

CITY OF SAN DIEGO
ADMINISTRATIVE REGULATION

SUBJECT	Number 64.00	Issue 4	Page 1 of 5
STATE MANDATED PROGRAMS: CLAIMS FOR REIMBURSEMENT AND EVALUATION OF UNFUNDED MANDATES	Effective Date September 15, 1993		

1. Purpose

1.1 To outline the responsibilities of concerned City departments in the following areas:

- a. submitting new or ongoing claims with the State Controller for State SB-90 reimbursement;
- b. appealing unfunded mandates and reduced claims with the Commission on State Mandates;
- c. evaluating unfunded mandates and making recommendations to Council to selectively implement.

2. Policy

2.1 It is the City's policy to recover all reimbursable costs for State Mandated Programs, and to selectively implement those mandates that are not funded.

3. Scope

3.1 This regulation applies to all departments.

4. Definitions

4.1 State Mandated Cost under SB-90 - Any costs which the City is required to incur as a result of the following:

- 1. any law enacted or executive order issued after January 1, 1973 which mandates a new program or increases the service level of an existing program;
- 2. any loss of City revenue due to State exemption of property from sales, use, or property taxes.

4.2 SB-90 Claims - Formal request by City for State reimbursement of mandated costs. Claim forms are provided by State.

(Supersedes Administrative Regulation 64.00, Issue 3, dated August 1, 1982.)

Authorized

(Signed by Jack McGrory)

CITY MANAGER

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5. Background

- 5.1 State codes created by Senate Bill 90 (SB-90) require that costs imposed on local agencies by legislative action or executive order be fully reimbursed by the State. This principle of reimbursement for State-mandated costs was raised to a constitutional guarantee with the passage of Proposition 4 in 1979.
- 5.2 The Financial Management Department is responsible for coordinating SB-90 activities and acting as a clearinghouse between State agencies and City departments affected by State mandates.
- 5.3 Two State agencies are primarily involved in the SB-90 process - the State Controller and the Commission on State Mandates. Responsibilities of the two agencies are as follows:
- a. State Controller's Office (SCO) - The SCO issues annual claiming instructions and appropriation amounts for "continuing claims" programs. These are programs which have been determined to be eligible for SB-90 reimbursement and for which reimbursement funding has been appropriated in previous years. The local agencies use the instructions to prepare claims which are returned to the SCO for review. Based upon its review, the SCO determines the amount of reimbursement due, and forwards the appropriate remittance to the attention of the City Treasurer.
 - b. Commission on State Mandates (CSM) - Under state law, not all legislative mandates imposed on local agencies are eligible for reimbursement. Where a mandate is not recognized by the legislature, it is necessary for a local agency to submit a "test claim" to the CSM for a determination. If the CSM, based upon its review, determines a mandate exists, it directs the SCO to develop specific claiming instructions.
- 5.4 For each program, a department may submit a claim for actual costs incurred during the previous fiscal year, and an estimate of the costs to be incurred during the current year. If funds have not been appropriated for a specific year, it is not necessary to submit a claim.

6. Procedure

- 6.1 Submitting SB-90 Claims to the State Controller for Funded Mandates

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Responsibility

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| Legislative Services | a. | Reviews all newly chaptered legislation and State agency regulations. Notifies Financial Management of new mandated programs. Forwards the bill or executive order to appropriate City departments for evaluation and development of cost estimates. |
| Financial Management | b. | Upon receiving the “claims package” from State Controller, distributes it to affected departments. The package contains instructions and forms for completing claims. |
| City Departments | c. | Prepare claims for each State mandated program in accordance with claims package instructions.

Submit completed claims to Financial Management within five working days of State Controller filing deadline. |
| Financial Management | d. | Reviews claims prepared by departments and assists in any necessary revisions. Generates invoice through Auditor’s Accounts Receivable Information System (ARIS). Submits claims and invoice to State Controller to meet the filing deadline. |
| City Treasurer | e. | Deposits reimbursements received and applies payment against invoice. |

6.2 When the State Controller Approves Only a Partial Reimbursement of a Claim

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| Financial Management | a. | Shall contact State to determine basis for reduction. Information provided by State and copy of claims submittal forwarded to affected department. |
| City Departments | b. | Review information provided by Financial Management. Based upon review, departments make a determination as to whether a resubmittal is justified. All resubmittals must be returned to Financial Management within five days of State Controller deadline. |

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Financial Management c. Reviews resubmittals and forwards it to State for consideration.

6.3 When the State Mandates Cost, But Does Not Provide For Reimbursement

Legislative Services a. Reviews all newly chaptered legislation and State agency regulations. Forwards to City Attorney, Financial Management and affected City department(s) for evaluation of legislation/regulations which appear to impact department operations but which do not provide for reimbursement.

City Attorney b. Reviews legislation/regulations which appear to be unfunded mandates. Provides legal opinion concerning the City's potential liability for failure to implement. Forwards to Legislative Services, Financial Management and affected City departments.

City Departments c. If it is determined that legislation/regulations result in unfunded mandated costs, prepare a Report to Council in which a recommendation is made to either implement or refrain from implementing based on the following criteria: the potential legal liability (as expressed in the City Attorney's legal opinion), consistency with Council Policy, the nature and extent of programmatic changes, and the fiscal impact. Prior to requesting Council Action, forward draft of report to Financial Management and Legislative Services for review.

Financial Management d. Reviews and evaluates all unfunded mandates to determine if there is a basis for submittal of a Test Claim to the Commission on State Mandates. If there appears to be a basis for a successful test claim, it is first discussed with the California League of Cities to determine if other jurisdictions have expressed similar concerns regarding the legislation. Where other cities are interested, it may be appropriate to proceed with a joint test claim submittal. If other cities do not express interest in a joint submittal,

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Financial Management
(cont'd)

d. the City may proceed on its own to prepare and submit a test claim. Financial Management shall coordinate preparation and submittal of all test claims.

Departments

e. In cases where the City proceeds with the submittal of a test claim, departments shall assist in preparation of a test claim form for submittal to the Commission on State Mandates.

APPENDIX

Legal References

Senate Bill 90
Proposition 4-1979
California State Constitution; Article XIII B, Sections 1-11

Forms Involved

SB-90 Claim Form (provided by State)

Subject Index

State Mandated Costs
Legislation
Claims

Administering Department

Financial Management Department