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I. INTRODUCTION

Commission on State Mandates

Test Claim Process

Article XIII B, section 6 of the California Constitution requires the state to provide a subvention of funds to reimburse local government for the costs of new programs or increased levels of service mandated by the state. To implement article XIII B, section 6, the Legislature created the Commission on State Mandates (Commission) to succeed the State Board of Control in making determinations whether new statutes or executive orders are state-mandated programs.¹ The Commission was established to render sound quasi-judicial decisions and to provide an effective means of resolving disputes over the existence of state-mandated local programs. The Commission provides the sole and exclusive procedure for local agencies and school districts (claimants) to resolve disputes over the existence of state-mandated local programs and costs mandated by the state. The Commission is required to hear and decide claims (test claims) filed by local agencies and school districts that they are entitled to be reimbursed by the state for costs mandated by the state.²

Parameters and Guidelines

Government Code section 17557 provides that if the Commission determines that a statute or executive order imposes a mandate upon local agencies and school districts, the Commission is required to determine the amount to be subvended to local agencies and school districts for reimbursement by adopting parameters and guidelines. In adopting parameters and guidelines, the Commission may adopt a reasonable reimbursement methodology (RRM). Once parameters and guidelines are adopted, the Commission is required to adopt a statewide cost estimate of the mandated program (Gov. Code, § 17553).

Alternative Processes

Government Code section 17557.1 and 17557.2 provide an alternate process for determining the amount to be subvended for mandated programs. Under 17557.1, local governments and the Department of Finance may jointly develop reasonable reimbursement methodologies (RRMs) and statewide estimates of costs for mandated programs for approval by the Commission in lieu of parameters and guidelines and statewide cost estimates. Government Code section 17557.2 requires that joint RRMs have broad support and, if approved, they remain in effect for five years unless otherwise specified. Jointly developed RRMs and statewide estimates of costs that are approved by the Commission are included in the Commission's Annual Reports to the Legislature. To date, only one jointly developed RRM has ever been approved and it expired and was not extended by the parties so the Commission adopted parameters and guidelines for that program.

Government Code sections 17572 and 17573 provide another alternative process where the Department of Finance and local agencies, school districts, or statewide associations may jointly request that the Legislature determine that a statute or executive order imposes a state-mandated program, establish a reimbursement methodology, and appropriate funds for reimbursement of costs. This process is intended to bypass the Commission's test claim process, thus providing the Commission with more time to complete the caseload backlog. To date, this process has not been successfully utilized.

¹ Statutes 1984, chapter 1459, Government Code section 17500, et seq.

² Government Code section 17551.

Report to the Legislature

The Commission is required to report to the Legislature at least twice each calendar year on the number of mandates it has found, the estimated statewide costs of each mandate, and the reasons for recommending reimbursement.³ In 2010, SB 894 (Stats. 2010, ch. 699) was enacted to require the Commission to expand its Report to the Legislature to include:

- The status of pending parameters and guidelines that include proposed reimbursement methodologies.
- The status of pending joint proposals between the Department of Finance and local governments to develop reasonable reimbursement methodologies in lieu of parameters and guidelines.
- The status of joint proposals between the Department of Finance and local governments to develop legislatively-determined mandates.
- Any delays in the completion of the above-named caseload.

This report fulfills these requirements.

Legislative Analyst

After the Commission submits its report to the Legislature, the Legislative Analyst is required to submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the Commission's reports. The Legislative Analyst's report shall make recommendations as to whether each mandate should be repealed, funded, suspended, or modified.

The Legislature

Upon receipt of the report submitted by the Commission pursuant to Government Code Section 17600, funding shall be provided in the subsequent Budget Act for costs incurred in prior years. No funding shall be provided for years in which a mandate is suspended.⁴

The Legislature may amend, modify, or supplement the parameters and guidelines, reasonable reimbursement methodologies, and adopted statewide estimates of costs for the initial claiming period and budget year for mandates contained in the annual Budget Act. If the Legislature amends, modifies, or supplements the parameters and guidelines, reasonable reimbursement methodologies, or adopted statewide estimates of costs for the initial claiming period and budget year, it shall make a declaration in separate legislation specifying the basis for the amendment, modification, or supplement.⁵

Mandate Funding Provisions

If the Legislature deletes from the annual Budget Act funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement for that fiscal year.⁶ Under Proposition 1A, which amended article XIII B, section 6 of the California Constitution, city, county, city and county, or special district mandate claims for costs incurred

³ Government Code section 17600.

⁴ Government Code section 17612(a).

⁵ Government Code section 17612(b).

⁶ Government Code section 17612(c).

prior to the 2004-2005 fiscal year that have not been paid prior to the 2005-2006 fiscal year may be paid over a term of years, as prescribed by law. However, for the 2005-2006 fiscal year and every subsequent fiscal year, the Constitution now requires the Legislature to either appropriate in the annual Budget Act the full payable amount that has not been previously paid or suspend the operation of the mandate for the fiscal year for which the annual Budget Act is applicable.

If payment for an initial reimbursement claim is being made more than 365 days after adoption of the statewide cost estimate, the State Controller’s Office (Controller) shall include accrued interest at the Pooled Money Investment Account rate.⁷

If the Legislature appropriates the amount of the statewide cost estimate and actual claims exceed this amount, the Controller will prorate the claims.⁸ If the funds to cover the remaining deficiency are not appropriated in the Budget Act, the Controller shall report this information to the legislative budget committees and the Commission.

II. NEW MANDATES

The following table shows the statewide cost estimates that were adopted during the period of January 1, 2017 through June 30, 2017.

**Statewide Cost Estimates (SCE) Adopted
During the Period of January 1, 2017 through June 30, 2017**

<i>Adoption Date, Claim Name and Number, and Initial Claiming Period</i>			<i>Estimated Costs for Initial Claiming Period</i>			<i>Estimated Future Annual Costs</i>
Date	Test Claim Name and Number	Initial Claiming Period	Education (K-14)	Local Agency	Totals	Annual
1/27/17	<i>California Assessment of Student Performance and Progress (CAASPP), 14-TC- 01 and 14-TC-04</i>	1/1/14- 6/30/14 and fiscal year 2014-2015	\$139,542,540	-	\$139,542,540	\$77,854,172
1/27/17	<i>Immunization Records – Mumps, Rubella, and Hepatitis B, 98-TC-05 (14-MR- 04)</i>	Fiscal years 2013-2014 and 2014- 2015	\$446,799	-	\$446,799	\$235,542
TOTAL			\$139,989,339		\$139,989,339	

⁷ Government Code section 17561.5(a).

