

Fifteenth Supplement to Memorandum 94-11

Administrative Adjudication: Exemption Request of Commission on State Mandates

Attached as Exhibit pages 1-3 is a letter from the Commission on State Mandates (CSM) requesting exemption from the hearing provisions of the proposed Administrative Procedure Act. CSM is not now subject to the APA. It hears and decides applications from local government for reimbursement from the State for state-mandated programs that impose costs on local government. See Exhibit pp. 4-16.

The basis of CSM's exemption claim is that it has developed its own procedures which are workable, efficient, and known to those who deal with it. Of course, that argument could be made by every agency in the state against making any improvement in the law at all. CSM does not indicate specific problems it would have operating under the proposed procedure, other than a reference to the complexity of the proposed procedure and the burden on local agencies that would result from imposition of a new procedure.

On the other hand, CSM does not deal with the public — only with local entities — and it is arguable that, whatever the merits of a uniform administrative procedure for public interaction with state government, this is irrelevant to the type of work done by CSM. It is conceivable, though, that even local agencies would appreciate some uniformity of procedure in their dealings with a variety of state agencies.

Although it is a close call, the staff is persuaded that this is a unique sort of decision-making process that goes on among governmental agencies, and it doesn't make a lot of sense to put the Commission on State Mandates to the exercise of adapting the Administrative Procedure Act to bring the procedure back to about what it is now. We would add the following provision:

Gov't Code § 17533 (added). Exemption from Administrative Procedure Act

17533. Part 4 (commencing with Section 641.110) of Division 3.3 of Title 1 of the Government Code does not apply to a proceeding under this part.

Comment. Section 17533 makes clear that the adjudicative provisions of the Administrative Procedure Act to not apply to proceedings by the Commission on State Mandates.

Respectfully submitted,

Nathaniel Sterling
Executive Secretary

COMMISSION ON STATE MANDATES

1414 K Street, Suite 315
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January 31, 1994

Mr. Nathaniel Sterling, Executive Secretary
California Law Revision Commission
4000 Middlefield Road, Suite D-2
Palo Alto, CA 94303-4739

Re: Administrative Adjudication, Exemption Request

Dear Mr. Sterling:

Currently, Government Code section 11501 does not list the Commission on State Mandates (hereinafter "Commission") among those agencies which are required to follow the Administrative Procedures Act with respect to administrative adjudication.

The purpose of this letter is to illustrative the reasons for our present exemption and to request that our agency be exempt from the proposed "Administrative Adjudication by State Agencies."

BACKGROUND

In 1979, the voters approved Proposition 4 which added article XIIIIB to the California Constitution. This constitutional amendment was primarily concerned with imposing appropriation limits on the tax proceeds of both state and local governments. Section 6 of article XIIIIB provides that

"[w]henver the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, . . . " [with certain exceptions].

Effective January 1, 1985, the Legislature enacted new sections in the Government Code which established the Commission. (Gov. Code section 17500 et seq.) The Legislature declared that the existing system for reimbursing local agencies and school districts for the costs of state mandated local programs had not

provided for the effective determination of the state's responsibilities under section 6, article XIIIB. Thus, the Legislature created the Commission as a quasi-judicial body with certain enumerated powers (Gov. Code section 17527) to resolve disputes over the existence of state mandated local programs.

In resolving the legal question as to whether a statute or state agency regulation constitutes a reimbursable state mandated program, the Commission addresses two questions. First, whether the provisions of the particular statute or regulation impose a state mandated program upon local government. If the answer to the first question is yes, then the next inquiry by the Commission is to determine whether the costs incurred by local government are subject to reimbursement as costs mandated by the state.

In addition, pursuant to Chapter 72, Statutes of 1993, the Legislature empowered the Commission to hear and decide applications from county boards of supervisors regarding the reduction of general assistance/relief payments to welfare recipients.

