



**BETTY T. YEE**  
California State Controller

February 21, 2018

Edwin Eng, Vice Chancellor, Finance and Administration  
State Center Community College District  
1525 East Weldon Avenue  
Fresno, CA 93704

Dear Mr. Eng:

The State Controller's Office (SCO) reviewed the costs claimed by State Center Community College District for the legislatively mandated Integrated Waste Management (IWM) Program (Chapter 1116, Statutes of 1992; and Chapter 764, Statutes of 1999) for the period of July 1, 1999, through June 30, 2001; and July 1, 2003, through June 30, 2011. We did not include the costs claimed for the period of July 1, 2001, through June 30, 2003, in the review period because the statute of limitations to initiate the review had expired before we began the review. Our review was limited to ensuring that offsetting savings were properly reported in accordance with program requirements.

This reissued report updates our previous letter report, issued August 30, 2013. The previous letter report identified \$296,208 in unreported offsetting savings for fiscal year (FY) 1999-2000 through FY 2000-01, and FY 2003-04 through FY 2010-11. On December 1, 2017, the Commission on State Mandates (Commission) issued a decision in response to an Incorrect Reduction Claim filed by the district for the IWM Program. In its decision the Commission concluded that our reduction of costs claimed for the first half of FY 2003-04 (which was based on a diversion rate of 50% rather than 25%), was incorrect and that the difference of \$3,358 had been incorrectly reduced. In compliance with the Commission's decision, we have reinstated \$3,358 for FY 2003-04. As a result, allowable costs increased by \$3,358, from \$140,311 to \$143,669. We advised you of the revision to this report via email on January 9, 2018.

The district claimed \$436,519 for the mandated program. Our review found that \$143,669 is allowable and \$292,850 is unallowable. The costs are unallowable because the district did not report any offsetting savings realized as a result of implementing its IWM plans, as described in the attached Summary of Program Costs, Summary of Offsetting Savings Calculations, and Finding and Recommendation. The State paid the district \$140,311. The State will pay allowable costs claimed that exceed the amount paid, totaling \$3,358, contingent upon available appropriations. Following issuance of this report, the SCO's Local Government Programs and Services Division will notify the district of the reinstatement adjustment via a system-generated letter for FY 2003-04.

If you have any questions, please contact Jim L. Spano, CPA, Assistant Division Chief, by telephone at (916) 323-5849.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/as

Attachments

RE: S13-MCC-959R

cc: Wil Schofield, Director of Finance  
State Center Community College District  
Glynn Billings, Accounting Manager  
State Center Community College District  
Frances Parmelee, Assistant Vice Chancellor  
College Finance and Facilities Planning  
California Community Colleges Chancellor's Office  
Wrenna Finche, Director of Fiscal Standards and Accountability  
College Finance and Facilities Planning  
California Community Colleges Chancellor's Office  
Chris Ferguson, Principal Program Budget Analyst  
Educations Systems Unit  
California Department of Finance  
Keith Nezaam, Staff Finance Budget Analyst  
Educations Systems Unit  
California Department of Finance  
Anita Dagan, Manager  
Local Government Programs and Services Division  
California State Controller's Office

**Revised Attachment 1—  
Summary of Program Costs  
July 1, 1999, through June 30, 2001;  
and July 1, 2003, through June 30, 2011**

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment <sup>1</sup>
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits	\$ 16,038	\$ 16,038	\$ -
Fixed assets	14,487	14,487	-
Travel and training	323	323	-
Total direct costs	30,848	30,848	-
Indirect costs	6,136	6,136	-
Total direct and indirect costs	36,984	36,984	-
Less offsetting revenues and reimbursements	(467)	(467)	-
Less offsetting savings <sup>2</sup>	-	(10,535)	(10,535)
Total program costs	<u>\$ 36,517</u>	25,982	<u>\$ (10,535)</u>
Less amount paid by the State <sup>3</sup>		(25,982)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits	\$ 16,462	\$ 16,462	\$ -
Fixed assets	10,528	10,528	-
Total direct costs	26,990	26,990	-
Indirect costs	5,695	5,695	-
Total direct and indirect costs	32,685	32,685	-
Less offsetting revenues and reimbursements	(236)	(236)	-
Less offsetting savings <sup>2</sup>	-	(20,642)	(20,642)
Total program costs	<u>\$ 32,449</u>	11,807	<u>\$ (20,642)</u>
Less amount paid by the State <sup>3</sup>		(11,807)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>	