⁸ Government Code section 17567.

III. PENDING PARAMETERS AND GUIDELINES, REQUESTS TO AMEND PARAMETERS AND GUIDELINES, AND STATEWIDE COST ESTIMATES CASELOAD

Following are tables showing parameters and guidelines, requests to amend parameters and guidelines, and statewide cost estimates that are pending Commission determination. A request to include an RRM in parameters and guidelines or amendments thereto is a request made by a local entity claimant, an interested party, Finance, the Controller, or an affected state agency, pursuant to Government Code section 17557 and 17518.5 – which is distinct from the jointly proposed RRM, discussed above under “Alternative Processes.” These requests are often disputed by one or more of the parties and interested parties. There are no pending RRMs.

A. Pending Parameters and Guidelines

	Program	Status
1.	<i>Discharge of Stormwater Runoff, 07-TC-09*</i>	Inactive pending court action.

* Local agency programs

† School district or community college district programs

B. Pending Requests to Amend Parameters and Guidelines

	Program	Status
1.	<i>Graduation Requirements, 11-PGA-03 (CSM-4435)†</i>	Inactive pending court action.

* Local agency programs

† School district or community college district programs

C. Pending Statewide Cost Estimates

	Program	Status
1.	<i>Municipal Storm Water and Urban Runoff Discharges, 03-TC-04, 03-TC-19, 03-TC-20, and 03-TC-21*</i>	Inactive pending court action.

* Local agency programs

† School district or community college district programs

IV. THERE ARE NO PENDING JOINT REASONABLE REIMBURSEMENT METHODOLOGIES OR LEGISLATIVELY-DETERMINED MANDATES AND HENCE, NO DELAYS IN THE PROCESS

There are no currently pending joint reasonable reimbursement methodologies or legislatively determined mandates.

Government Code section 17600 requires the Commission to report any delays in the process for joint RRMs or LDMs being developed by Department of Finance and local entities and for RRMs proposed by any party pursuant to Government Code section 17518.5. There are currently no pending joint RRMs, LDMs or RRMs proposed by any party. Therefore, there are no delays in these processes.

With regard to RRMs included in parameters and guidelines amendments pursuant to Government Code sections 17557 and 17518.5, there are currently no pending parameters and guidelines or amendments thereto containing RRMs.

There are currently 15 pending test claims, 14 of which were stayed, some for several years, pending court action. However, all pending test claims are now tentatively set for hearing through September 2018 due to the California Supreme Court’s release of its opinion in *Department of Finance v. Commission on State Mandates* (County of Los Angeles), on August 29, 2016. As a result, there is a test claim backlog. Commission staff projects it will take all Commission resources to present those claims for hearing by September 22, 2018, and it is possible that it could take longer. These claims will take substantially longer to prepare for hearing than test claims generally do, because of the large, complex, and detailed records and mixed issues of fact and law that must be analyzed. These claims have records of up to 100,000 pages and growing.

Because statewide cost estimates (which must be preceded by test claim and parameters and guidelines decisions) have a statutory deadline of 12-18 months from the filing of the test claim for completion, they, along with test claims and parameters and guidelines, will generally be prepared for hearing prior to other matters, including RRM in parameters and guidelines amendments. Thus, to promptly hear and decide parameters and guidelines amendment proposals that contain RRM in the future, it is necessary that the Commission operate without a backlog of test claims, parameters and guidelines, or statewide cost estimates.

V. ADOPTED STATEWIDE COST ESTIMATES

California Assessment of Student Performance and Progress (CAASPP), 14-TC-01 and 14-TC-04

Adopted: January 27, 2017

STATEWIDE COST ESTIMATE

\$139,542,540⁹

(Estimated Cost for Fiscal Year 2015-2016 is \$77,854,172)

Education Code Section 60640, as amended by Statutes 2013, Chapter 489 (AB 484) and Statutes 2014, Chapter 32 (SB 858); California Code of Regulations, Title 5, Sections 850, 852, 853, 853.5, 857, 861(b)(5), and 864, as added or amended by Register 2014, Nos. 6, 30, and 35

California Assessment of Student Performance and Progress (CAASPP)

14-TC-01 and 14-TC-04

The Commission on State Mandates (Commission) adopted this Statewide Cost Estimate on consent during a regularly scheduled hearing on January 27, 2017 as follows:

Member	Vote
Richard Chivaro, Representative of the State Controller, Vice Chairperson	Yes
Mark Hariri, Representative of the State Treasurer	Yes
Scott Morgan, Representative of the Director of the Office of Planning and Research	Yes
Sarah Olsen, Public Member	Yes

⁹ For initial reimbursement period of 1.5 fiscal years.

Eraina Ortega, Representative of the Director of the Department of Finance, Chairperson	Yes
Carmen Ramirez, City Council Member	Yes
Don Saylor, County Supervisor	Yes

STAFF ANALYSIS

Background and Summary of the Mandate

On January 22, 2016, the Commission on State Mandates (Commission) adopted the Test Claim Decision¹⁰ finding that specified provisions of the test claim statutes and regulations impose a reimbursable state-mandated program upon school districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. Specifically, the Commission found that the requirement for school districts to provide a computing device, the use of an assessment technology platform, and the adaptive engine to administer the California Assessment of Student Performance and Progress (CAASPP) assessments to all pupils via computer, which includes the acquisition of and ongoing compliance with minimum technology requirements, and specified related reporting and informational requirements imposed a new program or higher level of service and costs mandated by the state.

The Decision and Parameters and Guidelines were adopted on March 25, 2016.¹¹

Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (Controller) for costs incurred beginning January 1, 2014 through June 30, 2014 and fiscal year 2014-2015 by October 31, 2016. The Parameters and Guidelines specify the effective dates of each reimbursable activity. Late initial reimbursement claims may be filed until October 31, 2017. Annual reimbursement claims for fiscal year 2015-2016 must be filed by February 15, 2017. Claims filed more than one year after the filing date will not be accepted.

Eligible Claimants and Period of Reimbursement

Any "school district" as defined in Government Code section 17519, except for community colleges, that incurs increased costs as a result of this mandate is eligible to claim reimbursement.

