



JOHN CHIANG
California State Controller

January 3, 2013

Wendy Sinnette, Superintendent
La Cañada Unified School District
4490 Cornishon Avenue
La Cañada, CA 91011

Dear Ms. Sinnette:

The State Controller's Office reviewed the costs claimed by La Cañada Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004. Our review was limited to ensuring that the California Department of Education Standardized Testing and Reporting Program apportionment was properly offset.

The district claimed \$496,064 for the mandated program. Our review disclosed that \$427,816 is allowable and \$68,248 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 made no payment to the district. Our review disclosed that \$50,512 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 1998-99 claim, the State made no payment to the district. Our review disclosed that \$58,191 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 1999-2000 claim, the State paid the district \$8,279 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$72,863 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$64,584, contingent upon available appropriations.

For the FY 2000-01 claim, the State paid the district \$81,930 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$76,708 is allowable. The State will apply \$5,222 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 \$87,873 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2002-03 claim, the State made no payment to the district. Our review disclosed that \$63,401 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the district. Our review disclosed that \$18,268 is allowable. The State will pay that amount, contingent upon available appropriations.

We informed Diane Clinton, Director of Fiscal Services, of the review results via e-mail on December 13, 2012. On December 19, 2012, Ms. Clinton responded, stating 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-915

cc: Diane Clinton, Director of Fiscal Services
La Cañada Unified School District
Arturo Delgado, Ed.D., County Superintendent of Schools
Los Angeles 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, 2004**

<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	\$ 1,110	\$ 1,110	\$ —
Test materials, supplies, and equipment	351	351	—
Pre-test and post-test coordination	43,230	43,230	—
Reporting and recordkeeping	26,591	26,591	—
Total direct costs	71,282	71,282	—
Indirect costs	2,502	2,502	—
Total direct and indirect costs	73,784	73,784	—
Less offsetting reimbursements	—	(23,272)	(23,272)
Total program costs	<u>\$ 73,784</u>	50,512	<u>\$ (23,272)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 50,512</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,137	\$ 1,137	\$ —
Test materials, supplies, and equipment	359	359	—
Pre-test and post-test coordination	45,046	45,046	—
Reporting and recordkeeping	27,760	27,760	—
Total direct costs	74,302	74,302	—
Indirect costs	2,608	2,608	—
Total direct and indirect costs	76,910	76,910	—
Less offsetting reimbursements	—	(18,719)	(18,719)
Total program costs	<u>\$ 76,910</u>	58,191	<u>\$ (18,719)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 58,191</u>	
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,165	\$ 1,165	\$ —
Test materials, supplies, and equipment	368	368	—
Pre-test and post-test coordination	45,702	45,702	—
Reporting and recordkeeping	28,136	28,136	—

