

COMMISSION ON STATE MANDATES

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December 23, 2005

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

And Affected State Agencies and Interested Parties (See Enclosed Mailing List)

Re: Draft Staff Analysis and Proposed Parameters and Guidelines
Enrollment Fee Collection and Waivers, 99-TC-13
Education Code Section 73600, et. al.
Los Rios and Glendale Community Colleges, Claimants

Dear Mr. Petersen:

The draft staff analysis and proposed parameters and guidelines are complete and enclosed for your review and comment.

Written Comments

Any party or interested party may file written comments on the draft staff analysis and proposed parameters and guidelines by **January 6, 2006**. The Commission's regulations require comments filed with the Commission to be simultaneously served on the parties and interested parties and to be accompanied by a proof of service. To request an extension of time to file comments, please refer to section 1183.01, subdivision (c), of the Commission's regulations.

Hearing

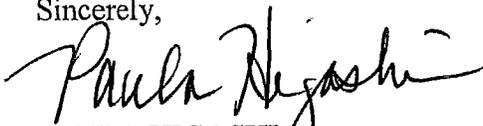
This matter is tentatively set for hearing on **January 26, 2006**, at 9:30 a.m. in Room 126 of the State Capitol, Sacramento, California. This item will be scheduled for the consent calendar unless any party objects. Please let us know in advance if you or a representative of your agency will testify at the hearing, and if other witnesses will appear. If you would like to request postponement of the hearing, please refer to section 1183.01, subdivision (c), of the Commission's regulations.

Special Accommodations

For any special accommodations such as a sign language interpreter, an assistive listening device, materials in an alternative format, or any other accommodations, please contact the Commission Office at least five to seven *working* days prior to the meeting.

If you have any questions, please contact Tina Poole at (916) 323-8220.

Sincerely,


PAULA HIGASHI
Executive Director

Enclosures

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MAILED: Mail List FAXED: _____
DATE: 12-23-01 INITIAL: LD
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WORKING BINDER: _____

ITEM ____

**PROPOSED PARAMETERS AND GUIDELINES,
DRAFT STAFF ANALYSIS**

Education Code Section 76300

California Code of Regulations, Title 5, Sections 58501-58503;
58611- 58613, 58620, 58630

Enrollment Fee Collection and Waivers (99-TC-13 and 00-TC-15)

Los Rios and Glendale Community College Districts, Claimants

EXECUTIVE SUMMARY

The Executive Summary will be included in the Final Staff Analysis.

Claimants

Los Rios and Glendale Community College Districts

Chronology

08/30/02 Commission on State Mandates (Commission) issues notice to consolidate test claims¹

04/24/03 Commission adopted Statement of Decision

05/09/03 Claimant submitted proposed parameters and guidelines

02/13/04 The Department of Finance (DOF) submitted comments

06/22/05 Claimant submitted request to proceed without uniform cost allowance

12/23/05 Draft staff analysis issued

Summary of the Mandate

On April 24, 2003, the Commission adopted the Statement of Decision for *Enrollment Fee Collection and Waivers* (99-TC-13 and 00-TC-15). The Commission found that the test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program upon community college districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.² Accordingly, the Commission approved this test claim for the following reimbursable activities:

- Calculating and collecting the student enrollment fee for each student enrolled except for nonresidents, and except for special part-time students cited in section 76300, subdivision (f). (Ed. Code, § 76300, subds. (a) & (b); Cal. Code Regs., tit. 5, §§ 58501, 58502 & 58503.)
- Waiving student fees in accordance with the groups listed in Education Code section 76300, subdivisions (g) and (h).
- Waiving fees for students who apply for and are eligible for Board of Governors' (BOG) fee waivers. (Cal. Code Regs., tit. 5, §§ 58612, 58613 & 58620.)
- Reporting to the Community Colleges Chancellor (CCC) the number of and amounts provided for BOG fee waivers. (Cal. Code Regs., tit. 5, § 58611.)
- Adopting procedures that will document all financial assistance provided on behalf of students pursuant to chapter 9 of title 5 of the California Code of Regulations; and including in the procedures the rules for retention of support documentation which will enable an independent determination regarding accuracy of the district's certification of need for financial assistance. (Cal. Code Regs., tit. 5, § 58630, subd. (b).)

The Commission found that all other test claim statutes and regulations not cited above do not impose reimbursable state-mandated activities within the meaning of article XIII B, section 6 and Government Code section 17514.

¹ Exhibit A.

² Exhibit B.

Discussion

Staff reviewed the claimant's proposed parameters and guidelines³ and the comments received. Non-substantive, technical changes were made for purposes of clarification, consistency with language in recently adopted parameters and guidelines, and conformity to the Statement of Decision and statutory language.

