



JOHN CHIANG
California State Controller

January 30, 2013

Maureen Latham, Ed.D., Superintendent
Beaumont Unified School District
500 Grace Avenue
Beaumont, CA 92223

Dear Dr. Latham:

The State Controller's Office reviewed the costs claimed by Beaumont Unified 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, 2002. Our review was limited to ensuring that the California Department of Education STAR Program apportionment was properly offset.

The district claimed \$341,476 for the mandated program. Our review disclosed that \$291,987 is allowable and \$49,489 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 \$61,861 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$41,951 is allowable. The State will apply \$19,910 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 1998-99 claim, the State paid the district \$4,622 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$42,515 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$37,893, contingent upon available appropriations.

For the FY 1999-2000 claim, the State paid the district \$60,681 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$56,216 is allowable. The State will apply \$4,465 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 2000-01 claim, the State paid the district \$66,880 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$62,465 is allowable. The State will apply \$4,415 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 2001-02 claim, the State made no payment to the district. Our review disclosed that \$88,840 is allowable. The State will pay that amount, contingent upon available appropriations.

We informed Carmen Meza, Fiscal Services Director, of the review results via e-mail on January 14, 2013. On January 15, 2013, Ms. Meza called to request additional payment information. During the phone call, Ms. Meza stated that she understood the reason for the adjustment.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). 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 the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

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-919

cc: Carol Severns, Interim Assistant Superintendent of Business Services
Beaumont Unified School District
Carmen Meza, Director of Fiscal Services
Beaumont Unified School District
Kenneth M. Young, County Superintendent of Schools
Riverside 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, 2002**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>July 1, 1997, through June 30, 1998</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 829	\$ 829	\$ —
Test materials, supplies, and equipment	587	587	—
Pre-test and post-test coordination	35,736	35,736	—
Reporting and recordkeeping	21,870	21,870	—
Total direct costs	59,022	59,022	—
Indirect costs	2,839	2,839	—
Total direct and indirect costs	61,861	61,861	—
Less offsetting reimbursements	—	(19,910)	(19,910)
Total program costs	<u>\$ 61,861</u>	41,951	<u>\$ (19,910)</u>
Less amount paid by the State ²		<u>(61,861)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (19,910)</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 849	\$ 849	\$ —
Test materials, supplies, and equipment	600	600	—
Pre-test and post-test coordination	33,656	33,656	—
Reporting and recordkeeping	20,399	20,399	—
Total direct costs	55,504	55,504	—
Indirect costs	2,670	2,670	—
Total direct and indirect costs	58,174	58,174	—
Less offsetting reimbursements	—	(15,659)	(15,659)
Total program costs	<u>\$ 58,174</u>	42,515	<u>\$ (15,659)</u>
Less amount paid by the State ²		<u>(4,622)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 37,893</u>	
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 870	\$ 870	\$ —
Test materials, supplies, and equipment	615	615	—
Pre-test and post-test coordination	35,095	35,095	—
Reporting and recordkeeping	21,316	21,316	—
Total direct costs	57,896	57,896	—
Indirect costs	2,785	2,785	—

Attachment 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>July 1, 1999, through June 30, 2000 (continued)</u>			
Total direct and indirect costs	60,681	60,681	—
Less offsetting reimbursements	—	(4,465)	(4,465)
Total program costs	<u>\$ 60,681</u>	56,216	<u>\$ (4,465)</u>
Less amount paid by the State ²		(60,681)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (4,465)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,212	\$ 1,212	\$ —
Test materials, supplies, and equipment	892	892	—
Pre-test and post-test coordination	38,828	38,828	—
Reporting and recordkeeping	22,879	22,879	—
Total direct costs	63,811	63,811	—
Indirect costs	3,069	3,069	—
Total direct and indirect costs	66,880	66,880	—
Less offsetting reimbursements	—	(4,415)	(4,415)
Total program costs	<u>\$ 66,880</u>	62,465	<u>\$ (4,415)</u>
Less amount paid by the State ²		(66,880)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (4,415)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,212	\$ 1,212	\$ —
Test materials, supplies, and equipment	892	892	—
Pre-test and post-test coordination	53,589	53,589	—
Reporting and recordkeeping	32,915	32,915	—
Total direct costs	88,608	88,608	—
Indirect costs	5,272	5,272	—
Total direct and indirect costs	93,880	93,880	—
Less offsetting reimbursements	—	(5,040)	(5,040)
Total program costs	<u>\$ 93,880</u>	88,840	<u>\$ (5,040)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 88,840</u>	

Attachment 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>Summary: July 1, 1997, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 4,972	\$ 4,972	\$ —
Test materials, supplies, and equipment	3,586	3,586	—
Pre-test and post-test coordination	196,904	196,904	—
Reporting and recordkeeping	119,379	119,379	—
Total direct costs	324,841	324,841	—
Indirect costs	16,635	16,635	—
Total direct and indirect costs	341,476	341,476	—
Less offsetting reimbursements	—	(49,489)	(49,489)
Total program costs	<u>\$ 341,476</u>	291,987	<u>\$ (49,489)</u>
Less amount paid by the State ²		(194,044)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 97,943</u>	

¹ See Attachment 2, Finding and Recommendation.

² 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, 2002

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements totaling \$49,489 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 \$63,054 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;

and the Spanish Assessment of Basic Education, Second Edition. The CST test is not reimbursable because it was 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; 70.51% for FY 1998-99; 70.47% for FY 1999-2000; 64.31% for FY 2000-01; and 65.16% for FY 2001-02.

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

	Fiscal Year					Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	
STAR Program Apportionments:						
CDE apportionment	\$ (19,910)	\$ (22,208)	\$ (6,336)	\$ (6,865)	\$ (7,735)	\$ (63,054)
Mandate-related percentage	× 100%	× 70.51%	× 70.47%	× 64.31%	× 65.16%	
Mandate-related apportionment	(19,910)	(15,659)	(4,465)	(4,415)	(5,040)	(49,489)
Less offset CDE apportionment	—	—	—	—	—	—
Review adjustment	<u>\$ (19,910)</u>	<u>\$ (15,659)</u>	<u>\$ (4,465)</u>	<u>\$ (4,415)</u>	<u>\$ (5,040)</u>	<u>\$ (49,489)</u>

Recommendation

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