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HEALTH AND SAFETY CODE - HSC

DIVISION 20. MISCELLANEOUS HEALTH AND SAFETY PROVISIONS [24000 - 27007] (*Division 20 enacted by Stats. 1939, Ch. 60.*)

CHAPTER 6.5. Hazardous Waste Control [25100 - 25259] (*Chapter 6.5 added by Stats. 1972, Ch. 1236.*)

ARTICLE 9.2. Cost Reimbursement [25206.1 - 25206.4] (*Article 9.2 added by Stats. 1997, Ch. 870, Sec. 31.*)

25206.1. For purposes of this article, the following terms have the following meaning:

- (a) "Direct costs" means the costs to the department of processing applications, responding to requests, or providing other services, for which the applicant or requester is required to reimburse the department pursuant to those provisions specified in Section 25206.2, that can be specifically attributed to a particular cost objective, including, but not limited to, sites, facilities, and activities.
- (b) "Indirect costs" means the costs to the department of activity that is of a common or joint purpose benefiting more than one cost objective and not readily assignable to a single cost objective.
- (c) "Pro rata" means the general administrative costs expended by central service agencies to provide centralized services to state agencies, as defined in the State Administrative Manual.

(*Added by Stats. 1997, Ch. 870, Sec. 31. Effective January 1, 1998. Operative July 1, 1998, by Sec. 54 of Ch. 870.*)

25206.2. (a) Except as provided in subdivision (c), the department shall comply with this article when recovering costs for processing applications, responding to requests, or providing other services, for which the applicant or requester is required to reimburse the department for its costs pursuant to Sections 25149.3, 25179.7, 25200.1.5, 25201.9, 25205.7, 25222.1, 25233, and 25234. For purposes of this article and Sections 25149.3, 25179.7, 25200.1.5, 25201.9, 25205.7, 25222.1, 25233, and 25234, the department's costs include direct costs, indirect costs, and pro rata costs, as defined in Section 25206.1.

(b) For the purposes of recovering the department's costs pursuant to those provisions listed in subdivision (a), the department shall establish and implement policies and procedures that include, but are not limited to, all of the following:

(1) Within 14 days following receipt of an application or request for which charges are to be assessed, or a later date as may be mutually agreed upon, the department and the applicant or requester shall hold a project planning meeting. Within 30 days from the date of the planning meeting, or within 30 days from the date that a complete application or request is received by the department, whichever is later, or by a later date mutually agreed upon, the department shall provide the applicant or requester an estimate that includes all of the following information:

(A) A detailed description of the work to be performed or services to be provided.

(B) The estimated billing rates for all classes of employees expected to work on the project. The department may adjust its billing rates not more than once every six months. Any adjustment in billing rates or other charges, including, but not limited to, pro rata costs and indirect costs, shall operate prospectively.

(C) An estimate of all expected charges to be billed to the applicant or requester, to the extent that the department can project its time and costs in advance. The department may adjust this estimate subsequent to commencement of the project based on analysis of new information that supports the adjustment, including, but not limited to, such circumstances as a change in the scope of the original work, additional work that is needed to ensure protection of human health or safety or of the environment, or other circumstances that arise that require substantially more time and effort than was originally anticipated to complete the work. An adjustment may only be made after providing written notice and a detailed explanation of the change to the applicant or requester.

(2) The department shall adopt a billing system and procedures that include, but are not limited to, all of the following:

- (A) Billing rate and indirect cost rate schedules by employee job classification.
- (B) Standardized work task descriptions.
- (C) Issuance of invoices at least quarterly, and to the extent practicable, within 60 days from the date of completion of work for which the charge is assessed.
- (D) The inclusion of sufficient detail with each invoice so that the applicant or requester can relate the items on the invoice to the benefits received and to the estimate or charges provided pursuant to subparagraph (C) of paragraph (1). Invoices shall be supplemented with statements of any changes in rates and a detailed justification for any such changes.
- (E) Upon request and within a reasonable time, not to exceed 30 working days to the extent practicable, providing the applicant or requester with access to time records and other materials supporting the invoice.
- (F) The review of invoices for accuracy and appropriateness by a member of the department staff who has direct knowledge of the work or service performed.
- (G) The mailing of invoices to the contact person identified by the applicant or requester.
- (H) The development of policies and procedures for resolving disputes regarding charges billed pursuant to this section. The department shall ensure that the party responsible for resolving a dispute is not also responsible for, or performing, the work for which the charges are assessed. A person disputing an invoice shall notify the department in writing of the dispute and the reasons for the dispute within 45 days from the date of the invoice.
- (I) The development of a concise statement of its cost reimbursement policies and billing procedures, and making those policies and procedures, the dispute resolution policies and procedures, and other program guidance and policies readily available to any person requesting them.

(c) This article does not require amendment of, or otherwise affect, any agreement entered into prior to July 1, 1998, pursuant to which any person has agreed to reimburse the department for the costs incurred by the department in processing applications, responding to requests, or otherwise providing other services pursuant to those provisions listed in subdivision (a).

(Added by Stats. 1997, Ch. 870, Sec. 31. Effective January 1, 1998. Operative July 1, 1998, by Sec. 54 of Ch. 870.)

25206.3. The department shall take all of the following actions with regard to the tracking of indirect costs:

- (a) Ensure that pro rata costs are allocated appropriately to all departmental activities, so that the department's program will only bear those pro rata costs in proportion to the benefits received by those persons subject to the reimbursement requirements specified in Section 25206.2.
- (b) Routinely include operating expenses in the indirect costs and allocate those expenses using processes that ensure that the department's program only bears indirect costs in proportion to the benefits received by those persons subject to the reimbursement requirements specified in Section 25206.2.
- (c) Exclude from indirect costs, the costs of grant development and administration, fee administration, contract development and administration, and public and governmental inquiries.

(Added by Stats. 1997, Ch. 870, Sec. 31. Effective January 1, 1998. Operative July 1, 1998, by Sec. 54 of Ch. 870.)

25206.4. The department shall establish rates for indirect costs that are specific to each program and shall review and update the indirect cost rates based upon increases or decreases in the amounts of grants received by the department, department reorganizations, and other relevant factors, but not less than once every six months, based upon the previous 12 months of expenditure data. The department shall apply the indirect cost rates prospectively and shall not make retroactive adjustments in those rates.

(Added by Stats. 1997, Ch. 870, Sec. 31. Effective January 1, 1998. Operative July 1, 1998, by Sec. 54 of Ch. 870.)