## Revised Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment <sup>1</sup>
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits	\$ 33,081	\$ 33,081	\$ -
Indirect costs	10,364	10,364	-
Total direct and indirect costs	43,445	43,445	-
Less offsetting revenues and reimbursements	(323)	(323)	-
Less offsetting savings <sup>2</sup>	-	(26,211)	(26,211)
Total program costs	<u>\$ 43,122</u>	16,911	<u>\$ (26,211)</u>
Less amount paid by the State <sup>3</sup>		(13,553)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 3,358</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Salaries and benefits	\$ 32,326	\$ 32,326	\$ -
Indirect costs	11,800	11,800	-
Total direct and indirect costs	44,126	44,126	-
Less offsetting revenues and reimbursements	(602)	(602)	-
Less offsetting savings <sup>2</sup>	-	(31,734)	(31,734)
Total program costs	<u>\$ 43,524</u>	11,790	<u>\$ (31,734)</u>
Less amount paid by the State <sup>3</sup>		(11,790)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Salaries and benefits	\$ 44,873	\$ 44,873	\$ -
Indirect costs	16,379	16,379	-
Total direct and indirect costs	61,252	61,252	-
Less offsetting revenues and reimbursements	(375)	(375)	-
Less offsetting savings <sup>2</sup>	-	(34,278)	(34,278)
Total program costs	<u>\$ 60,877</u>	26,599	<u>\$ (34,278)</u>
Less amount paid by the State <sup>3</sup>		(26,599)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>	

## Revised Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment <sup>1</sup>
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Salaries and benefits	\$ 37,480	\$ 37,480	\$ -
Indirect costs	13,681	13,681	-
Total direct and indirect costs	51,161	51,161	-
Less offsetting revenues and reimbursements	(710)	(710)	-
Less offsetting savings <sup>2</sup>	-	(37,027)	(37,027)
Total program costs	<u>\$ 50,451</u>	13,424	<u>\$ (37,027)</u>
Less amount paid by the State <sup>3</sup>		(13,424)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Salaries and benefits	\$ 38,480	\$ 38,480	\$ -
Indirect costs	14,045	14,045	-
Total direct and indirect costs	52,525	52,525	-
Less offsetting revenues and reimbursements	(1,728)	(1,728)	-
Less offsetting savings <sup>2</sup>	-	(38,110)	(38,110)
Total program costs	<u>\$ 50,797</u>	12,687	<u>\$ (38,110)</u>
Less amount paid by the State <sup>3</sup>		(12,687)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Salaries and benefits	\$ 39,509	\$ 39,509	\$ -
Indirect costs	14,421	14,421	-
Total direct and indirect costs	53,930	53,930	-
Less offsetting revenues and reimbursements	(1,170)	(1,170)	-
Less offsetting savings <sup>2</sup>	-	(40,805)	(40,805)
Total program costs	<u>\$ 52,760</u>	11,955	<u>\$ (40,805)</u>
Less amount paid by the State <sup>3</sup>		(11,955)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>	

