



JOHN CHIANG
California State Controller

December 14, 2012

Donna L. Libutti, Superintendent
Central School District
10601 Church Street, Suite 112
Rancho Cucamonga, CA 91730

Dear Ms. Libutti:

The State Controller's Office reviewed the costs claimed by Central 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, excluding July 1, 1998, through June 30, 1999. Our review was limited to ensuring that the California Department of Education Standardized Testing and Reporting Program apportionment was properly offset.

The district claimed \$513,565 for the mandated program. Our review disclosed that \$453,075 is allowable and \$60,490 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 \$56,592 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 1999-2000 claim, the State paid the district \$4,053 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$84,339 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$80,286, contingent upon available appropriations.

For the FY 2000-01 claim, the State paid the district \$94,248 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$87,597 is allowable. The State will apply \$6,651 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 \$107,232 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 \$111,039 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 \$6,276 is allowable. The State will pay that amount, contingent upon available appropriations.

We informed Lori Isom, Assistant Superintendent of Business Services, of the review results via e-mail on November 13, 2012. We did not receive a response from Ms. Isom.

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-912

cc: Lori L. Isom, Assistant Superintendent of Business Services
Central School District
Gary Thomas, County Superintendent of Schools
San Bernardino 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,
excluding July 1, 1998, through June 30, 1999**

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	\$ 1,343	\$ 1,343	\$ —
Test materials, supplies, and equipment	336	336	—
Pre-test and post-test coordination	47,868	47,868	—
Reporting and recordkeeping	30,386	30,386	—
Total direct costs	79,933	79,933	—
Indirect costs	3,884	3,884	—
Total direct and indirect costs	83,817	83,817	—
Less offsetting reimbursements	—	(27,225)	(27,225)
Total program costs	<u>\$ 83,817</u>	56,592	<u>\$ (27,225)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 56,592</u>	
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,408	\$ 1,408	\$ —
Test materials, supplies, and equipment	352	352	—
Pre-test and post-test coordination	51,859	51,859	—
Reporting and recordkeeping	32,994	32,994	—
Total direct costs	86,613	86,613	—
Indirect costs	4,210	4,210	—
Total direct and indirect costs	90,823	90,823	—
Less offsetting reimbursements	—	(6,484)	(6,484)
Total program costs	<u>\$ 90,823</u>	84,339	<u>\$ (6,484)</u>
Less amount paid by the State ²		(4,053)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 80,286</u>	

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, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,444	\$ 1,444	\$ —
Test materials, supplies, and equipment	361	361	—
Pre-test and post-test coordination	53,836	53,836	—
Reporting and recordkeeping	34,240	34,240	—
Total direct costs	89,881	89,881	—
Indirect costs	4,367	4,367	—
Total direct and indirect costs	94,248	94,248	—
Less offsetting reimbursements	—	(6,651)	(6,651)
Total program costs	<u>\$ 94,248</u>	87,597	<u>\$ (6,651)</u>
Less amount paid by the State ²		<u>(94,248)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (6,651)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,444	\$ 1,444	\$ —
Test materials, supplies, and equipment	361	361	—
Pre-test and post-test coordination	63,992	63,992	—
Reporting and recordkeeping	43,225	43,225	—
Total direct costs	109,022	109,022	—
Indirect costs	4,982	4,982	—
Total direct and indirect costs	114,004	114,004	—
Less offsetting reimbursements	—	(6,772)	(6,772)
Total program costs	<u>\$ 114,004</u>	107,232	<u>\$ (6,772)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 107,232</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	\$ 23,834	\$ 23,834	\$ —
Pre-test and post-test coordination	50,180	50,180	—
Test administration	15,116	15,116	—
Reporting and recordkeeping	22,864	22,864	—
Total direct costs	111,994	111,994	—
Indirect costs	5,700	5,700	—
Total direct and indirect costs	117,694	117,694	—
Less offsetting reimbursements	—	(6,655)	(6,655)
Total program costs	<u>\$ 117,694</u>	111,039	<u>\$ (6,655)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 111,039</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,775	\$ 1,775	\$ —
Test materials, supplies, and equipment	798	798	—
Pre-test and post-test coordination	2,367	2,367	—
Test administration	467	467	—
Reporting and recordkeeping	6,259	6,259	—
Total salaries and benefits	11,666	11,666	—
Materials and supplies:			
Test materials, supplies, and equipment	648	648	—
Total materials and supplies	648	648	—
Total direct costs	12,314	12,314	—
Indirect costs	665	665	—
Total direct and indirect costs	12,979	12,979	—
Less offsetting reimbursements	—	(6,703)	(6,703)
Total program costs	<u>\$ 12,979</u>	6,276	<u>\$ (6,703)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 6,276</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>Summary: July 1, 1997, through June 30, 2004, excluding July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 31,248	\$ 31,248	\$ —
Test materials, supplies, and equipment	2,208	2,208	—
Pre-test and post-test coordination	270,102	270,102	—
Test administration	15,583	15,583	—
Reporting and recordkeeping	169,968	169,968	—
Total salaries and benefits	489,109	489,109	—
Materials and supplies:			
Test materials, supplies, and equipment	648	648	—
Total materials and supplies	648	648	—
Total direct costs	489,757	489,757	—
Indirect costs	23,808	23,808	—
Total direct and indirect costs	513,565	513,565	—
Less offsetting reimbursements	—	(60,490)	(60,490)
Total program costs	<u>\$ 513,565</u>	453,075	<u>\$ (60,490)</u>
Less amount paid by the State ²		(98,301)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 354,774</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,
excluding July 1, 1998, through June 30, 1999**

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements totaling \$60,490 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 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 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 \$78,235 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 during the review

period: California Standards Test (CST); Stanford Achievement Test, Ninth Edition (SAT-9); California Achievement Test, Sixth Edition (CAT/6); and the Spanish Assessment of Basic Education, Second Edition (SABE/2). The CST 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, 67.05% for FY 1999-2000, 64.22% for FY 2000-01, 66.20% for FY 2001-02, 65.17% for FY 2002-03, and 63.59% for FY 2003-04.

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

	Fiscal Year						Total
	1997-98	1999-2000	2000-01	2001-02	2002-03	2003-04	
STAR Program apportionments:							
CDE apportionment	\$ (27,225)	\$ (9,671)	\$ (10,357)	\$ (10,230)	\$ (10,211)	\$ (10,541)	<u>\$ (78,235)</u>
Mandate-related percentage	× 100%	× 67.05%	× 64.22%	× 66.20%	× 65.17%	× 63.59%	
Mandate-related apportionment	(27,225)	(6,484)	(6,651)	(6,772)	(6,655)	(6,703)	(60,490)
Less offset CDE apportionment	—	—	—	—	—	—	—
Review adjustment	<u>\$ (27,225)</u>	<u>\$ (6,484)</u>	<u>\$ (6,651)</u>	<u>\$ (6,772)</u>	<u>\$ (6,655)</u>	<u>\$ (6,703)</u>	<u>\$ (60,490)</u>

Recommendation

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