ADMINISTRATIVE ADJUDICATION PROCEDURES

The Commission is authorized to adopt procedures for hearing claims and for the taking of evidence. (Gov. Code section 17553.) Pursuant to its authority to adopt and amend rules and regulations (Gov. Code section 17527, subd. (g).), the Commission promulgated rules for conducting hearings on claims from local governmental entities regarding the reimbursability of alleged state mandated programs. (Title 2, C.C.R., sections 1187 through 1188.3).)

In addition, the Commission has recently adopted emergency regulations for the conduct of hearings pertaining to county applications regarding the reduction of general assistance/relief payments. (Title 2, C.C.R., sections 1186.5 through 1186.73).)

With respect to hearings on alleged state mandate claims, the parties and participants which appear before the Commission are invariably representatives from local government and state government. The adjudicative procedures are straightforward, accessible, and have been in place for a number of years. The procedures are not highly structured and formalized, which facilitates the taking of evidence and testimony from the parties during a hearing.

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Moreover, the subject area is highly specialized and designed to streamline a mechanism for administratively deciding state mandate issues "in order to relieve unnecessary congestion of the judicial system" (Gov. Code section 17500).)

In sum, the present administrative adjudicative process has and continues to function quite well. The governmental entities that use the current system are versed in the Commission's procedures.

In addition, it is arguable that the implementation of a revised, complex, statutory system of adjudication may impose upon local governmental entities a new program or higher level of service subject to reimbursement under section 6, article XIII B of the California Constitution.

Finally, much time and effort has been invested in "tailoring" the Title 2 regulations to carry out the purposes and objectives of the Commission.

CONCLUSION

Based on the foregoing, we would request that the California Law Revision Commission exempt the Commission from coverage by the proposed "Administrative Adjudication by State Agencies."

Sincerely,



GARY D. HORI
Legal Counsel

cc: ROBERT W. EICH, Executive Director
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Exhibit

Statutes Applicable to Commission on State Mandates

Government Code

CHAPTER 3. COMMISSION ON STATE MANDATES

17525. Membership; Terms of office; Public member

There is hereby created the Commission on State Mandates, which shall consist of five members as follows:

- (1) The Controller.
- (2) The Treasurer.
- (3) The Director of Finance.
- (4) The Director of the Office of Planning and Research.

(5) A public member with experience in public finance, appointed by the Governor and approved by the Senate.

The public member shall serve for a term of four years subject to renewal. The public member shall receive per diem of one hundred dollars (\$100) for each day actually spent in the discharge of official duties and shall be reimbursed for any actual and necessary expenses incurred in connection with the performance of duties as a member of the commission.

17526. Open meetings; Executive sessions

All meetings of the commission shall be open to the public, except that the commission may meet in executive session to consider the appointment or dismissal of officers or employees of the commission or to hear complaints or charges brought against a member, officer, or employee of the commission.

17527. Powers of commission

In carrying out its duties and responsibilities, the commission shall have the following powers:

- (a) To examine any document, report, or data, including computer programs and data files, held by any local agency or school district.
- (b) To meet at times and places as it may deem proper.

(c) As a body or, on the authorization of the commission, as a committee composed of one or more members, to hold hearings at any time and place it may deem proper.

(d) Upon a majority vote of the commission, to issue subpoenas to compel the attendance of witnesses and the production of books, records, papers, accounts, reports, and documents.

(e) To administer oaths.

(f) To contract with other agencies or individuals, public or private, as it deems necessary, to provide or prepare services, facilities, studies, and reports to the commission as will assist it in carrying out its duties and responsibilities.

(g) To adopt, promulgate, amend, and rescind rules and regulations, which shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act provided for in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2.

(h) To do any and all other actions necessary or convenient to enable it fully and adequately to perform its duties and to exercise the powers expressly granted to it.

17528. Election of officers

The members of the commission shall elect a chairperson and a vice chairperson of the commission.

