



JOHN CHIANG
California State Controller

March 6, 2013

Jeffrey P. Felix, Ed.D., Superintendent
Coronado Unified School District
201 6th Street
Coronado, CA 92118

Dear Dr. Felix:

The State Controller's Office reviewed the costs claimed by Coronado 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, 2004. Our review was limited to ensuring that the California Department of Education STAR Program apportionment was properly offset.

The district claimed \$421,280 for the mandated program. Our review found that \$378,955 is allowable and \$42,325 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 found that \$31,974 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 found that \$34,838 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 1999-2000 claim, the State paid the district \$24,816 from funds appropriated under Chapter 724, Statutes of 2010. Our review found that \$44,548 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$19,732 contingent upon available appropriations.

For the FY 2000-01 claim, the State paid the district \$50,361 from funds appropriated under Chapter 724, Statutes of 2010. Our review found that \$47,082 is allowable. The State will apply \$3,279 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 found that \$101,684 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 found that \$105,494 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 found that \$13,335 is allowable. The State will pay that amount, contingent upon available appropriations.

We informed Keith Butler, Assistant Superintendent of Business Services, of the review results via email on February 8, 2013. We did not receive a response from Mr. Butler.

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, CPA
Chief, Division of Audits

JVB/vb

Attachments

RE: S13-MCC-922

cc: Keith Butler, Assistant Superintendent of Business Services
Coronado Unified School District
Angelica Paredes, District Accountant
Coronado Unified School District
Randolph E. Ward, Ed.D., County Superintendent of Schools
San Diego 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	\$ 270	\$ 270	\$ —
Test materials, supplies, and equipment	432	432	—
Pre-test and post-test coordination	24,388	24,388	—
Test administration	3,237	3,237	—
Reporting and recordkeeping	15,353	15,353	—
Total direct costs	43,680	43,680	—
Indirect costs	2,040	2,040	—
Total direct and indirect costs	45,720	45,720	—
Less offsetting reimbursements	—	(13,746)	(13,746)
Total program costs	<u>\$ 45,720</u>	31,974	<u>\$ (13,746)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 31,974</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 276	\$ 276	\$ —
Test materials, supplies, and equipment	442	442	—
Pre-test and post-test coordination	24,967	24,967	—
Test administration	3,314	3,314	—
Reporting and recordkeeping	15,718	15,718	—
Total direct costs	44,717	44,717	—
Indirect costs	2,089	2,089	—
Total direct and indirect costs	46,806	46,806	—
Less offsetting reimbursements	—	(11,968)	(11,968)
Total program costs	<u>\$ 46,806</u>	34,838	<u>\$ (11,968)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 34,838</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 276	\$ 276	\$ —
Test materials, supplies, and equipment	442	442	—
Pre-test and post-test coordination	25,606	25,606	—
Test administration	3,314	3,314	—
Reporting and recordkeeping	16,032	16,032	—
Total direct costs	45,670	45,670	—
Indirect costs	2,133	2,133	—
Total direct and indirect costs	47,803	47,803	—
Less offsetting reimbursements	—	(3,255)	(3,255)
Total program costs	<u>\$ 47,803</u>	44,548	<u>\$ (3,255)</u>
Less amount paid by the State ²		(24,816)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 19,732</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 290	\$ 290	\$ —
Test materials, supplies, and equipment	464	464	—
Pre-test and post-test coordination	26,906	26,906	—
Test administration	3,480	3,480	—
Reporting and recordkeeping	16,975	16,975	—
Total direct costs	48,115	48,115	—
Indirect costs	2,246	2,246	—
Total direct and indirect costs	50,361	50,361	—
Less offsetting reimbursements	—	(3,279)	(3,279)
Total program costs	<u>\$ 50,361</u>	47,082	<u>\$ (3,279)</u>
Less amount paid by the State ²		(50,361)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (3,279)</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 34,454	\$ 34,454	\$ —