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The claimants filed test claim 14-TC-01 on December 23, 2014. On March 17, 2015, claimants filed an amended test claim on 14-TC-01, to replace the original filing. On June 26, 2015, a second test claim (14-TC-04) was filed and consolidated with 14-TC-01. These test claims, all filed before June 30, 2015, establish eligibility for reimbursement pursuant to Government Code section 17557(e), beginning July 1, 2013. However, because the test claim statute and regulations each have later effective dates, the period of reimbursement begins on the effective date of each statute or regulation that imposes the reimbursable state-mandated activity, as specified in Section IV. of the Parameters and Guidelines.

Reimbursable Activities

The Parameters and Guidelines authorize reimbursement of each eligible claimant that incurs increased costs, for the following activities, as follow:

¹⁰ Exhibit A, Test Claim Decision, Corrected February 4, 2016.

¹¹ Exhibit B, Decision and Parameters and Guidelines.

- A. Beginning January 1, 2014, provide “a computing device, the use of an assessment technology platform, and the adaptive engine” to administer the CAASPP assessments to all pupils via computer, which includes the acquisition of and ongoing compliance with minimum technology specifications, as identified by the CAASPP contractor(s) or consortium.¹² Reimbursement for this activity includes the following:
1. A sufficient number of desktop or laptop computers, iPads, or other tablet computers for which Smarter Balanced provides secure browser support in the academic year, along with a keyboard, headphones, and a pointing device for each, to administer the CAASPP to all eligible pupils within the testing window provided by CDE regulations.¹³
 2. Broadband internet service providing at least 20 Kbps per pupil to be tested simultaneously, costs for acquisition and installation of wireless or wired network equipment, and hiring consultants or engineers to assist a district in completing and troubleshooting the installation.

Claimants shall maintain supporting documentation showing how their existing inventory of computing devices and accessories, technology infrastructure, and broadband internet service is not sufficient to administer the CAASPP test to all eligible pupils in the testing window, based on the minimum technical specifications identified by the contractor(s) or consortium.

Reimbursement is NOT required to provide a computing device for every pupil, for the time to assess each pupil, or for the purchase of other equipment not listed.

- B. Beginning February 3, 2014, the LEA CAASPP coordinator shall be responsible for assessment technology, and shall ensure current and ongoing compliance with minimum technology specifications as identified by the CAASPP contractor(s) or consortium.¹⁴
- C. Beginning February 3, 2014, notify parents or guardians each year of their pupil’s participation in the CAASPP assessment system, including notification that notwithstanding any other provision of law, a parent’s or guardian’s written request to excuse his or her child from any or all parts of the CAASPP assessments shall be granted.¹⁵
- D. Beginning February 3, 2014, score and transmit the CAASPP tests in accordance with manuals or other instructions provided by the contractor or CDE.¹⁶
- E. Beginning February 3, 2014, identify pupils unable to access the computer-based version of the CAASPP tests; and report to the CAASPP contractor the number of pupils unable to access the computer-based version of the test.¹⁷

¹² Education Code section 60640 (Stats. 2013, ch. 489), interpreted in light of California Code of Regulations, title 5, sections 850, 853, 853.5, and 857 (Register 2014, Nos. 6, 30, 35).

¹³ California Code of Regulations, title 5, section 855 (Register 2014, Nos. 6, 30, 35).

¹⁴ California Code of Regulations, title 5, section 857(d) (Register 2014, No. 6).

¹⁵ California Code of Regulations, title 5, section 852 (Register 2014, No. 6).

¹⁶ California Code of Regulations, title 5, section 853 (Register 2014, No. 6).

¹⁷ California Code of Regulations, title 5, section 857(a) (Register 2014, No. 6).

- F. Beginning February 3, 2014, report to CDE if a pupil in grade 2 was administered a diagnostic assessment in language arts and mathematics that is aligned to the common core academic content standards pursuant to Education Code section 60644.¹⁸
- G. Beginning February 3, 2014, comply with any and all requests from CAASPP contractors, and abide by any and all instructions provided by the CAASPP contractor or consortium, whether written or oral, that are provided for training or provided for in the administration of a CAASPP test.¹⁹ Only participation in the training directed by the CAASPP contractor or consortium is reimbursable as follows:
1. *All LEA CAASPP Coordinators, CAASPP Test Site Coordinators (SCs), Test Administrators (TAs), and school administrative staff who will be involved in the Smarter Balanced assessment administration to review the applicable supplemental videos and archived Webcasts, which can be found on the CAASPP Current Administration Training Web page at <http://caaspp.org/training/caaspp/>.*
 2. *Prior to administering a test, Test Administrators (and any other individuals who will be administering any secure Smarter Balanced assessment) to read the CAASPP Smarter Balanced Online Test Administration Manual, the Smarter Balanced Usability, Accessibility, and Accommodations Guidelines, and the Test Administrator (TA) Reference Guide, and view the associated Smarter Balanced training modules. All of these documents are linked on the CAASPP Instructions and Manuals Web page at <http://caaspp.org/administration/instructions/>.*
- H. Beginning August 27, 2014, the CAASPP test site coordinator shall be responsible for ensuring that all designated supports, accommodations and individualized aids are entered into the registration system.²⁰

Offsetting Revenues and Reimbursements

The Parameters and Guidelines provide:

The following state and federal funds must be identified as offsetting revenues:

- Statutes 2013, chapter 48 (\$1.25 billion in Common Core implementation funding), *if* used by a school district on any of the reimbursable CAASPP activities to support the administration of computer-based assessments.
- Funding apportioned by SBE from Statutes 2014, chapter 25, Line Item 6110-113-0001, schedule (8), for fiscal year 2013-2014 CAASPP costs.
- Funding apportioned by SBE from Statutes 2015, chapter 10, Line Item 6100-113-0001, schedule (7) for fiscal year 2014-2015 CAASPP costs.
- Statutes 2014, chapter 25 (Line Item 6110-488) and chapter 32 (appropriation for outstanding mandate claims) *if* used by a school district on any of the reimbursable CAASPP activities.

¹⁸ California Code of Regulations, title 5, section 861(b)(5) (Register 2014, No. 6).

¹⁹ California Code of Regulations, title 5, section 864 (Register 2014, No. 6).

²⁰ California Code of Regulations, title 5, section 858(d) (Register 2014, No. 35).