17529. Appointment of attorney; Duties

The commission may appoint as attorney to the commission an attorney at law of this state, who shall hold office at the pleasure of the commission. The attorney shall represent and appear for the commission in all actions and proceedings involving any question under this part or under any order or act of the commission.

The attorney shall advise the commission and each member of the commission, when so requested, in regard to all matters in connection with the powers and duties of the commission and the members thereof. The attorney shall generally perform all duties and services as attorney to the commission which the commission may require.

17530. Appointment of executive director; Duties

The commission shall appoint an executive director, who shall be exempt from civil service and shall hold office at the pleasure of the commission. The executive director shall be responsible for the executive and administrative duties of the commission and shall organize, coordinate, supervise, and direct the operations and affairs of the commission and expedite all matters within the jurisdiction of the commission. The executive director shall keep a full and true record of all proceedings of the commission, issue all necessary process, writs, warrants, and notices, and perform other duties as the commission prescribes.

17531. Authority of executive director to employ necessary staff

The executive director may employ those officers, examiners, experts, statisticians, accountants, inspectors, clerks, and employees as the executive director deems necessary to carry out the provisions of this part or to perform the duties and exercise the powers conferred upon the commission by law.

17532. Quorum; Investigations, inquiries, and hearings

A majority of the commissioners shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power of the commission. Any investigation, inquiry, or hearing which the commission has power to undertake or to hold may be undertaken or held by or before any commissioner or commissioners designated for the purpose by the commission. The evidence in any investigation, inquiry, or hearing may be taken by the commissioner or commissioners to whom the investigation, inquiry, or hearing has been assigned or, in his or her or their behalf, by an examiner designated for that purpose. Every finding, opinion, and order made by the commissioner or commissioners so designated, pursuant to the investigation, inquiry, or hearing, when approved or confirmed by the commission and ordered filed in its office, shall be deemed to be the finding, opinion, and order of the commission.

**CHAPTER 4. IDENTIFICATION AND PAYMENT OF COSTS MANDATED BY
THE STATE****Article 1. Commission Procedure****17550. Reimbursements of local agencies and school districts**

Reimbursement of local agencies and school districts for costs mandated by the state shall be provided pursuant to this chapter.

17551. Commission hearing and decision upon claims

(a) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district that the local agency or school district is entitled to be reimbursed by the state for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

(b) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section 17561.

17552. Exclusivity of procedure provided by chapter

This chapter shall provide the sole and exclusive procedure by which a local agency or school district may claim reimbursement for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

17553. Adoption of procedures for receiving claims and providing hearings; Postponement of hearings

The commission shall adopt procedures for receiving claims pursuant to this article and for providing a hearing on those claims. The hearing procedure shall provide for presentation of evidence by the claimant, the Department of Finance and any other affected department or agency, and any other interested person. Hearing of a claim may be postponed at the request of the claimant, without prejudice.

17554. Commission's authority to expedite action

With the agreement of all parties to the claim, the commission may waive the application of any procedural requirement imposed by this chapter or pursuant to Section 17553 in order to expedite action on the claim. The authority granted by this section includes the consolidation of claims and the shortening of time periods.

17555. Date for public hearing; Test claim form and procedure

The commission, within 10 days after receipt of a test claim based upon a statute or executive order, shall set a date for a public hearing on the claim within a reasonable time. The test claim may be based upon estimated costs that a local agency or school district may incur as a result of the statute or executive order and may be filed at any time after the statute is enacted or the executive order is adopted. The claim shall be submitted in a form prescribed by the commission.

After a hearing in which the claimant and any other interested organization or individual may participate, the commission shall determine if there are costs mandated by the state.

17556. Criteria for not finding costs mandated by state

The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if, after a hearing, the commission finds that:

(a) The claim is submitted by a local agency or school district which requested legislative authority for that local agency or school district to implement the program specified in the statute, and that statute imposes costs upon that local agency or school district requesting the legislative authority. A resolution from the governing body or a letter from a delegated representative of the governing body of a local agency or school district which requests authorization for that local agency or school district to implement a given program shall constitute a request within the meaning of this paragraph.

