



JOHN CHIANG
California State Controller

January 30, 2013

Rob Arias, Ed.D., Superintendent
Bakersfield City School District
1300 Baker Street
Bakersfield, CA 93305

Dear Dr. Arias:

The State Controller's Office reviewed the costs claimed by Bakersfield City School District for the legislatively mandated Standardized Testing and Reporting (STAR) Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2003, excluding July 1, 1998, through June 30, 2001. Our review was limited to ensuring that the California Department of Education STAR Program apportionment was properly offset.

The district claimed \$302,082 (\$303,082 less a \$1,000 penalty for filing a late claim) for the mandated program. Our review disclosed that \$118,604 is allowable and \$183,478 is unallowable. The costs are unallowable because the district did not report any offsetting reimbursements, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 1997-98 claim, the State paid the district \$111,476 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that none of the costs are allowable. The State will apply \$111,476 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 2001-02 claim, the State paid the district \$109,670 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$73,571 is allowable. The State will apply \$36,099 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 2002-03 claim, the State paid the district \$80,936 from funds appropriated under Chapter, 724, Statutes of 2010. Our review disclosed that \$45,033 is allowable. The State will apply \$35,903 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

We informed Sherry Gladin, Director of Fiscal Services, of the review results via e-mail on January 3, 2013. On January 7, 2013, Ms. Gladin responded stating that the district agrees with the adjustment.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD

Chief, Division of Audits

JVB/sk

Attachments

RE: S13-MCC-918

cc: Steve McClain, Chief Business Official
Bakersfield City School District
Sherry Gladin, Director of Fiscal Services
Bakersfield City School District
Christine Lizardi Frazier, County Superintendent of Schools
Kern County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Carol Bingham, Director, Fiscal Policy Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

**Attachment 1—
Summary of Program Costs
July 1, 1997, through June 30, 2003,
excluding July 1, 1998, through June 30, 2001**

| Cost Elements | Actual Costs Claimed | Allowable per Review | Review Adjustment ¹ |
|--------------------------------------------------------------|-------------------------|-------------------------|-----------------------------------|
| <u>July 1, 1997, through June 30, 1998</u> | | | |
| Direct costs: | | | |
| Salaries and benefits: | | | |
| Training, policies, and procedures | \$ 9,129 | \$ 9,129 | \$ — |
| Test materials, supplies, and equipment | 248 | 248 | — |
| Pre-test and post-test coordination | 27,778 | 27,778 | — |
| Reporting and recordkeeping | 7,009 | 7,009 | — |
| Total salaries and benefits | 44,164 | 44,164 | — |
| Materials and supplies: | | | |
| Test materials, supplies, and equipment | 62,655 | 62,655 | — |
| Reporting and recordkeeping | 508 | 508 | — |
| Total materials and supplies | 63,163 | 63,163 | — |
| Contract services | | | |
| Reporting and recordkeeping | 420 | 420 | — |
| Total contract services | 420 | 420 | — |
| Total direct costs | 107,747 | 107,747 | — |
| Indirect costs | 4,729 | 4,729 | — |
| Total direct and indirect costs | 112,476 | 112,476 | — |
| Less offsetting reimbursements | — | (145,857) | (145,857) |
| Subtotal | 112,476 | (33,381) | (145,857) |
| Less late filing penalty ² | (1,000) | — | 1,000 |
| Subtotal | 111,476 | (33,381) | (144,857) |
| Adjustment to eliminate negative balance | — | 33,381 | 33,381 |
| Total program costs | \$ 111,476 | — | \$ (111,476) |
| Less amount paid by the State ³ | | (111,476) | |
| Allowable costs claimed in excess of (less than) amount paid | | \$ (111,476) | |
| <u>July 1, 2001, through June 30, 2002</u> | | | |
| Direct costs: | | | |
| Salaries and benefits: | | | |
| Training, policies, and procedures | \$ 17,804 | \$ 17,804 | \$ — |
| Test materials, supplies, and equipment | 71 | 71 | — |
| Pre-test and post-test coordination | 38,454 | 38,454 | — |
| Reporting and recordkeeping | 10,866 | 10,866 | — |
| Total salaries and benefits | 67,195 | 67,195 | — |