## Revised Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment <sup>1</sup>
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Salaries and benefits	\$ 39,939	\$ 39,939	\$ -
Indirect costs	12,685	12,685	-
Total direct and indirect costs	52,624	52,624	-
Less offsetting revenues and reimbursements	(846)	(846)	-
Less offsetting savings <sup>2</sup>	-	(42,729)	(42,729)
Total program costs	<u>\$ 51,778</u>	9,049	<u>\$ (42,729)</u>
Less amount paid by the State <sup>3</sup>		(9,049)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits	\$ 11,216	\$ 11,216	\$ -
Indirect costs	3,538	3,538	-
Total direct and indirect costs	14,754	14,754	-
Less offsetting revenues and reimbursements	(510)	(510)	-
Less offsetting savings <sup>2</sup>	-	(10,779)	(10,779)
Total program costs	<u>\$ 14,244</u>	3,465	<u>\$ (10,779)</u>
Less amount paid by the State <sup>3</sup>		(3,465)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>	
<u>Summary: July 1, 1999, through June 30, 2001; and July 1, 2003, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits	\$ 309,404	\$ 309,404	\$ -
Fixed assets	25,015	25,015	-
Travel and training	323	323	-
Total direct costs	334,742	334,742	-
Indirect costs	108,744	108,744	-
Total direct and indirect costs	443,486	443,486	-
Less offsetting revenues and reimbursements	(6,967)	(6,967)	-
Less offsetting savings <sup>2</sup>	-	(292,850)	(292,850)
Total program costs	<u>\$ 436,519</u>	143,669	<u>\$ (292,850)</u>
Less amount paid by the State <sup>3</sup>		(140,311)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 3,358</u>	

<sup>1</sup> See Revised Attachment 3, Finding and Recommendation.

<sup>2</sup> See Revised Attachment 2, Summary of Offsetting Savings Calculations.

<sup>3</sup> Payment information current as of November 28, 2017.

**Revised Attachment 2—  
Summary of Offsetting Savings Calculations  
July 1, 1999, through June 30, 2001;  
and July 1, 2003, through June 30, 2011**

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment <sup>1</sup>
		July - December	January - June	Total	
<u>July 1, 1999, through June 30, 2000</u>					
Reedley College:					
Maximum allowable diversion percentage		—	25.00%		
Actual diversion percentage	÷	—	÷	24.57%	
Allocated diversion percentage <sup>2</sup>		—	100.00%		
Tonnage diverted	x	—	x	(195.10)	
Statewide average landfill fee per ton	x	—	x	\$36.39	
Offsetting savings, Reedley College		—	(7,100)	(7,100)	
Fresno City College:					
Maximum allowable diversion percentage		—	25.00%		
Actual diversion percentage	÷	—	÷	53.39%	
Allocated diversion percentage		—	46.83%		
Tonnage diverted	x	—	x	(201.55)	
Statewide average landfill fee per ton	x	—	x	\$36.39	
Offsetting savings, Fresno City College		—	(3,435)	(3,435)	
Total offsetting savings, FY 1999-2000	\$ —	\$ —	\$ (10,535)	\$ (10,535)	\$ (10,535)
<u>July 1, 2000, through June 30, 2001</u>					
Reedley College:					
Maximum allowable diversion percentage		25.00%	25.00%		
Actual diversion percentage	÷	24.57%	÷	25.02%	
Allocated diversion percentage <sup>2</sup>		100.00%	99.92%		
Tonnage diverted	x	(195.10)	x	(183.50)	
Statewide average landfill fee per ton	x	\$36.39	x	\$36.39	
Offsetting savings, Reedley College		(7,100)	(6,672)	(13,772)	
Fresno City College:					
Maximum allowable diversion percentage		25.00%	25.00%		
Actual diversion percentage	÷	53.39%	÷	53.39%	
Allocated diversion percentage		46.83%	46.83%		
Tonnage diverted	x	(201.55)	x	(201.55)	
Statewide average landfill fee per ton	x	\$36.39	x	\$36.39	
Offsetting savings, Fresno City College		(3,435)	(3,435)	(6,870)	
Total offsetting savings, FY 2000-01	\$ —	\$ (10,535)	\$ (10,107)	\$ (20,642)	\$ (20,642)