- Statutes 2014, chapter 25, Line Item 6110-182-0001, Provision 2 (appropriation “to support network connectivity infrastructure grants) *if* used by a school district on any of the reimbursable CAASPP activities.

Any other offsetting revenue 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 from any source, including but not limited to, service fees collected, federal funds, and other applicable state funds, shall be identified and deducted from any claim submitted for reimbursement.

Statewide Cost Estimate

Commission staff reviewed the reimbursement claims submitted by 427 school districts and data compiled by the Controller.²¹ The unaudited reimbursement claims total \$73,457,002 for the period beginning January 1, 2014 through June 30, 2014, and \$66,085,538 for fiscal year 2014-2015.

Assumptions

Based on the claims data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program.

- *The annual amount claimed for reimbursement may increase and exceed this Statewide Cost Estimate.*

There are currently 1050 school districts in California. Of those, only 427 school districts filed reimbursement claims, totaling \$73,457,002 for the initial reimbursement period of January 1, 2014 through June 30, 2014 and \$66,085,538 for fiscal year 2014-2015. If other eligible claimants file late or amended claims, the amount of reimbursement claims may exceed the Statewide Cost Estimate. Late initial claims for the period of January 1, 2014 through June 30, 2014 and fiscal year 2014-2015 may be filed until October 31, 2017.

There also may be several reasons that non-claiming districts did not file reimbursement claims, including but not limited to: they did not incur costs of more than \$1,000 within the six-month reimbursement period of January 1, 2014 through June 30, 2014 or during fiscal year 2014-2015.²² It is also possible that it was determined not to be worth the time and effort to go through the claiming process for districts with relatively low reimbursable costs after offsets are accounted for. Districts may also have incurred costs

²¹ Claims Data Summary reported as of November 18, 2016.

²² Although all districts likely had costs exceeding \$1000, significant offsetting and potentially offsetting revenues were appropriated for and received by schools such that some may not have experienced \$1000 in remaining reimbursable costs after accounting for these offsets: Statutes 2013, chapter 48 (\$1.25 billion in Common Core implementation funding); Statutes 2014, chapter 25, Line Item 6110-113-0001, schedule (8), for fiscal year 2013-2014 CAASPP costs; Statutes 2015, chapter 10, Line Item 6100-113-0001, schedule (7) for fiscal year 2014-2015 CAASPP costs; Statutes 2014, chapter 25 (Line Item 6110-488) and chapter 32 (appropriation for outstanding mandate claims); Statutes 2014, chapter 25, Line Item 6110-182-0001, Provision 2 (appropriation “to support network connectivity infrastructure grants) if used by a school district on any of the reimbursable CAASPP activities.

to begin implementation of the program prior to the beginning of the reimbursement period, and those costs would not be reimbursable since they were not yet state-mandated.²³

- *The total amount of reimbursement for this program may be lower than the Statewide Cost Estimate based on the Controller's audit findings.*

The Controller may conduct audits and reduce any claim it deems to be excessive or unreasonable. Therefore, costs may be lower than the Statewide Cost Estimate based on the Controller's audit findings. The approved activities are narrowly defined in the Parameters and Guidelines and it is likely that activities that were denied but which are closely related to approved activities may be claimed inadvertently.

- *The total amount of reimbursement for this program may increase or decrease proportionately with the growth or reduction in the number and position classification of personnel participating in the training directed by the CAASPP contractor or consortium.*

The future annual costs of this program have direct correlation with the number and position classification of school district personnel participating in the online training for reviewing the applicable supplemental videos and archived Webcast and online manuals and is based on the actual claims, which calculate training costs by multiplying the employee's salary by the time used to complete accessing and completing training modules.

- *The total amount of reimbursement will depend upon the school districts' need to initially acquire and comply with ongoing minimum technology specifications, as identified by CAASPP contractor or consortium.*

This assumption is based on the actual claims from the period beginning January 1, 2014 through June 30, 2014 and fiscal year 2014-2015 where the cost claimed by each school district decreased or increased proportionally with the purchase of the computing devices which included the cost of labor for installation and troubleshooting based on employee's salary multiplied by the amount of time. Most claims filed for the January 1, 2014 through June 30, 2014 for the cost of fixed assets, equipment, materials, and supplies are higher than the claims for fiscal year 2014-2015 when the school district initially purchased the equipment to implement the minimum technology specifications required by the program. However, there were more claims and some school districts claimed a higher cost of technology implementation in fiscal year 2014-2015 if less or no implementation took place in January 1, 2014 through June 30, 2014.

- *The future costs of this program will further depend upon the school districts' claiming the occurrence and frequency of: 1) the CAASPP coordinator ensuring current and ongoing compliance; 2) notifying parents; and 3) scoring and transmitting the CAASPP test.*

The future cost of the program is directly related to the number and position classification of the employees responsible for the assessment. The assumption is that larger school

²³ California adopted the Common Core State Standards in 2010, and after Statutes 2013, chapter 489 was enacted, but before it became operative on January 1, 2014, school districts began preparing for the 2014 field test. (See *Report and Recommendations for the Full Implementation of Smarter Balanced Summative Assessments*, page 11.)

districts will have a higher number of coordinators and specified employees required to perform these duties and thus a higher cost.

- *The future costs of this program will be directly affected by the amount of state and federal funds available and identified as offsetting revenues.*

Pursuant to the Parameters and Guidelines, school districts must identify and deduct offsetting revenue from the costs claimed.

Methodology

The Statewide Cost Estimate for the period of January 1, 2014 through June 30, 2014 and fiscal year 2014-2015 was developed by totaling the 427 unaudited, reimbursement claims filed with the Controller.

Following is a breakdown of estimated total costs per reimbursement period:

Table A

Reimbursement Period	Number of Initial Claims Filed	Cost
January 1, 2014 through June 30, 2014	197	\$73,457,002
Fiscal Year 2014-2015	230	\$66,085,538
TOTAL	427	\$139,542,540

The first calculation of the Statewide Cost Estimate for fiscal year 2015-2016 (Table B) was developed by projecting a 13.10 percent ratio decrease in the cost of the claims from only the 170 school districts that submitted claims for *both* the initial claiming periods: January 1, 2014 through June 30, 2014 *and* fiscal year 2014-2015.