Substantive changes were made to the following sections of the claimant's proposed parameters and guidelines:

IV. Reimbursable Activities

One-Time Activities

- *Policies and Procedures.* The claimant proposed that the activities of preparing and updating policies and procedures be reimbursable activities. Staff found that preparing policies and procedures is reasonable to comply with the mandate. However, staff finds that updates to the policies and procedures would be subject to changes in the community college district's policy rather than state law, and would not be reimbursable. Therefore, staff modified this section to delete updating the policies and procedures and to specify that preparation of policies and procedures is a one-time activity.
- *Training.* The claimant proposed the activity of training district staff on the procedures for the collection and waiver of enrollment fees to be reimbursable. In their comments, DOF recommended modifications to the language to identify the staff to be trained and specify that the training be offered by the Chancellor's Office.

Staff notes that the Community College *Board of Governor's Fee Waiver Program and Special Programs, 2000-2001 Program Manual* on enrollment fee waivers, which acts as a guideline for this process, requires specific staff to attend training offered by the Chancellor's Office⁴. Considering the complexity of the programs' activities, staff finds that training is warranted for both enrollment fee collection and waivers as a one-time activity per employee, and therefore, is reasonably necessary to comply with the mandate. Staff modified the proposed training activity, as recommended by DOF, to identify the staff to be trained and to specify that the training be offered by the Chancellor's Office.

For both the policies and procedures and training activities, the claimant proposed using the phrase "and for the implementation of the mandate." In comments dated February 13, 2004, DOF requested that this phrase be removed because it is unclear what this language would include.⁵ Staff agreed that this language is vague, and deleted it accordingly.

Ongoing Activities

- *Enrollment Fee Collection.* The claimant proposed several activities that are typically required for complying with the activity of calculating and collecting the student enrollment fee. No comments were received objecting to most of these activities. Staff also found that

³ Exhibit C.

⁴ Exhibit E.

⁵ Exhibit D.

the activities appear to be reasonably necessary to comply with the mandate. Therefore, staff retained the activities as proposed by the claimant, except as noted below:

- The claimant proposed reimbursement for providing written notice to students of the prevailing enrollment fee payment requirements. Staff finds that this activity is undefined, potentially over broad, and there is nothing currently in the record to explain why it is reasonably necessary to carry out the mandate. Therefore, staff deleted the activity.
- In its proposed activity for calculating the total enrollment fee to be collected, the claimant includes processing credit card and other non-cash payment transactions as reimbursable activities. Staff finds that the staff time for accepting any kind of payment is reimbursable. However, the payment methods the community college districts choose to accept is at their discretion and not a requirement in statute or regulations. The cost of processing credit card and other non-cash payment transactions is a normal cost of doing business. Therefore, staff modified the language to specify that any bank or credit cards fees imposed on community college districts for using credit cards are not reimbursable.
- The claimant also proposed that answering student questions or referring students to the appropriate person for an answer is a reimbursable activity. DOF suggested language limiting this activity to only fee collection and fee waivers issues to limit reimbursement to the activities approved in the Statement of Decision. Staff agreed with DOF and listed this “question answering” activity separately under both the Enrollment Fee Collection and Enrollment Fee Waiver sections.

Moreover, the claimant’s proposal included language describing offsetting savings. Staff deleted this language from the reimbursable activities section and moved it to Section VII, Offsetting Savings and Reimbursements.

- *Enrollment Fee Waiver.* The claimant’s proposal did not include the specific activity identified in the Statement of Decision regarding adopting procedures that document all financial assistance provided on behalf of students. Therefore, staff inserted this activity.

As a separate activity, the claimant proposed reimbursement for recording and maintaining records that document all of the financial assistance provided to students for the payment of waiver of enrollment fees in order to enable an independent determination of the district’s certification of the need for financial assistance. DOF recommended deleting this activity, stating that record retention is an ineligible activity as a result of the claimant’s request to withdraw the *Board of Governor’s Fee Waiver Program and Special Programs, 2000-2001 Program Manual* at the March 27, 2003 hearing on this test claim.

Staff notes that although the claimant withdrew this manual, record retention is included in the regulations that were approved by the Commission as part of the mandated program. California Code of Regulations, title 5, section 58630, subdivision (b), requires adoption of procedures to document all financial assistance provided on behalf of students, including rules for retention of support documentation that will enable an independent determination regarding accuracy of the district’s certification or need for financial assistance. Staff reviewed the Final Statement of Reasons from the regulation package submitted to Office of

Administrative Law by the Chancellor's Office for section 58630.⁶ Staff finds that, in addition to adopting procedures to document all financial assistance provided on behalf of students, including rules for retention of supporting documents, the process of actually documenting the financial assistance and retaining supporting documentation is also reimbursable. Therefore, staff did not delete this activity. Staff did, however, remove it as an independent activity and integrated it into this section.