## Revised Attachment 2 (continued)

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment <sup>1</sup>
		July - December	January - June	Total	
<u>July 1, 2003, through June 30, 2004</u>					
Reedley College:					
Maximum allowable diversion percentage		25.00%	50.00%		
Actual diversion percentage	÷	26.11%	÷	68.95%	
Allocated diversion percentage		95.75%	72.52%		
Tonnage diverted	x	(203.20)	x	(316.40)	
Statewide average landfill fee per ton	x	\$36.83	x	\$38.42	
Offsetting savings, Reedley College		(7,166)	(8,816)	(15,982)	
Fresno City College:					
Maximum allowable diversion percentage		25.00%	50.00%		
Actual diversion percentage	÷	53.59%	÷	50.70%	
Allocated diversion percentage		46.65%	98.62%		
Tonnage diverted	x	(176.90)	x	(189.75)	
Statewide average landfill fee per ton	x	\$36.83	x	\$38.42	
Offsetting savings, Fresno City College		(3,039)	(7,190)	(10,229)	
Total offsetting savings, FY 2003-04	\$ —	\$ (10,205)	\$ (16,006)	\$ (26,211)	\$ (26,211)
<u>July 1, 2004, through June 30, 2005</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	68.95%	÷	69.65%	
Allocated diversion percentage		72.52%	71.79%		
Tonnage diverted	x	(316.40)	x	(324.75)	
Statewide average landfill fee per ton	x	\$38.42	x	\$39.00	
Offsetting savings, Reedley College		(8,816)	(9,092)	(17,908)	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	50.70%	÷	55.23%	
Allocated diversion percentage		98.62%	90.53%		
Tonnage diverted	x	(189.75)	x	(187.95)	
Statewide average landfill fee per ton	x	\$38.42	x	\$39.00	
Offsetting savings, Fresno City College		(7,190)	(6,636)	(13,826)	
Total offsetting savings, FY 2004-05	\$ —	\$ (16,006)	\$ (15,728)	\$ (31,734)	\$ (31,734)

## Revised Attachment 2 (continued)

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment <sup>1</sup>
		July - December	January - June	Total	
<u>July 1, 2005, through June 30, 2006</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>69.65%</u>	<u>69.25%</u>		
Allocated diversion percentage		71.79%	72.20%		
Tonnage diverted	x	(324.75)	x (319.80)		
Statewide average landfill fee per ton	x	<u>\$39.00</u>	x <u>\$46.00</u>		
Offsetting savings, Reedley College		<u>(9,092)</u>	<u>(10,621)</u>	<u>(19,713)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>55.23%</u>	<u>55.04%</u>		
Allocated diversion percentage		90.53%	90.84%		
Tonnage diverted	x	(187.95)	x (189.75)		
Statewide average landfill fee per ton	x	<u>\$39.00</u>	x <u>\$46.00</u>		
Offsetting savings, Fresno City College		<u>(6,636)</u>	<u>(7,929)</u>	<u>(14,565)</u>	
Total offsetting savings, FY 2005-06	\$ —	<u>\$ (15,728)</u>	<u>\$ (18,550)</u>	<u>\$ (34,278)</u>	<u>\$ (34,278)</u>
<u>July 1, 2006, through June 30, 2007</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>69.25%</u>	<u>67.69%</u>		
Allocated diversion percentage		72.20%	73.87%		
Tonnage diverted	x	(319.80)	x (293.35)		
Statewide average landfill fee per ton	x	<u>\$46.00</u>	x <u>\$48.00</u>		
Offsetting savings, Reedley College		<u>(10,621)</u>	<u>(10,401)</u>	<u>(21,022)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>55.04%</u>	<u>51.44%</u>		
Allocated diversion percentage		90.84%	97.20%		
Tonnage diverted	x	(189.75)	x (173.10)		
Statewide average landfill fee per ton	x	<u>\$46.00</u>	x <u>\$48.00</u>		
Offsetting savings, Fresno City College		<u>(7,929)</u>	<u>(8,076)</u>	<u>(16,005)</u>	
Total offsetting savings, FY 2006-07	\$ —	<u>\$ (18,550)</u>	<u>\$ (18,477)</u>	<u>\$ (37,027)</u>	<u>\$ (37,027)</u>