The costs in Table B for the two reimbursement periods primarily represent the costs claimed for the on-going reimbursable activities beginning February 3, 2014 and August 27, 2014²⁴ such as for the CAASPP coordinator to ensure current and ongoing compliance; notifying parents; scoring and transmitting the CAASPP test; identifying pupils unable to access the CAASPP tests; participating in training; for the site coordinator to ensure all supports, accommodations, and aids are entered into the system. The costs of activities beginning January 1, 2014 including providing a computing device and the adaptive engine to administer the tests were significantly offset by offsetting revenue.

For example, one school district submitted a reimbursement claim for January 1, 2014 through June 30, 2014 of \$3,769,974; \$3,735,636 for the cost of computing devices and \$34,338 for on-going activities. The school district applied offsetting revenue of \$3,707,660 in federal funds for a net claim of \$62,314. The same school district submitted a reimbursement claim for fiscal year 2014-2015 of \$175,264; \$90,446 for the cost of computing devices and \$84,818 for on-going activities. The school district applied offsetting revenue of \$68,327 in funding apportioned by State Board of Education (SBE) from Chapter 25, statutes 2014, Line Item 6110-113-0001, schedule (8) for 2013-2014 CAASPP costs and \$71,166 in federal funds for a net claim of \$31,771.

²⁴ Exhibit B, Parameters and Guidelines, pages 4-5.

Another school district submitted a reimbursement claim for January 1, 2014 through June 30, 2014 of \$785,924; \$783,027 for the cost of computing devices and broadband internet and \$2,897 for on-going activities. The school district applied offsetting revenue of \$568,752 in funding appropriated by statutes 2013, Chapter 48 (Common Core Implementation Funding) and \$161,785 in federal funds for a net claim of \$55,387. The same school district submitted a reimbursement claim for fiscal year 2014-2015 of \$187,190; \$168,278 for the cost of computing devices and \$18,912 for on-going activities. The school district applied offsetting revenue of \$11,121 in funding apportioned by SBE from Chapter 10, statutes 2015, Line Item 6100-113-0001, schedule (7), for fiscal year 2014-2015 CAASPP costs and \$20,187 in federal funds for a net claim of \$155,882.

Yet another school district submitted a reimbursement claim for the period January 1, 2014 through June 30, 2014 of \$11,307; \$2,278 for the cost of computing devices and \$9,029 for on-going activities. The school district applied offsetting revenue of \$2,346 in funding apportioned by SBE from Chapter 25, statutes 2014, Line Item 6110-113-0001, schedule (8) for 2013-2014 CAASPP costs, for a net claim of \$8,961. The same district submitted a reimbursement claim for fiscal year 2014-2015 of \$11,496; \$1,085 for the cost of computing devices and \$10,411 for on-going activities. The school district applied offsetting revenue of \$2,382 in funding apportioned by SBE from Chapter 10, statutes 2015, Line Item 6100-113-0001, schedule (7), for fiscal year 2014-2015 CAASPP costs, for a net claim of \$9,114. Table B

170 School Districts Submitted Claims for Both Reimbursement Periods	Cost
January 1, 2014 through June 30, 2014	\$73,181,910
Fiscal Year 2014-2015	\$63,591,846
RATIO	-13.10%
VARIANCE AMOUNT	(\$9,590,064)
2015-2016 Estimate	\$55,261,314

This projected amount was calculated as the result of lesser cost between the two claiming periods of purchasing pursuant to section A.1. of the Controller’s Claiming Instructions “A sufficient number of desktop or laptop computers, iPads, or other tablet computers...” of Materials and Supplies (e) and Fixed Assets (g) as this was a greater initial material purchase and the costs are unlikely to be as high in subsequent years. Therefore, the cost estimate of the 170 school districts that are most likely to submit claims again for fiscal year 2015-2016 is \$55,261,314.

Additionally, there were 27 school districts that submitted claims *only* for the claiming period January 1, 2014 through June 30, 2014 and 60 other school districts that submitted claims *only* for fiscal year 2014-2015.

Table C

Reimbursement Period	Number of School Districts Submitting Claims in Only One Reimbursement Period	Cost
January 1, 2014 through June 30, 2014	27	\$275,091
Fiscal Year 2014-2015	60	\$2,493,693
RATIO		806%
VARIANCE AMOUNT		\$2,218,602
2015-2016 Estimate		\$22,592,858

This next projected amount (Table C) was calculated similarly to the calculation in Table B in that the ratio variance was applied from fiscal year 2014-2015 to fiscal year 2015-2016 to total \$22,592,858.

Therefore, the total estimated cost for fiscal year 2015-2016 is \$77,854,172 (\$55,261,314 (Table B) + \$22,592,858 (Table C)).

If the above ratio formulas are also applied to the number of school districts submitting claims for fiscal year 2015-2016, the calculation is as follows:

Table D

Reimbursement Period	Number of School Districts
January 1, 2014 through June 30, 2014	27
Fiscal Year 2014-2015	60
RATIO	122.22%
VARIANCE AMOUNT	33
Increased Number of School Districts Submitting Claims for Fiscal Year 2015-2016	133
TOTAL	303

Accordingly, the total estimated number of school districts that will be submit claims for fiscal year 2015-2016 is 303 (170 claims that were submitted in both reimbursement periods plus another 133 new claims).

In summary, the Statewide Cost Estimate for fiscal year 2015-2016 is 303 claims totaling \$77,854,172.

Draft Proposed Statewide Cost Estimate

On December 9, 2016, Commission staff issued the Draft Proposed Statewide Cost Estimate.²⁵ No comments were filed on the Draft Proposed Statewide Cost Estimate.

²⁵ Exhibit C, Draft Proposed Statewide Cost Estimate.

Conclusion

On January 27, 2017 the Commission adopted this Statewide Cost Estimate of \$139,542,540 for the period January 1, 2014 through June 30, 2014 and fiscal year 2014-2015 and the estimated cost for fiscal year 2015-2016 of \$77,854,172.