(b) The statute or executive order affirmed for the state that which had been declared existing law or regulation by action of the courts.

(c) The statute or executive order implemented a federal law or regulation and resulted in costs mandated by the federal government, unless the statute or executive order mandates costs which exceed the mandate in that federal law or regulation.

(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.

(e) The statute or executive order provides for offsetting savings to local agencies or school districts which result in no net costs to the local agencies or school districts, or includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate.

(f) The statute or executive order imposed duties which were expressly included in a ballot measure approved by the voters in a statewide election.

(g) The statute created a new crime or infraction, eliminated a crime or infraction, or changed the penalty for a crime or infraction, but only for that portion of the statute relating directly to the enforcement of the crime or infraction.

17557. Determination of amount to be subvned for reimbursement; Parameters and guidelines

If the commission determines there are costs mandated by the state pursuant to Section 17555, it shall determine the amount to be subvned to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 60 days of adoption of a statement of decision on a test claim. At the request of a successful test claimant, the commission may provide for one or more extensions of this 60-day period at any time prior to its adoption of the parameters and guidelines and for any length of time the commission specifies. If proposed parameters and guidelines are not submitted within the 60-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can demonstrate to the commission why an extension of the 60-day period is justified. A local agency, school district, and the state may file a claim or request with the commission to amend, modify, or supplement the parameters or guidelines. The commission may, after public notice and hearing, amend, modify, or supplement the parameters and guidelines.

In adopting parameters and guidelines, the commission may adopt an allocation formula or uniform allowance which would provide for reimbursement of each local agency or school district of a specified amount each year.

The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred, provided, however, that the commission shall not specify therein any fiscal year for which payment could be provided in the annual Budget Act. A test claim shall be submitted on or before December 31 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

17558. Submission of parameters and guidelines to Controller; Transfer of claims; Claiming instructions

(a) The commission shall submit the adopted parameters and guidelines to the Controller. All claims relating to a statute or executive order that are filed after the determination of the test claim pursuant to Section 17557 shall be

transferred to the Controller who shall pay and audit the claims from funds made available for that purpose.

(b) The Controller shall prepare claiming instructions for each mandate that requires state reimbursement to assist local agencies and school districts in claiming costs to be reimbursed. In preparing claiming instructions, the Controller may request the assistance of other state agencies. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines provided by the commission and approved by the Legislature.

(c) On behalf of any authorized state agency, the Controller shall expeditiously prepare and issue new or revised claiming instructions for new mandates that require state reimbursement that have been established by commission action pursuant to Section 17555 or after any decision or order of the commission pursuant to Section 17551, and for which funding is provided pursuant to Section 17610, the Budget Act, or other provisions.

17558.5. Reimbursement claim; Audit; Remittance advice and other notices of payment

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the Controller no later than four years after the end of the calendar year in which the reimbursement claim is filed or last amended. However, if no funds are appropriated for the program, for the fiscal year for which the claim is made, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.

(b) The Controller shall notify the claimant in writing within 30 days after issuance of a remittance advice of any adjustment to a claim for reimbursement that results from an audit or review. The notification shall specify the claim components adjusted, the amounts adjusted, and the reason for the adjustment. Remittance advices and other notices of payment action shall not constitute notice of adjustment from an audit or review.

(c) Nothing in this section shall be construed to limit the adjustment of payments when inaccuracies are determined to be the result of the intent to defraud, or when a delay in the completion of an audit is the result of willful acts by the claimant or inability to reach agreement on terms of final settlement.

17559. Judicial review

A claimant or the state may commence a proceeding in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure to set aside a decision of the commission on the ground that the commission's decision is not supported by substantial evidence. The court may order the commission to hold another hearing regarding the claim and may direct the commission on what basis the claim is to receive a rehearing.