## Revised Attachment 2 (continued)

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment <sup>1</sup>
		July - December	January - June	Total	
<u>July 1, 2007, through June 30, 2008</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>67.69%</u>	÷	<u>67.69%</u>	
Allocated diversion percentage		73.87%	73.87%		
Tonnage diverted	x	<u>(293.35)</u>	x	<u>(293.35)</u>	
Statewide average landfill fee per ton	x	<u>\$48.00</u>	x	<u>\$51.00</u>	
Offsetting savings, Reedley College		<u>(10,401)</u>	<u>(11,052)</u>	<u>(21,453)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>51.44%</u>	÷	<u>51.44%</u>	
Allocated diversion percentage		97.20%	97.20%		
Tonnage diverted	x	<u>(173.10)</u>	x	<u>(173.10)</u>	
Statewide average landfill fee per ton	x	<u>\$48.00</u>	x	<u>\$51.00</u>	
Offsetting savings, Fresno City College		<u>(8,076)</u>	<u>(8,581)</u>	<u>(16,657)</u>	
Total offsetting savings, FY 2007-08	\$ —	<u>\$ (18,477)</u>	<u>\$ (19,633)</u>	<u>\$ (38,110)</u>	<u>\$ (38,110)</u>
<u>July 1, 2008, through June 30, 2009</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>67.69%</u>	÷	<u>67.69%</u>	
Allocated diversion percentage		73.87%	73.87%		
Tonnage diverted	x	<u>(293.35)</u>	x	<u>(293.35)</u>	
Statewide average landfill fee per ton	x	<u>\$51.00</u>	x	<u>\$55.00</u>	
Offsetting savings, Reedley College		<u>(11,052)</u>	<u>(11,918)</u>	<u>(22,970)</u>	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage	÷	<u>51.44%</u>	÷	<u>51.44%</u>	
Allocated diversion percentage		97.20%	97.20%		
Tonnage diverted	x	<u>(173.10)</u>	x	<u>(173.10)</u>	
Statewide average landfill fee per ton	x	<u>\$51.00</u>	x	<u>\$55.00</u>	
Offsetting savings, Fresno City College		<u>(8,581)</u>	<u>(9,254)</u>	<u>(17,835)</u>	
Total offsetting savings, FY 2008-09	\$ —	<u>\$ (19,633)</u>	<u>\$ (21,172)</u>	<u>\$ (40,805)</u>	<u>\$ (40,805)</u>

## Revised Attachment 2 (continued)

Cost Elements	Offsetting Savings Reported	Offsetting Savings Realized			Review Adjustment <sup>1</sup>
		July - December	January - June	Total	
<u>July 1, 2009, through June 30, 2010</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 67.69%	÷ 67.69%		
Allocated diversion percentage		73.87%	73.87%		
Tonnage diverted	x	(293.35)	x (293.35)		
Statewide average landfill fee per ton	x	\$55.00	x \$56.00		
Offsetting savings, Reedley College		(11,918)	(12,135)	(24,053)	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	50.00%		
Actual diversion percentage		÷ 51.44%	÷ 51.44%		
Allocated diversion percentage		97.20%	97.20%		
Tonnage diverted	x	(173.10)	x (173.10)		
Statewide average landfill fee per ton	x	\$55.00	x \$56.00		
Offsetting savings, Fresno City College		(9,254)	(9,422)	(18,676)	
Total offsetting savings, FY 2009-10	\$ —	\$ (21,172)	\$ (21,557)	\$ (42,729)	\$ (42,729)
<u>July 1, 2010, through June 30, 2011</u>					
Reedley College:					
Maximum allowable diversion percentage		50.00%	—		
Actual diversion percentage		÷ 67.69%	÷ —		
Allocated diversion percentage		73.87%	—		
Tonnage diverted	x	(146.68)	x —		
Statewide average landfill fee per ton	x	\$56.00	x —		
Offsetting savings, Reedley College		(6,068)	—	(6,068)	
Fresno City College:					
Maximum allowable diversion percentage		50.00%	—		
Actual diversion percentage		÷ 51.44%	÷ —		
Allocated diversion percentage		97.20%	—		
Tonnage diverted	x	(86.55)	x —		
Statewide average landfill fee per ton	x	\$56.00	x —		
Offsetting savings, Fresno City College		(4,711)	—	(4,711)	
Total offsetting savings, FY 2010-11	\$ —	\$ (10,779)	\$ —	\$ (10,779)	\$ (10,779)
Total offsetting savings: July 1, 1999, through June 30, 2001; and July 1, 2003, through June 30, 2011	\$ —	\$ (141,085)	\$ (151,765)	\$ (292,850)	\$ (292,850)

<sup>1</sup> See Revised Attachment 3, Finding and Recommendation.