Adopted: January 27, 2017

STATEWIDE COST ESTIMATE

\$446,799²⁶

(Estimated Costs for 2015-2016 of \$235,542)

Education Code Section 48216 and Health and Safety Code Sections 120325, 120335, 120340, and 120375 as added or amended by Statutes 1978, Chapter 325; Statutes 1979, Chapter 435; Statutes 1982, Chapter 472; Statutes 1991, Chapter 984; Statutes 1992, Chapter 1300; Statutes 1994, Chapter 1172; Statutes 1995, Chapters 291 and 415; Statutes 1996, Chapter 1023; and Statutes 1997, Chapters 855 and 882;

California Code of Regulations, Title 17, Sections 6020, 6035, 6040, 6055, 6065, 6070, and 6075 (Register 90, No. 35; Register 80, Nos. 16, 34, 40; Register 86, No. 6; Register 96, No. 13; Register 97, Nos. 21, 37, 39)

As Modified by:
Statutes 2010, Chapter 434 (AB 354)

Immunization Records – Mumps, Rubella, and Hepatitis B
98-TC-05 (14-MR-04)

This matter was removed from the consent calendar to correct two technical errors related to footnote number 17, and the Commission on State Mandates (Commission) adopted this Statewide Cost Estimate, as amended, by a vote of 7-0 during the regularly scheduled hearing on January 27, 2017.

Member	Vote
Richard Chivaro, Representative of the State Controller, Vice Chairperson	Yes
Mark Hariri, Representative of the State Treasurer	Yes
Scott Morgan, Representative of Director, Governor's Office of Planning and Research	Yes
Sarah Olsen, Public Member	Yes
Eraina Ortega, Representative of the Director of the Department of Finance, Chairperson	Yes
Carmen Ramirez, City Council Member	Yes
Don Saylor, County Supervisor	Yes

STAFF ANALYSIS

Background and Summary of the Mandate

On August 24, 2000, the Commission adopted the Statement of Decision for the *Immunization Records: Hepatitis B*, 98-TC-05, finding that the test claim statutes and regulations imposed a new program or higher level of service on school districts within the meaning of article XIII B,

²⁶ Total for initial claiming period of fiscal years 2013-2014 and 2014-2015.

section 6 of the California Constitution and costs mandated by the state pursuant to Government Code section 17514 for reimbursing activities related to pupil immunization record requirements.

On June 29, 2015, the Department of Finance filed a request for redetermination of the Test Claim Decision pursuant to Government Code section 17570. On March 25, 2016, the Commission adopted the new Test Claim Decision finding that the state's liability pursuant to article XIII B, section 6(a) of the California Constitution, for the *Immunization Records – Hepatitis B*, 98-TC-05 mandate had been modified based on a subsequent change in law. Specifically, Statutes 2010, chapter 434 amended Health and Safety Code section 120335(c) to eliminate the condition that pupils be fully immunized against hepatitis B before a school district can advance a pupil into the seventh grade.²⁷ However, as discussed below, some reimbursable activities remain.

An Amendment to Parameters and Guidelines, *Immunization Records – Mumps, Rubella, and Hepatitis B*,²⁸ 98-TC-05 (14-MR-04), was adopted in accordance with the new Test Claim Decision on March 25, 2016. The State Controller's Office (Controller) issued new claiming instructions No. 2016-04 requiring eligible claimants that previously submitted claims for *Immunization Records: Hepatitis B*, 98-TC-05, Program 230 for fiscal years 2013-2014 and 2014-2015, to file amended claims using the new forms for *Immunization Records – Mumps, Rubella, and Hepatitis B*, 98-TC-05 (14-MR-04), Program 368. The amended claims were required to be filed with the Controller by October 26, 2016. Claims filed more than one year after the filing date will not be accepted.

Eligible Claimants and Period of Reimbursement

Any school district, as defined as defined in Government Code section 17519, except for community colleges, that incurs increased costs as a result of this mandate is eligible to claim reimbursement.

Government Code section 17570(f) provides that a request for adoption of a new test claim decision (mandate redetermination) shall be filed on or before June 30 following a fiscal year in order to establish eligibility for reimbursement or loss of reimbursement for that fiscal year. The request for mandate redetermination was filed on June 29, 2015, establishing eligibility for reimbursement or loss of reimbursement beginning July 1, 2013.

Reimbursable Activities

The Parameters and Guidelines authorize reimbursement for the following activities beginning July 1, 2013:

- A. Proof of Immunizations for New Entrants: Kindergarteners and/or Out-of-State Transfers
 - 1. Request and review lawful exemption from, or proof of, immunization against mumps and rubella from each pupil seeking admission to school in the state for the first time.

²⁷ Exhibit A, New Test Claim Decision, *Immunization Records – Hepatitis B*, 98-TC-05 (14-MR-04).

²⁸ The title of this mandate was renamed to add mumps and rubella when the Decision and Amendment to Parameters and Guidelines were adopted. These immunizations have always been a part of the reimbursable program under *Immunization Records: Hepatitis B*, 98-TC-05.

(Health & Saf. Code, §§ 120325, 120335(b), 120375 (a); Cal. Code Regs., tit. 17, §§ 6020, 6065(b).)²⁹

2. Request and review lawful exemption from, or proof of, immunization against hepatitis B from each pupil entering specified institutions in the state for the first time at the kindergarten level after August 1, 1997. (Health & Saf. Code, §§ 120325, 120335(b), 120375(a); Cal. Code Regs., tit. 17, §§ 6020, 6065(b).)

B. Conditional Admission of Pupils and Parent Notification Requirements

1. Conditionally admit any pupil seeking admission to school in the state for the first time who has not been fully immunized for mumps, rubella, and hepatitis B by notifying parents or guardians of the date by which the pupil must complete the required immunizations. (Health & Saf. Code, §§ 120325, 120340; Cal. Code Regs., tit. 17, § 6035.)
2. Review the immunization record of each pupil admitted conditionally every thirty days until the pupil has been fully immunized. (Health & Saf. Code, §§ 120325, 120375(a); Cal. Code Regs., tit. 17, § 6070(e).)

Reimbursement is not required for these activities as they relate to the formerly required hepatitis B immunization for pupils advancing to the seventh grade. (Health & Saf. Code, § 120335(c), as amended by Stats. 2010, chapter 434.)

C. Mandatory Pupil Exclusion and Parent Notification Requirements

1. Notify parents or guardians of the requirement to exclude the pupil from school if written evidence either that the pupil has been properly immunized or qualified for an exemption is not presented within 10 school days after notification. (Ed. Code, § 48216(b); Health & Saf. Code, § 120325; Cal. Code Regs., tit. 17, § 6040.)
2. Refer the parents or guardians to a physician, nurse, or county health department for review of immunization records and provision of required immunizations, or notify them that the immunizations will be administered at a school of the district. (Ed. Code, § 48216(c); Health & Saf. Code, § 120325; Cal. Code Regs., tit. 17, § 6065(c).)
3. Exclude pupils from school attendance when written evidence of additional doses is not presented within ten days of parental notification. (Ed. Code, § 48216(a); Health & Saf. Code, §§ 120325, 120375(b); Cal. Code Regs., tit. 17, § 6055.)