Attachment 1 (continued)

| Cost Elements | Actual Costs Claimed | Allowable per Review | Review Adjustment ¹ |
|--------------------------------------------------------------|-------------------------|-------------------------|-----------------------------------|
| <u>July 1, 2001, through June 30, 2002 (continued)</u> | | | |
| Materials and supplies: | | | |
| Test materials, supplies, and equipment | 19,224 | 19,224 | — |
| Test administration | 1,986 | 1,986 | — |
| Reporting and recordkeeping | 11,611 | 11,611 | — |
| Total materials and supplies | <u>32,821</u> | <u>32,821</u> | — |
| Travel and training | | | |
| Training, policies, and procedures | 4,016 | 4,016 | — |
| Total travel and training | <u>4,016</u> | <u>4,016</u> | — |
| Total direct costs | 104,032 | 104,032 | — |
| Indirect costs | 5,638 | 5,638 | — |
| Total direct and indirect costs | 109,670 | 109,670 | — |
| Less offsetting reimbursements | — | (36,099) | (36,099) |
| Total program costs | <u>\$ 109,670</u> | 73,571 | <u>\$ (36,099)</u> |
| Less amount paid by the State ³ | | (109,670) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (36,099)</u> | |
| <u>July 1, 2002, through June 30, 2003</u> | | | |
| Direct costs: | | | |
| Salaries and benefits: | | | |
| Training, policies, and procedures | \$ 11,755 | \$ 11,755 | \$ — |
| Pre-test and post-test coordination | 24,862 | 24,862 | — |
| Test administration | 7,336 | 7,336 | — |
| Reporting and recordkeeping | 5,456 | 5,456 | — |
| Total salaries and benefits | <u>49,409</u> | <u>49,409</u> | — |
| Materials and supplies: | | | |
| Test materials, supplies, and equipment | 360 | 360 | — |
| Pre-test and post-test coordination | 16,994 | 16,994 | — |
| Reporting and recordkeeping | 9,413 | 9,413 | — |
| Total materials and supplies | <u>26,767</u> | <u>26,767</u> | — |
| Total direct costs | 76,176 | 76,176 | — |
| Indirect costs | 4,760 | 4,760 | — |
| Total direct and indirect costs | 80,936 | 80,936 | — |
| Less offsetting reimbursements | — | (35,903) | (35,903) |
| Total program costs | <u>\$ 80,936</u> | 45,033 | <u>\$ (35,903)</u> |
| Less amount paid by the State ³ | | (80,936) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (35,903)</u> | |

Attachment 1 (continued)

| Cost Elements | Actual Costs Claimed | Allowable per Review | Review Adjustment ¹ |
|--------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-----------------------------------|
| <u>Summary: July 1, 1997, through June 30, 2003, excluding July 1, 1998, through June 30, 2001</u> | | | |
| Direct costs: | | | |
| Salaries and benefits: | | | |
| Training, policies, and procedures | \$ 38,688 | \$ 38,688 | \$ — |
| Test materials, supplies, and equipment | 319 | 319 | — |
| Pre-test and post-test coordination | 91,094 | 91,094 | — |
| Test administration | 7,336 | 7,336 | — |
| Reporting and recordkeeping | 23,331 | 23,331 | — |
| Total salaries and benefits | 160,768 | 160,768 | — |
| Materials and supplies: | | | |
| Test materials, supplies, and equipment | 82,239 | 82,239 | — |
| Pre-test and post-test coordination | 16,994 | 16,994 | — |
| Test administration | 1,986 | 1,986 | — |
| Reporting and recordkeeping | 21,532 | 21,532 | — |
| Total materials and supplies | 122,751 | 122,751 | — |
| Contract services | | | |
| Reporting and recordkeeping | 420 | 420 | — |
| Total contract services | 420 | 420 | — |
| Travel and training | | | |
| Training, policies, and procedures | 4,016 | 4,016 | — |
| Total travel and training | 4,016 | 4,016 | — |
| Total direct costs | 287,955 | 287,955 | — |
| Indirect costs | 15,127 | 15,127 | — |
| Total direct and indirect costs | 303,082 | 303,082 | — |
| Less offsetting reimbursements | — | (217,859) | (217,859) |
| Subtotal | 303,082 | 85,223 | (217,859) |
| Less late filing penalty ² | (1,000) | — | 1,000 |
| Subtotal | 302,082 | 85,223 | (216,859) |
| Adjustment to eliminate negative balance (FY 1997-98) | — | 33,381 | 33,381 |
| Total program costs | \$ 302,082 | 118,604 | \$ (183,478) |
| Less amount paid by the State ³ | | (302,082) | |
| Allowable costs claimed in excess of (less than) amount paid | | \$ (183,478) | |