<sup>2</sup> Reedley College did not achieve the maximum allowable diversion percentage in calendar year 2000; therefore, 100% of the tonnage diverted is offsetting savings realized by the district.

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## **Revised Attachment 3— Finding and Recommendation July 1, 1999, through June 30, 2001; and July 1, 2003, through June 30, 2011**

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### **BACKGROUND —**

On March 25, 2004, the Commission adopted its statement of decision, finding that Public Resources Code sections 40148, 40196.3, 42920-42928; Public Contract Code sections 12167 and 12167.1; and the State Agency Model IWM Plan (February 2000); require new activities that constitute new programs or higher levels of service for community college districts within the meaning of Article XIII B, section 6, of the California Constitution, and impose costs mandated by the State pursuant to Government Code (GC) section 17514.

Specifically, the Commission approved the test claim for the increased costs of performing the following specific activities:

- Complying with the model plan (Public Resources Code section 42920(b)(3) and State Agency Model IWM Plan, February 2000);
- Designating a solid waste reduction and recycling coordinator (Public Resources Code section 42920(c));
- Diverting solid waste (Public Resources Code sections 42921 and 42922(i));
- Reporting to the Integrated Waste Management Board (Board) (Public Resources Code sections 42926(a) and 42922(i)); and
- Submitting recycled material reports (Public Contract Code section 12167.1).

In March 2007, the Department of Finance and the Board filed a petition for Writ of Mandate requesting the Commission to issue new parameters and guidelines that give full consideration to the community colleges' cost savings (e.g. avoided landfill disposal fees) and revenues (from recyclables) by complying with the test claim statutes. The Judgment and a Writ of Mandate were issued on June 30, 2008, ordering the Commission to amend the parameters and guidelines to require that community college districts identify, and offset from their claims, cost savings realized as a result of implementing their IWM plans.

On September 26, 2008, the Commission amended the parameters and guidelines to the original period of reimbursement because the court's decision interprets the test claim statutes as a question of law.

In compliance with GC section 17558, the SCO issues claiming instructions to assist local agencies, school districts, and community college districts in claiming mandated-program reimbursable costs.

**REVISED FINDING—  
Unreported offsetting  
savings**

The district did not report any offsetting savings on its mandated cost claims for the review period. We found that the district realized savings of \$292,850 from implementation of its IWM plans.

The following table summarizes the unreported offsetting savings amounts by fiscal year:

Fiscal Year	Offsetting Savings Reported	Offsetting Savings Realized	Review Adjustment
1999-2000	\$ -	\$ (10,535)	\$ (10,535)
2000-01	-	(20,642)	(20,642)
2003-04	-	(26,211)	(26,211)
2004-05	-	(31,734)	(31,734)
2005-06	-	(34,278)	(34,278)
2006-07	-	(37,027)	(37,027)
2007-08	-	(38,110)	(38,110)
2008-09	-	(40,805)	(40,805)
2009-10	-	(42,729)	(42,729)
2010-11	-	(10,779)	(10,779)
<b>Total</b>	<b>\$ -</b>	<b>\$ (292,850)</b>	<b>\$ (292,850)</b>

Section VIII. (Offsetting Savings) of the amended parameters and guidelines states:

Reduced or avoided costs realized from implementation of the community college districts' Integrated Waste Management plans shall be identified and offset from this claim as cost savings, consistent with the direction for revenue in Public Contract Code sections 12167 and 12167.1.