Reimbursement is not required for these activities as they relate to the formerly required hepatitis B immunization for pupils advancing to the seventh grade. (Health & Saf. Code, § 120335(c), as amended by Stats. 2010, chapter 434.)

D. Documentation and Reporting Requirements for Immunizations

1. For pupils seeking admission to school in the state for the first time, record each pupil's immunization for, or exemption from mumps, rubella, and hepatitis B on an immunization record and maintain the document in each pupil's permanent record. (Health & Saf. Code, §§ 120325, 120335(b), 120375(a); Health & Saf. Code, § 120335(c), as amended by Stats. 2010, chapter 434; Cal. Code Regs., tit. 17, § 6070.)

²⁹ The addition of mumps and rubella to the list of diseases an entering student must be immunized against prior to first admission into a school should create no incremental workload, since in California, one vaccine is given for measles, mumps, and rubella (MMR), and measles is part of the original Parameters and Guidelines for *Immunization Records* SB 90-120.

2. Maintain records, which have already been received, relating to the hepatitis B immunization or lawful exemption for pupils advancing into seventh grade, formerly required by Health and Safety Code section 120335(c), in each pupil's permanent file. (Health & Saf. Code, §§ 120335(c), as amended by Stats. 2010, ch. 434, and 120375(a).)
3. Document additional vaccine doses on the pupil's immunization record as they are administered.³⁰ ***Reimbursement is not required for this activity as it relates to the formerly required hepatitis B immunization for pupils advancing to the seventh grade.*** (Health & Saf. Code, §§ 120325, 120375(a); Health & Saf. Code, § 120335(c), as amended by Stats. 2010, chapter 434; Cal. Code Regs., tit. 17, § 6070.)
4. Collect data and prepare reports annually on immunization status for the Department of Health Services. ***Reimbursement is not required for these activities as they relate to the formerly required hepatitis B immunization for pupils advancing to the seventh grade.*** (Health & Saf. Code, §§ 120325, 120375(c); Health & Saf. Code, § 120335(c), as amended by Stats. 2010, chapter 434; Cal. Code Regs., tit. 17, § 6075.)
5. Prepare follow-up or additional reports upon request by county health departments and the state. ***Reimbursement is not required for this activity as it relates to the formerly required hepatitis B immunization for pupils advancing to the seventh grade*** (Health & Saf. Code, §§ 120325, 120375(c); Health & Saf. Code, § 120335(c), as amended by Stats. 2010, chapter 434; Cal. Code Regs., tit. 17, § 6075.)

Claims May Be Submitted Using a Combination of a Uniform Cost Allowance Authorized in the Parameters and Guidelines and Actual Costs for Activity D.2 Only.³¹

The Parameters and Guidelines provide for claiming reimbursement for the state-mandated costs as follows:

1. Uniform Cost Allowance for All Activities Identified under the Reimbursable Activities, Section IV. for New Entrants, *Except for the Activity Identified in Section IV D.2 [of the Amendment to Parameters and Guidelines].*

Actual costs for performing the activities described in Section IV. for “new entrants” shall be claimed based on the uniform cost allowance adopted by the Commission pursuant to Government Code section 17557. The uniform cost allowance shall be adjusted each subsequent year by the Implicit Price Deflator referenced in Government Code section 17523.

The uniform cost allowance covers all the direct and indirect costs of performing the activities described in section IV. for “New Entrants.” Direct costs are those costs incurred specifically for the reimbursable activities. Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

³⁰ This activity is only for *documenting* additional vaccine doses on the pupil's immunization record. The test claim legislation does not mandate school districts to administer vaccines.

³¹ Note that there was a separate Uniform Cost Allowance in the prior Parameters and Guidelines for the activities relating to students advancing to seventh grade which is deleted since those activities are no longer mandated.

Fiscal Year	Uniform Cost Allowance
1997-1998	2.12
1998-1999	5.87
1999-2000	6.14
2000-2001	6.38
2001-2002	6.48
2002-2003 (estimated)	6.59

The uniform cost allowance for “New Entrants” provides reimbursement for all activities in Section IV., except for the activity identified in Section IV.D.2.

Reimbursement is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the number of “New Entrants.” A “New Entrant” includes kindergarteners and out-of-state transfers.

**2. Actual Cost Claiming Applicable to the Reimbursable Activity in Section IV.D.2
[Pursuant to the Amendment of Parameters and Guidelines]**

Reimbursement to maintain records, which have already been received, relating to the hepatitis B immunization or lawful exemption for pupils advancing into seventh grade, formerly required by Health and Safety Code section 120335(c), in each pupil’s permanent file, as provided in Section IV.D.2. of these parameters and guidelines shall be claimed as follows.³²

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only

³² Exhibit B, Decision and Amendment to Parameters and Guidelines, adopted March 25, 2016.

the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

4. Fixed Assets

Report the purchase price paid for fixed assets (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1., Salaries and Benefits, for each applicable reimbursable activity.

B. Indirect Cost Rates

Indirect costs are that are incurred for a common or joint purpose, benefiting program, and are not directly assignable to costs a particular department or program without efforts is proportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs may include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs; and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Claimants must use the CDE approved indirect cost rate for the year that funds are expended.

Offsetting Revenues and Reimbursements

The Amendment to Parameters and Guidelines³³ provides:

Any offsetting revenue 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 from any source, including but not limited to, service fees collected, federal funds and other state funds shall be identified and deducted from this claim.

To the extent that the claimant has used fees or any funds provided by the state or federal government, as opposed to proceeds of local taxes, to pay for the cost of the program, those costs are not reimbursable.

Statewide Cost Estimate

Staff reviewed unaudited reimbursement claims submitted by 73 school districts and data

³³ Exhibit B, Decision and Amendment to Parameters and Guidelines, adopted March 25, 2016.

compiled by the Controller totaling \$446,799 for July 1, 2013 through June 30, 2015.³⁴ Based on the claims data, staff made the following assumptions and used the following methodology to develop the Statewide Cost Estimate for this program.