Under the Enrollment Fee Waiver section, the claimant proposed several activities that are typically required for complying with the activity of waiving student fees. No comments were received objecting to most of these activities. Staff also found that the activities appear to be reasonably necessary to comply with the mandate. Therefore, staff retained the activities as proposed by the claimant, except as noted below:

- As with Enrollment Fee Collection above, the claimant proposed reimbursement for providing written notice to students of the prevailing enrollment fee waiver requirements and the forms required to apply for a waiver. As above, staff finds that this activity is undefined, potentially over broad, and there is nothing currently in the record to explain why it is reasonably necessary to carry out the mandate. Therefore, staff deleted the activity.
- As explained above, staff added the "question answering" activity separately under both the Enrollment Fee Collection and Enrollment Fee Waiver sections.

Moreover, the claimant's proposal included language describing offsetting savings. Staff deleted this language from the reimbursable activities section and moved it to Section VII, Offsetting Savings and Reimbursements.

Section V. Claim Preparation and Submission

At the public hearing on March 27 2003, the Commission directed staff to work on a uniform cost allowance for this program. As of June 22, 2005, the claimant had not obtained data that would allow for the development of a reasonable reimbursement methodology and requested the Commission to proceed with actual costs for this program.⁷ Therefore, staff recommends that the parameters and guidelines for this program be based on actual costs. Accordingly, staff inserted language in this section consistent with language in recently adopted parameters and guidelines.

Section VII. Offsetting Savings and Reimbursements

The claimant's proposal included language under Enrollment Fee Collection and Enrollment Fee Waiver describing the offsetting savings for each of the programs. DOF suggested modifications to this language for clarification. To ensure an accurate explanation of the offsets, staff revised the language to track the statute and Statement of Decision and moved the language under this section.

⁶ Exhibit F.

⁷ Exhibit G.

Staff Recommendation

Staff recommends that the Commission adopt the proposed parameters and guidelines, beginning on page 7.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

**CLAIMANT'S PROPOSED PARAMETERS AND GUIDELINES,
AS MODIFIED BY STAFF**

Education Code Sections 76300

California Code of Regulations, Title 5, CCR, Sections 58501- 58503;

58611- 58613, 58620, 58630

Title 5, CCR, Section 58502

Title 5, CCR, Section 58503

Title 5, CCR, Section 58611

Title 5, CCR, Section 58612

Title 5, CCR, Section 58613

Title 5, CCR, Section 58620

Title 5, CCR, Section 58630

Statutes of 1995, Chapter 308

Statutes of 1996, Chapter 63

Statutes of 1999, Chapter 72

CSM 99 TC 13 & 00 TC 15

ENROLLMENT FEE COLLECTION AND WAIVERS

Enrollment Fee Collection and Waivers (99-TC-13 and 00-TC-15)

Los Rios and Glendale Community College Districts, Claimants

I. SUMMARY OF THE MANDATE

Per Statement of Decision Claimant Los Rios Community College District (LRCCD), submitted the *Enrollment Fee Collection* test claim (99-TC-13) in June 2000 alleging a reimbursable state mandate for community college districts by requiring specific new activities and costs related to collecting enrollment fees. Claimant Glendale Community College District (GCCD) submitted the *Enrollment Fee Waivers* (00-TC-15) test claim in May 2001 alleging a reimbursable state mandate for community college districts by requiring specific new activities and costs related to granting fee waivers, Board of Governor's (BOG) Grants and financial assistance to students. In August 2002, the *Enrollment Fee Collection* and *Enrollment Fee Waiver* test claims were consolidated.

On April 24, 2003, the Commission on State Mandates (Commission) adopted the Statement of Decision for the *Enrollment Fee Collection and Waivers* program. The Commission found that the test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program on community college districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. Accordingly, the Commission approved this test claim for the following reimbursable activities:

- Calculating and collecting the student enrollment fee for each student enrolled except for nonresidents, and except for special part-time students cited in section 76300, subdivision (f). (Ed. Code, § 76300, subds. (a) & (b); Cal. Code Regs., tit. 5, §§ 58501, 58502 & 58503.)