17560. Deadlines for filing reimbursement claims

Reimbursement for state-mandated costs may be claimed as follows:

(a) A local agency or school district may file an estimated reimbursement claim by November 30 of the fiscal year in which costs are to be incurred, and, by November 30 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).

(b) A local agency or school district shall, by November 30 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.

17561. Reimbursement for costs of state-mandated programs

(a) The state shall reimburse each local agency and school district for all "costs mandated by the state," as defined in Section 17514.

(b)

(1) For the initial fiscal year during which these costs are incurred, reimbursement funds shall be provided as follows:

(A) Any statute mandating these costs shall provide an appropriation therefor.

(B) Any executive order mandating these costs shall be accompanied by a bill appropriating the funds therefor, or alternatively, an appropriation for these costs shall be included in the Budget Bill for the next succeeding fiscal year. The executive order shall cite that item of appropriation in the Budget Bill or that appropriation in any other bill which is intended to serve as the source from which the Controller may pay the claims of local agencies and school districts.

(2) In subsequent fiscal years appropriations for these costs shall be included in the annual Governor's Budget and in the accompanying Budget Bill. In addition, appropriations to reimburse local agencies and school districts for continuing costs resulting from chaptered bills or executive orders for which

claims have been awarded pursuant to subdivision (a) of Section 17551 shall be included in the annual Governor's Budget and in the accompanying Budget Bill subsequent to the enactment of the local government claims bill pursuant to Section 17600 which includes the amounts awarded relating to these chaptered bills or executive orders.

(c) The amount appropriated to reimburse local agencies and school districts for costs mandated by the state shall be appropriated to the Controller for disbursement.

(d) The Controller shall disburse reimbursement funds to local agencies or school districts if the costs of these mandates are not payable to state agencies, or to state agencies who would otherwise collect the costs of these mandates from local agencies or school districts in the form of fees, premiums, or payments. When disbursing reimbursement funds to local agencies or school districts, the Controller shall disburse them as follows:

(1) When funds are appropriated to reimburse costs mandated by the state for the initial fiscal year during which these costs will be incurred, each local agency or school district to which the mandate is applicable shall submit to the Controller, within 120 days of the operative date of the mandate, or, if the commission is requested to do so pursuant to Section 17571, within 120 days after the commission reviews the claiming instructions for reimbursement issued by the Controller, whichever is later, a claim for payment of its estimated costs required by the mandate for the current fiscal year. If the local agency or school district does not submit the claim within the 120-day period, it may submit its claim for reimbursement as specified in Section 17560. The Controller shall pay these claims from the funds appropriated therefor, provided that the Controller (A) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, and (B) may reduce any claim which the Controller determines is excessive or unreasonable.

(2) In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor, provided that the Controller (A) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, (B) may reduce any claim, which the Controller determines is excessive or unreasonable, and (C) shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years.

(3) When funds are appropriated to the Controller to reimburse costs mandated by the state, not otherwise funded, claims for initial year costs, and subsequent years for which costs have been incurred prior to the enactment of the claims bill, shall be filed within 120 days from the date on which the Controller issued claiming instructions on funded mandates contained in the claims bill. When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount which would have been allowed had the claim been timely filed, provided that the amount of this reduction shall not exceed one thousand dollars (\$1,000). The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. In no case shall a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates contained in a claims bill. These claims shall be based upon parameters and guidelines issued by the commission and as approved by the Legislature. The Controller shall promptly notify the relevant local agencies or school districts subsequent to enactment of the claims bill of the right to file these claims.

17562. Review of costs of state-mandated local programs

(a) The Legislature hereby finds and declares that the increasing revenue constraints on state and local government and the increasing costs of financing state-mandated local programs make evaluation of the cumulative effects of state-mandated local programs imperative. Accordingly, it is the intent of the Legislature to establish a method for regularly reviewing the costs of state-mandated local programs, by evaluating the benefit of previously enacted mandates.