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1999, through June 30, 2000 (continued)</u>			
Total direct costs	75,371	75,371	—
Indirect costs	2,645	2,645	—
Total direct and indirect costs	78,016	78,016	—
Less offsetting reimbursements	—	(5,153)	(5,153)
Total program costs	<u>\$ 78,016</u>	72,863	<u>\$ (5,153)</u>
Less amount paid by the State ²		(8,279)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 64,584</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,194	\$ 1,194	\$ —
Test materials, supplies, and equipment	377	377	—
Pre-test and post-test coordination	47,974	47,974	—
Reporting and recordkeeping	29,607	29,607	—
Total direct costs	79,152	79,152	—
Indirect costs	2,778	2,778	—
Total direct and indirect costs	81,930	81,930	—
Less offsetting reimbursements	—	(5,222)	(5,222)
Total program costs	<u>\$ 81,930</u>	76,708	<u>\$ (5,222)</u>
Less amount paid by the State ²		(81,930)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (5,222)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,159	\$ 1,159	\$ —
Test materials, supplies, and equipment	386	386	—
Pre-test and post-test coordination	55,314	55,314	—
Reporting and recordkeeping	31,087	31,087	—
Total direct costs	87,946	87,946	—
Indirect costs	5,286	5,286	—
Total direct and indirect costs	93,232	93,232	—
Less offsetting reimbursements	—	(5,359)	(5,359)
Total program costs	<u>\$ 93,232</u>	87,873	<u>\$ (5,359)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 87,873</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 21,732	\$ 21,732	\$ —
Test materials, supplies, and equipment	427	427	—
Pre-test and post-test coordination	20,587	20,587	—
Test administration	8,542	8,542	—
Reporting and recordkeeping	14,032	14,032	—
Total salaries and benefits	65,320	65,320	—
Materials and supplies:			
Test materials, supplies, and equipment	974	974	—
Total materials and supplies	79,352	79,352	—
Total direct costs	66,294	66,294	—
Indirect costs	2,407	2,407	—
Total direct and indirect costs	68,701	68,701	—
Less offsetting reimbursements	—	(5,300)	(5,300)
Total program costs	<u>\$ 68,701</u>	63,401	<u>\$ (5,300)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 63,401</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 3,747	\$ 3,747	\$ —
Test materials, supplies, and equipment	343	343	—
Pre-test and post-test coordination	8,132	8,132	—
Test administration	4,988	4,988	—
Reporting and recordkeeping	5,107	5,107	—
Total direct costs	22,317	22,317	—
Indirect costs	1,174	1,174	—
Total direct and indirect costs	23,491	23,491	—
Less offsetting reimbursements	—	(5,223)	(5,223)
Total program costs	<u>\$ 23,491</u>	18,268	<u>\$ (5,223)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 18,268</u>	

Attachment 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
Summary: July 1, 1997, through June 30, 2004			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 31,244	\$ 31,244	\$ —
Test materials, supplies, and equipment	2,611	2,611	—
Pre-test and post-test coordination	265,985	265,985	—
Test administration	13,530	13,530	—
Reporting and recordkeeping	162,320	162,320	—
Total salaries and benefits	475,690	475,690	—
Materials and supplies:			
Test materials, supplies, and equipment	974	974	—
Total materials and supplies	476,664	476,664	—
Total direct costs	476,664	476,664	—
Indirect costs	19,400	19,400	—
Total direct and indirect costs	496,064	496,064	—
Less offsetting reimbursements	—	(68,248)	(68,248)
Total program costs	<u>\$ 496,064</u>	427,816	<u>\$ (68,248)</u>
Less amount paid by the State ²		(90,209)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 337,607</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, 2004

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements, totaling \$68,248, because it did not report any of the Standardized Testing and Reporting Program (STAR) 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 SCO 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 \$92,060 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 (CST); Stanford Achievement Test, Ninth Edition (SAT-9); California Achievement Tests, Sixth Edition Survey

(CAT/6); Spanish Assessment of Basic Education, Second Edition (SABE/2); and the California Alternate Performance Assessment (CAPA). 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; 69.48% for FY 1998-99; 69.11% for FY 1999-2000; 62.31% for FY 2000-01; 62.48% for FY 2001-02; 60.89% for FY 2002-03; and 59.84% for FY 2003-04.

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	2002-03		2003-04
STAR Program Apportionments:								
CDE apportionment	\$ (23,272)	\$ (26,941)	\$ (7,456)	\$ (8,380)	\$ (8,577)	\$ (8,705)	\$ (8,729)	\$ (92,060)
Mandate-related percentage	100%	69.48%	69.11%	62.31%	62.48%	60.89%	59.84%	
Mandate-related apportionment	(23,272)	(18,719)	(5,153)	(5,222)	(5,359)	(5,300)	(5,223)	(68,248)
Less offset CDE apportionment	—	—	—	—	—	—	—	—
Review adjustment	<u>\$ (23,272)</u>	<u>\$ (18,719)</u>	<u>\$ (5,153)</u>	<u>\$ (5,222)</u>	<u>\$ (5,359)</u>	<u>\$ (5,300)</u>	<u>\$ (5,223)</u>	<u>\$ (68,248)</u>

Recommendation

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