Public Contract Code sections 12167 and 12167.1 require agencies in state-owned and state-leased buildings to deposit all revenues from the sale of recyclables into the IWM Account in the IWM Fund, which is continuously appropriated to the Board for the purposes of offsetting recycling program costs. For the review period, the district did not deposit any revenue into the IWM Account in the IWM Fund. We have determined that the district had reduced or avoided costs realized from implementation of its IWM plans that it did not identify and offset from its claims as cost savings.

**Offsetting Savings Calculation**

The Commission's Final Staff Analysis of the proposed amendments to the parameters and guidelines (Item No. 8 – Commission hearing of September 26, 2008) state:

...cost savings may be calculated from the annual solid waste disposal reduction or diversion rates that community colleges must annually report to the Board pursuant to Public Resources Code section 42926, subdivision (b) (1).

To compute the savings amount, we multiplied the allocated diversion percentage by the tonnage diverted, and then by the avoided landfill disposal fee, as follows:

$$\begin{array}{rcccl}
 & & \text{Allocated Diversion \%} & & \\
 & & \begin{array}{c} \text{Maximum} \\ \text{Allowable} \end{array} & & \text{Avoided} \\
 & & \text{Diversion \%} & & \text{Landfill} \\
 \text{Offsetting} & = & \frac{\text{Diversion \%}}{\text{Actual}} & \times & \text{Tonnage} \times \text{Disposal Fee} \\
 \text{Savings} & & \text{Diversion \%} & & \text{Diverted} \quad (\text{per Ton})
 \end{array}$$

This calculation determines the cost that the district did not incur for solid waste disposal as a result of implementing its IWM plans. The offsetting savings calculations are presented in Revised Attachment 2 – Summary of Offsetting Savings Calculations.

*Allocated Diversion Percentage*

Public Resources Code section 42921 requires that districts achieve a solid waste diversion percentage of 25% beginning January 1, 2002, and a 50% diversion percentage by January 1, 2004. The parameters and guidelines state that districts will be reimbursed for all mandated costs incurred to achieve these levels, without reduction when they fall short of stated goals, but not for amounts used to exceed these state-mandated levels. Therefore, we allocated the offsetting savings to be consistent with the requirements of the mandated program.

For calendar years 2000 through 2007, we used the actual diversion percentage reported by the district to the Board pursuant to Public Resources Code section 42926, subdivision (b)(1).

In 2008, the Board began focusing on “per-capita disposal” instead of a “diversion percentage.” As a result, the Board stopped requiring community college districts to report the actual amount of tonnage diverted. Consequently, the annual reports no longer identify a “diversion percentage.” Therefore, we used the calendar year 2007 diversion percentage to calculate the offsetting savings for FY 2007-08 through FY 2010-11. The district did not provide documentation supporting a different diversion percentage.

*Tonnage Diverted*

The tonnage diverted refers to solid waste that the district recycled, composted, and kept out of the landfill.

For calendar years 2000 through 2007, we used the actual tonnage diverted, as reported by the district to the Board pursuant to Public Resources Code section 42926, subdivision (b)(1).

As previously noted, in 2008, the Board stopped requiring community college districts to report the actual amount of tonnage diverted. Therefore, we used the tonnage diverted in calendar year 2007 to calculate the offsetting savings for FY 2007-08 through FY 2010-11. The district did not provide documentation supporting a different amount of tonnage diverted.

*Avoided Landfill Disposal Fee (per Ton)*

The avoided landfill disposal fee is used to calculate realized savings because the district no longer incurs costs to dispose of the diverted tonnage at the landfill. For each fiscal year in the review period, we used the statewide average disposal fee provided by the California Department of Resources Recycling and Recovery, which was established in 2010 to replace the Board. The district did not provide documentation supporting a different disposal fee.

Recommendation

The IWM Program was suspended in the FY 2011-12 through FY 2017-18 Budget Acts. Furthermore, commencing in FY 2012-13, the district elected to participate in a block grant program pursuant to GC section 17581.7, in lieu of filing annual mandated cost claims. If the program becomes active again and if the district chooses to opt out of the block grant program, we recommend that the district offset all savings realized from implementation of the community college district's IWM plans.