(b) The Legislative Analyst may review and report to the Legislature with regard to any statute or executive order which creates a state-mandated local program. The Legislative Analyst may recommend that the Legislature continue, eliminate, or modify any provision of law reviewed pursuant to this subdivision.

17563. Use of funds received for public purposes

Any funds received by a local agency or school district pursuant to the provisions of this chapter may be used for any public purpose.

17564. Filing of claims; Threshold amount

(a) No claim shall be made pursuant to Sections 17551 and 17561, nor shall any payment be made on claims submitted pursuant to Sections 17551 and 17561, unless these claims exceed two hundred dollars (\$200), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds two hundred dollars (\$200) even if the individual school district's, direct service district's, or special district's claims do not each exceed two hundred dollars (\$200). The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim .

(b) Claims for direct and indirect costs filed pursuant to Section 17561 shall be filed in the manner prescribed by the Controller.

(c) Local agencies and school districts may file estimated claims and reimbursement claims with the Controller for increased costs resulting from any law enacted between January 1, 1973, and January 1, 1975, or an executive order implementing a statute enacted during that period, that resulted in a new program or a higher level of service of an existing program, and for which a specific appropriation has been made. The Controller shall pay these estimated claims, and approved reimbursement claims, from funds appropriated expressly therefor, provided that the Controller (1) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, (2) may reduce any claim which the Controller determines is excessive or unreasonable, and (3) shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years. The provisions of this chapter relative to estimated and reimbursement claims generally shall also apply to claims filed pursuant to this subdivision.

17565. Reimbursement for subsequently mandated costs

If a local agency or a school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate.

17567. Insufficiency of appropriation; Proration of claims

In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. The Controller shall adjust prorated claims if supplementary funds are appropriated for this purpose.

In the event that the Controller finds it necessary to prorate claims as provided by this section, the Controller shall immediately report this action to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, the Controller shall transmit this information to the commission which shall include these amounts in its report to the Legislature pursuant to Section 17600 to assure that an appropriation sufficient to pay the claims is included in the local government claims bills or other appropriation bills. If the local government claims bills required by Section 17612 have been introduced in the Legislature, the Controller shall report directly to the chairperson of the respective committee in each house of the Legislature which considers appropriations to assure inclusion of a sufficient appropriation in the claims bills.

17568. Payment of claims submitted after deadline

If a local agency or school district submits an otherwise valid reimbursement claim to the Controller after the deadline specified in Section 17560, the Controller shall reduce the reimbursement claim in an amount equal to 10 percent of the amount which would have been allowed had the reimbursement claim been timely filed, provided that the amount of this reduction shall not exceed one thousand dollars (\$1,000). In no case shall a reimbursement claim be paid which is submitted more than one year after the deadline specified in

Section 17560. Estimated claims which were filed by the deadline specified in that section shall be paid in full before payments are made on estimated claims filed after the deadline. In the event the amount appropriated to the Controller for reimbursement purposes is not sufficient to pay the estimated claims approved by the Controller, the Controller shall prorate those claims in proportion to the dollar amount of approved claims filed after the deadline and shall report to the commission or the Legislature in the same manner as described in Section 17566 in order to assure appropriation of funds sufficient to pay those claims.

17570. Annual report to Legislature

The Legislative Analyst shall review each unfunded statutory or regulatory mandate for which claims have been approved by the Legislature pursuant to a claims bill during the preceding fiscal year. Any recommendations by the Legislative Analyst to eliminate or modify the mandates shall be contained in the annual analysis of the Budget Bill prepared by the Legislative Analyst.

17571. Review and modification of claiming instructions

The commission, upon request of a local agency or school district, shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs, and may modify these instructions with regard to the inclusion or exclusion of specific cost items.