- Waiving student fees in accordance with the groups listed in Education Code section 76300, subdivisions (g) and (h).
- Waiving fees for students who apply for and are eligible for BOG fee waivers. (Cal.Code Regs., tit. 5, §§ 58612, 58613 & 58620.)
- Reporting to the Community Colleges Chancellor (CCC) the number of and amounts provided for BOG fee waivers. (Cal. Code Regs., tit. 5, § 58611.)
- Adopting procedures that will document all financial assistance provided on behalf of students pursuant to chapter 9 of title 5 of the California Code of Regulations; and including in the procedures the rules for retention of support documentation which will enable an independent determination regarding accuracy of the district's certification of need for financial assistance. (Cal. Code Regs., tit. 5, § 58630, subd. (b).)

The Commission found that all other test claim statutes and regulations not cited above do not impose reimbursable state-mandated activities within the meaning of article XIII B, section 6 and Government Code section 17514.

II. ELIGIBLE CLAIMANTS

Any community college districts which that incurs increased costs as a direct result of this reimbursable state mandated program are eligible to claim reimbursement of those costs.

III. PERIOD OF REIMBURSEMENT

Per Statement of Decision and Commission boilerplate. Reimbursement begins July 1998, except for the enrollment fee waiver process, which begins July 1999. Government Code section 17557 states that a test claim must be submitted on or before June 30 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for *Enrollment Fee Collection* (99-TC-13) was filed in June 2000, and the test claim for *Enrollment Fee Waivers* (00-TC-15) was filed in May 2001. Thus, costs incurred for compliance with *Enrollment Fee Collection* are reimbursable on or after July 1, 1998, and costs incurred for compliance with *Enrollment Fee Waivers* are reimbursable on or after July 1, 1999.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.

If the total costs for a given year do not exceed \$1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the

event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are eligible for reimbursement:

A. One-Time Activities

1. Enrollment Fee Collection (Reimbursement Period begins July 1, 1998)

1.a. Policies and Procedures

Prepare and update as necessary district policies and procedures for the collection of enrollment fees and the determination of which students are eligible for waiver of the enrollment fee, and for the implementation of the mandate.

2.b. Staff Training (One-time per employee)

Training district staff new directors/managers/coordinators/officers in charge of day-to-day operations of the financial aid office on the procedures for the collection of enrollment fees and determination of which students are eligible for waiver of the enrollment fee, and for the implementation of the mandate.

2. Enrollment Fee Waivers (Reimbursement Period begins July 1, 1999)

a. Policies and Procedures

Prepare district policies and procedures for determining which students are eligible for waiver of the enrollment fees.

b. Staff Training (One-time per employee)

Training new directors/managers/coordinators/officers in charge of day-to-day operations of the financial aid office on the procedures for determining which students are eligible for waiver of the enrollment fee by having them attend training offered by the Chancellor's Office.

B. Ongoing Activities

1. Enrollment Fee Collection (Reimbursement Period begins July 1, 1998)

a. Calculating and ~~The entire process~~ of collecting the student enrollment fee for each student enrolled, except for nonresidents, and except for special part-time students cited in section 76300, subdivision (f). (Ed. Code, §76300, subs. (a) & (b); Cal. Code Regs.,

~~tit. 5, §§ 58501, 58502 & 58503) (E.C. 76001). The process may be different for each district, but typically This -includes:~~

~~A. Providing written notice to students of the prevailing enrollment fee payment requirements.~~

- ~~☐i. Referencing student accounts and records to determine course workload, status of payments, and eligibility for fee waiver. Printing a list of enrolled courses.~~
- ~~☐ii. Calculating the total enrollment fee to be collected. Identifying method of payment. Collecting cash and making change as necessary. Processing credit card and other non-cash payment transactions (however, any fees that may be charged to a community college district by a credit card company or bank are not reimbursable). Preparing a receipt for payment received.~~
- ~~☐iii. Answering student's questions regarding enrollment fee collection or referring them to the appropriate person for an answer.~~
- ~~☐iv. Updating written and computer records for the enrollment fee information and providing a copy to the student. Copying and filing enrollment fee documentation.~~
- ~~☐v. Collecting delinquent enrollment fees, including written or telephonic collection notices to students, turning accounts over to collection agencies, or small claims court action.~~
- ~~☐vi. For students who establish fee waiver eligibility after the enrollment fee has been collected, providing a refund or enrollment fees paid and updating student and district records as required. (Refund process for change in program is not reimbursable).~~

~~The cost of this component is subject to an offset of two percent of the total enrollment fees waived as a credit calculated by the State Chancellor, but, only to the extent that this revenue continues to be received by the district from the state.~~

2. Enrollment Fee Waiver (BOG, et al.) (Beginning July 1999)
(Reimbursement Period begins July 1, 1999):

- a. Adopting procedures that will document all financial assistance provided on behalf of students pursuant to chapter 9 of title 5 of the California Code of Regulations; and including in the procedures the rules for retention of support documentation that will enable an independent determination regarding accuracy of the district's certification of need for financial assistance. (Cal. Code Regs., tit. 5, § 58630, subd. (b).)