¹ See Attachment 2, Finding and Recommendation.

² Government Code section 17561, subdivision (d)(3), allows claimants to file FY 1997-98 initial reimbursement claim within one year after the initial filing deadline, subject to a 10% penalty on allowable costs for filing a late claim, to a maximum of \$1,000. The claim was filed on September 23, 2002; the filing deadline was August 6, 2002. The SCO eliminated the \$1,000 penalty as there was no allowable cost.

³ Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

**Attachment 2—
Finding and Recommendation
July 1, 1997, through June 30, 2003,
excluding July 1, 1998, through June 30, 2001**

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements totaling \$217,859 because it did not report any of the Standardized Testing and Reporting (STAR) Program apportionments received from the California Department of Education (CDE) for the review period.

On August 24, 2000, the Commission on State Mandates (CSM) adopted the statement of decision for the STAR Program. The CSM determined that Chapter 828, Statutes of 1997, and the implementing regulations at Title 5, *California Code of Regulations*, sections 850 through 904, imposed upon school districts a state mandate reimbursable under Government Code section 17561, commencing October 10, 1997.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. In compliance with Government Code section 17558, the State Controller's Office issued claiming instructions to assist school districts in claiming mandated program reimbursable costs.

On reconsideration by Statutes of 2004, Chapter 216, section 34; and Statutes of 2004, Chapter 895, section 19, the CSM found that effective July 1, 2004, many of the reimbursable activities were either federally mandated or no longer required, and thus were not reimbursable. Accordingly, the CSM deleted references to the non-reimbursable activities and renamed the program to the National Norm-Referenced Achievement Test Program effective July 1, 2004. This latter program has been suspended since September 30, 2008.

The parameters and guidelines for the STAR Program (section VII) state:

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 received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$255,235 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages, which are based on test results published on the CDE STAR website. The district administered the following STAR tests in the review period: California Standards Test; Stanford Achievement Test, Ninth Edition; California Achievement Test, Sixth Edition Survey; Spanish Assessment of Basic Education, Second Edition; and the California Alternate Performance Assessment. The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

Based on the CDE’s published test results, the reimbursable mandate percentages are as follows: 100% for FY 1997-98; 66.22% for FY 2001-02; and 65.44% for FY 2002-03.

The following table summarizes the unreported offsetting reimbursements for the review period:

| | Fiscal Year | | | Total |
|-------------------------------|---------------------|--------------------|--------------------|---------------------|
| | 1997-98 | 2001-02 | 2002-03 | |
| STAR Program Apportionments: | | | | |
| CDE apportionment | \$ (145,857) | \$ (54,514) | \$ (54,864) | \$ (255,235) |
| Mandate-related percentage | <u>× 100%</u> | <u>× 66.22%</u> | <u>× 65.44%</u> | |
| Mandate-related apportionment | (145,857) | (36,099) | (35,903) | (217,859) |
| Less offset CDE apportionment | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Review adjustment | <u>\$ (145,857)</u> | <u>\$ (36,099)</u> | <u>\$ (35,903)</u> | <u>\$ (217,859)</u> |

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated program costs.