Test materials, supplies, and equipment	1,046	1,046	—
Pre-test and post-test coordination	36,287	36,287	—
Test administration	3,480	3,480	—
Reporting and recordkeeping	20,409	20,409	—
Total salaries and benefits	95,676	95,676	—
Materials and supplies:			
Test materials, supplies, and equipment	4,099	4,099	—
Total materials and supplies	4,099	4,099	—
Total direct costs	99,775	99,775	—
Indirect costs	5,312	5,312	—
Total direct and indirect costs	105,087	105,087	—
Less offsetting reimbursements	—	(3,403)	(3,403)
Total program costs	<u>\$ 105,087</u>	101,684	<u>\$ (3,403)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 101,684</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 37,535	\$ 37,535	\$ —
Test materials, supplies, and equipment	453	453	—
Pre-test and post-test coordination	41,423	41,423	—
Test administration	8,360	8,360	—
Reporting and recordkeeping	15,167	15,167	—
Total salaries and benefits	102,938	102,938	—
Materials and supplies:			
Test materials, supplies, and equipment	585	585	—
Total materials and supplies	585	585	—
Total direct costs	103,523	103,523	—
Indirect costs	5,311	5,311	—
Total direct and indirect costs	108,834	108,834	—
Less offsetting reimbursements	—	(3,340)	(3,340)
Total program costs	<u>\$ 108,834</u>	105,494	<u>\$ (3,340)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 105,494</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 2,286	\$ 2,286	\$ —
Test materials, supplies, and equipment	2,444	2,444	—
Pre-test and post-test coordination	3,761	3,761	—
Test administration	5,075	5,075	—
Reporting and recordkeeping	1,649	1,649	—
Total salaries and benefits	<u>15,215</u>	<u>15,215</u>	<u>—</u>
Materials and supplies:			
Test materials, supplies, and equipment	152	152	—
Total materials and supplies	<u>152</u>	<u>152</u>	<u>—</u>
Total direct costs	15,367	15,367	—
Indirect costs	<u>1,302</u>	<u>1,302</u>	<u>—</u>
Total direct and indirect costs	16,669	16,669	—
Less offsetting reimbursements	—	(3,334)	(3,334)
Total program costs	<u>\$ 16,669</u>	13,335	<u>\$ (3,334)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 13,335</u>	
<u>Summary: July 1, 1997, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 75,387	\$ 75,387	\$ —
Test materials, supplies, and equipment	5,723	5,723	—
Pre-test and post-test coordination	183,338	183,338	—
Test administration	30,260	30,260	—
Reporting and recordkeeping	101,303	101,303	—
Total salaries and benefits	<u>396,011</u>	<u>396,011</u>	<u>—</u>
Materials and supplies:			
Test materials, supplies, and equipment	4,836	4,836	—
Total materials and supplies	<u>4,836</u>	<u>4,836</u>	<u>—</u>
Total direct costs	400,847	400,847	—
Indirect costs	<u>20,433</u>	<u>20,433</u>	<u>—</u>
Total direct and indirect costs	421,280	421,280	—
Less offsetting reimbursements	—	(42,325)	(42,325)
Total program costs	<u>\$ 421,280</u>	378,955	<u>\$ (42,325)</u>
Less amount paid by the State ²		(75,177)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 303,778</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 \$42,325 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 the 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 \$57,416 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; California Achievement Test, Sixth Edition Survey; Spanish Assessment of Basic Education, Second Edition; 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; 69.37% for FY 1998-99; 69.16% for FY 1999-2000; 61.72% for FY 2000-01; 63.02% for FY 2001-02; 61.41% for FY 2002-03; and 59.96% for FY 2003-04.

The following table summarizes the unreported offsetting reimbursement calculation 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	\$ (13,746)	\$ (17,253)	\$ (4,706)	\$ (5,312)	\$ (5,400)	\$ (5,439)	\$ (5,560)	\$ (57,416)
Mandate-related percentage	× 100%	× 69.37%	× 69.16%	× 61.72%	× 63.02%	× 61.41%	× 59.96%	
Mandate-related apportionment	(13,746)	(11,968)	(3,255)	(3,279)	(3,403)	(3,340)	(3,334)	(42,325)
Less offset CDE apportionment	—	—	—	—	—	—	—	—
Review adjustment	<u>\$ (13,746)</u>	<u>\$ (11,968)</u>	<u>\$ (3,255)</u>	<u>\$ (3,279)</u>	<u>\$ (3,403)</u>	<u>\$ (3,340)</u>	<u>\$ (3,334)</u>	<u>\$ (42,325)</u>

Recommendation

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