cost efficient," as that term is used in Government Code section 17518.5, should be applied to proposed RRMs. The participants in the prehearing conference provided helpful input on this issue and into the draft staff analysis on the proposed parameters and guidelines amendment for the *Habitual Truants* program. The draft staff analysis was issued on June 9, 2011. Subsequent to the prehearing, Commission staff reviewed the draft staff analysis based on the input received and now seeks briefing on the following questions:

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

The California Constitution and section 17514 require that each local agency be reimbursed for its mandated costs. An RRM is a tool to facilitate the reimbursement process. Staff believes it is constitutionally permissible to develop an RRM unit cost that reasonably reimburses each local agency even if

some local agencies receive more and some local agencies receive less than the RRM unit cost. The Commission recently found in the *Municipal Stormwater* program that the RRM unit cost of \$6.74 was reasonable even though the unit costs used to develop that figure ranged from a low of \$2.02 to a high of \$14.46. The Commission implicitly found that \$6.74 was a constitutionally permissible figure even though one claimant whose figures were used to calculate the RRM figure had actual costs of \$14.46. Under the RRM, that claimant would be entitled to less than half of its actual costs.

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

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

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

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

We invite all parties, interested parties, and interested persons to submit comments on these questions or any related issues by Wednesday, **September 2, 2011**.

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

Sincerely,



Drew Bohan  
Executive Director