Recording and maintaining records that document all of the financial assistance provided to students for the waiver of enrollment fees in a manner that will enable an independent determination of the district's certification of the need for financial assistance. (Cal. Code Regs., tit. 5, § 58630, subd. (b).)

- b. Waiving student fees in accordance with groups listed in The entire process of determining eligibility for enrollment fee waivers as provided for by Education Code section 76300, (subdivisions (g), and (h), i, j, k, and l). Waiving fees for students who

apply for and are eligible for BOG fee waivers (Cal. Code Regs., tit. 5 §§ 58612, 58613 & 58620). The process may be different for each district, but typically This includes:

- ~~Providing written notice to students of the prevailing enrollment fee waiver requirements and the forms required to apply for a waiver.~~
- i. Answering student's questions regarding enrollment fee waivers or referring them to the appropriate person for an answer.
- ii. Receiving of waiver applications from students by mail, fax, computer online access, or in person, or in the form of eligibility information processed by the financial aid office.
- iii. Evaluating each application and verification documents (dependency status, household size and income, SSI and TANF/CalWorks, etc.) for compliance with eligibility standards utilizing information provided by the student, from the student financial aid records (e.g., Free Application for Federal Student Aid (FAFSA)), and other records.
- iv. In the case of an incomplete application or incomplete documentation, notify the student of the additional required information and how to obtain that information. Hold student application and documentation in suspense file until all information is received.
- v. In the case of an approved application, copy all documentation and file the information for further review or audit. Entering the approved application information into district records and /or notifying other personnel performing other parts of the process (e.g., cashier's office). Providing the student with proof of eligibility or an award letter, and file paper documents in the annual file.
- vi. In the case of a denied application, reviewing and evaluating additional information and documentation provided by the student ~~when~~ if the denial is appealed by the student. Provide written notification to the student of the results of the appeal or any change in eligibility status.

~~The cost of this component is subject to an offset calculated by the State Chancellor as seven percent of the total enrollment fees collected prior to FY 1999-2000, and thereafter, \$.91 per credit unit of enrollment fee waived, but only to the extent that this revenue continues to be received by the district from the state.~~

5. Record Retention

~~Recording and maintaining records which document all of the financial assistance provided to students for the payment of waiver of enrollment fees in a manner which will enable an independent determination of the district's certification of the need for financial assistance.~~

6.3. State Reporting

Reporting to the CCC the number of and amounts provided for BOG fee waivers. (Cal. Code Regs., tit. 5, § 58611.) Preparing and submitting financial and management information data and reports to the state agencies at specified times each year regarding the type and number of waivers approved and the amounts waived.

V. CLAIM PREPARATION AND SUBMISSION

~~Commission boilerplate for the rest of the document. Claimant will respond to current boilerplate when it is drafted into the document by the Commission staff.~~

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

VII. OFFSETTING SAVINGS AND REIMBURSEMENTS

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

The costs of the *Enrollment Fee Waiver program, effective July 1, 1999*, are subject to the following offsets:

The cost of this component is subject to an offset of two percent of the total enrollment fees waived as a credit calculated by the State Chancellor, but, only to the extent that this revenue continues to be received by the district from the state.

The cost of this component is subject to an offset calculated by the State Chancellor as seven percent of the total enrollment fees collected prior to FY 1999-2000, and thereafter, \$.91 per credit unit of enrollment fee. An offset identified in Education Code section 76300, subdivision (m), that requires the Community College Board of Governors, from funds in the annual budget act, to allocate to community colleges two percent of the fees waived, and requires the Board of Governors to allocate from funds in the annual budget act ninety-one cents (\$0.91) per credit unit waived for determination of financial need and delivery of student financial aid services, on the basis of the number of students for whom fees are waived, but only to the extent that this revenue continues to be received by the district from the state.

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the test claim decision and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.

Commission on State Mandates

Original List Date: 8/7/2000
Last Updated: 11/18/2005
List Print Date: 12/23/2005
Claim Number: 99-TC-13
Issue: Enrollment Fee Collection

Mailing Information: Other

Mailing List

Related

00-TC-15 Enrollment Fee Waivers

TO ALL PARTIES AND INTERESTED PARTIES:

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, § 1181.2.)

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