



JOHN CHIANG
California State Controller

July 25, 2013

Carol Parish, Ed.D., Superintendent
South Bay Union High School District
601 Elm Avenue
Imperial Beach, CA 91932

Dear Dr. Parish:

The State Controller's Office reviewed the costs claimed by South Bay Union School District for the legislatively mandated Standardized Testing and Reporting (STAR) Program (Chapter 828, Statutes of 1997) for the period of July 1, 2002, 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 \$251,000 for the mandated program. Our review found that \$222,617 is allowable and \$28,383 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) 2002-03 claim, the State made no payment to the district. Our review found that \$158,363 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 \$64,254 is allowable. The State will pay that amount, contingent upon available appropriations.

We informed Arlene Mitchell, Director of Fiscal Services, of the review results via email on July 8, 2013. We did not receive a response to the finding from Ms. Mitchell.

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/nh

Attachments

RE: S13-MCC-958

cc: Abby Saadat, Assistant Superintendent of Business Services
South Bay Union School District
Arlene Mitchell, Director of Fiscal Services
South Bay Union School District
Amelia Pillado, Administrative Secretary
South Bay Union School District
Randolph E. Ward, Ed.D., President, Board of Education
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, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

**Attachment 1—
Summary of Program Costs
July 1, 2002, through June 30, 2004**

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	\$ 37,341	\$ 37,341	\$ —
Test materials, supplies, and equipment	701	701	—
Pre-test and post-test coordination	32,456	32,456	—
Test administration	14,496	14,496	—
Reporting and recordkeeping	20,694	20,694	—
Total salaries and benefits	<u>105,688</u>	<u>105,688</u>	<u>—</u>
Materials and supplies:			
Test materials, supplies, and equipment	<u>57,392</u>	<u>57,392</u>	<u>—</u>
Total materials and supplies	<u>57,392</u>	<u>57,392</u>	<u>—</u>
Total direct costs	163,080	163,080	—
Indirect costs	<u>9,623</u>	<u>9,623</u>	<u>—</u>
Total direct and indirect costs	172,703	172,703	—
Less offsetting reimbursements	<u>—</u>	<u>(14,340)</u>	<u>(14,340)</u>
Total program costs	<u>\$ 172,703</u>	158,363	<u>\$ (14,340)</u>
Less amount paid by the State		<u>—</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 158,363</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 22,983	\$ 22,983	\$ —
Test materials, supplies, and equipment	1,413	1,413	—
Pre-test and post-test coordination	13,760	13,760	—
Test administration	11,546	11,546	—
Reporting and recordkeeping	<u>13,086</u>	<u>13,086</u>	<u>—</u>
Total salaries and benefits	<u>62,788</u>	<u>62,788</u>	<u>—</u>
Materials and supplies:			
Training, policies, and procedures	13	13	—
Test materials, supplies, and equipment	<u>12,091</u>	<u>12,091</u>	<u>—</u>
Total materials and supplies	<u>12,104</u>	<u>12,104</u>	<u>—</u>
Travel and training:			
Test materials, supplies, and equipment	<u>5</u>	<u>5</u>	<u>—</u>
Total travel and training	<u>5</u>	<u>5</u>	<u>—</u>

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2003, through June 30, 2004 (continued)</u>			
Total direct costs	74,897	74,897	—
Indirect costs	3,400	3,400	—
Total direct and indirect costs	78,297	78,297	—
Less offsetting reimbursements	—	(14,043)	(14,043)
Total program costs	<u>\$ 78,297</u>	64,254	<u>\$ (14,043)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 64,254</u>	
<u>Summary: July 1, 2002, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 60,324	\$ 60,324	\$ —
Test materials, supplies, and equipment	2,114	2,114	—
Pre-test and post-test coordination	46,216	46,216	—
Test administration	26,042	26,042	—
Reporting and recordkeeping	33,780	33,780	—
Total salaries and benefits	168,476	168,476	—
Materials and supplies:			
Training, policies, and procedures	13	13	—
Test materials, supplies, and equipment	69,483	69,483	—
Total materials and supplies	69,496	69,496	—
Travel and training:			
Test materials, supplies, and equipment	5	5	—
Total travel and training	5	5	—
Total direct costs	237,977	237,977	—
Indirect costs	13,023	13,023	—
Total direct and indirect costs	251,000	251,000	—
Less offsetting reimbursements	—	(28,383)	(28,383)
Total program costs	<u>\$ 251,000</u>	222,617	<u>\$ (28,383)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 222,617</u>	

¹ See Attachment 2, Finding and Recommendation

Attachment 2— Finding and Recommendation July 1, 2002, through June 30, 2004

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements, totaling \$28,383, 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 a state mandate upon school districts 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 SCO issues claiming instructions to assist school districts in claiming mandated program reimbursable costs.

On reconsideration by Statutes of 2004, Chapter 216, section 34; and Statutes 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 \$40,914 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 during the review period: California Standards Test (CST); California Achievement Test, 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: 70.26% for FY 2002-03 and 68.49% for FY 2003-04.

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

	Fiscal Year		Total
	2002-03	2003-04	
STAR Program Apportionments:			
CDE apportionment	\$ (20,410)	\$ (20,504)	\$ (40,914)
Mandate-related percentage	<u>70.26%</u>	<u>68.49%</u>	
Mandate-related apportionment	(14,340)	(14,043)	(28,383)
Less offset CDE apportionment	<u>-</u>	<u>-</u>	<u>-</u>
Review adjustment	<u>\$ (14,340)</u>	<u>\$ (14,043)</u>	<u>\$ (28,383)</u>

Recommendation

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