The annual statewide cost of this program has decreased due to a subsequent change in law that modified the state’s liability.

After the adoption of the New Test Claim Decision and the filing of amended claims for 2013-2014 and 2014-2015, the program’s annual statewide cost decreased by 25.4 and 27 percent, respectively, for fiscal years 2013-2014 and 2014-2015, due to a subsequent change in law that eliminated the condition that pupils be fully immunized against hepatitis B before a school district can advance a pupil into the seventh grade, thus modifying the state’s liability. The total statewide cost for the two-year initial claiming period is \$446,799, a decrease of \$158,027 from the claims submitted for Program 230 prior to the mandate redetermination.³⁵

Fiscal Year	Program 230 Costs Claimed³⁶	Program 368 Costs Claimed	Difference in Program Costs Claimed
2013-2014	326,297	243,333	(82,964)
2014-2015	278,529	203,466	(75,063)
Total	604,826	446,799	(158,027)

Assumptions

- *The total cost of this program may be higher or lower than this Statewide Cost Estimate.*

There are currently 1050 school districts in California. Of those, only 73 school districts filed reimbursement claims, totaling \$446,799 for the initial reimbursement period since the mandate redetermination. If other eligible claimants file late or amended claims, the amount of reimbursement claims may exceed this Statewide Cost Estimate. Late initial claims may be filed until one year after the filing deadline.

There also may be several reasons that non-claiming districts did not file reimbursement claims, including but not limited to: (1) they did not incur costs of more than \$1,000, or (2) they participated in the Mandate Block Grant. The Mandate Block Grant funding has been authorized for Immunization Records – Hepatitis B, Program 230, pursuant to Statutes 2014, chapter 32.³⁷

- *The future annual costs are dependent upon the number of new entrants and out-of-state transfers, and the uniform cost allowance.*

Assuming for fiscal year 2015-2016 that the total number of new entrants and out-of-state

³⁴ Claims data reported as of November 18, 2016.

³⁵ The difference in program costs is based on claiming data for program 368 totaling \$446,799 and the program costs from the Controller’s State-Mandated Program Cost Report (AB 3000) for program 230 totaling \$604,826.

³⁶ Exhibit D, Controller’s Comments on the Draft Proposed Statewide Cost Estimate.

³⁷ A school district or county office of education that receives block grant funding is not eligible to submit claims to the Controller for reimbursement pursuant to Government Code section 17560 for any costs of any state mandates included in the statutes and executive orders identified in Government Code section 17581.6(e).

transfers total 24,161, based on the average numbers of new entrants and out-of-state transfers reported for 2013-2014 and 2014-2015, and the uniform cost allowance is \$9.41, the Statewide Cost Estimate would be \$227,355 for 2015-2016, not inclusive of the actual costs of activity in Section IV.D.2 of the Amendment of Parameters and Guidelines. Thus, the future annual costs will increase or decrease proportionately based on the growth or reduction in the number of “new entrants” and “out-of-state transfers,” and uniform cost allowance, adjusted by the implicit price deflator, to claim costs of the approved reimbursable activities.

- *The total amount of reimbursement for this program may be lower than this Statewide Cost Estimate based on audit exceptions.*

The Controller may conduct audits and reduce any claim it deems to be excessive or unreasonable. Therefore, costs may be lower than the Statewide Cost Estimate based on the Controller’s audit findings.

Methodology

The Statewide Cost Estimate for the period July 1, 2013 through June 30, 2015 is based on 73 unaudited reimbursement claims, totaling \$446,799.

Fiscal Year	Number of Claims	Total Costs of Claims³⁸
2013-2014	42	243,333
2014-2015	31	203,466
Total	73	446,799

The Statewide Cost Estimate for fiscal year 2015-2016 is approximately \$235,542. This projection was developed by averaging the number of new entrants and out-of-state transfers based on fiscal years 2013-2014 and 2014-2015 claims (24,161) and increasing the “new entrant” average by 3.6 percent for 2014-2015, which is the statewide average increase in kindergarten enrollment reported by California Department of Education.³⁹ 24,161 plus 870 equals 25,031 “new entrants/transfers.” By then multiplying that number by the estimated uniform cost allowance (\$9.41) for 2015-2016, and adding an average (\$532) in actual costs for activity D.2, the total estimate is \$235,542. If the number of entrants and out-of-state transfers and the actual costs remain constant, the future costs of the program will be based on the uniform cost allowance plus the implicit price deflator in subsequent fiscal years. Likewise, if the number of entrants and out-of-state transfers increases or decreases in future years, the annual state-wide cost will increase or decrease accordingly.

³⁸ Claims data report as of November 18, 2016.

³⁹ Exhibit E, California Department of Education, Enrollment by Grade for 2014-15, Statewide Enrollment by Grade, and California Department of Education, Enrollment by Grade for 2015-16, Statewide Enrollment by Grade. Note that this number does not include out-of-state transfer students, since no data could be found to project that number.

Fiscal Year	Uniform Cost Allowance	New Entrants and Out-of-State Transfers⁴⁰	Actual Costs Claimed for Activity D.2⁴¹
2013-2014	\$9.17	26,472	\$585
2014-2015	\$9.29	21,850	\$479
2015-2016 (estimated)	\$9.41	24,161 (average)	\$532 (average)

Fiscal Year	Kindergarten Statewide Enrollment	Percentage Increase
2013-2014	506, 831	NA
2014-2015	511,985 ⁴²	1.02%
2015-2016	530,531	3.6%

Draft Proposed Statewide Cost Estimate

On December 6, 2016, the Commission staff issued the Draft Proposed Statewide Cost Estimate.⁴³ On December 16, 2016, the Controller filed comments recommending the usage of the program costs rather than the net balances⁴⁴ of Program 230 derived from the State Controller’s State-Mandated Program Cost Report (AB 3000).⁴⁵ In accordance, the Statewide Cost Estimate has been updated to reflect those costs.

Conclusion

On January 27, 2017, the Commission adopted this Statewide Cost Estimate of \$446,799 for costs incurred in complying with the *Immunization Records – Mumps, Rubella, and Hepatitis B* program for fiscal years 2013-2014 and 2014-2015 and an estimated cost of \$235,542 for fiscal year 2015-2016.

⁴⁰ Program 368 reimbursement claims received as of November 29, 2016.

⁴¹ Program 368 reimbursement claims received as of November 29, 2016.

⁴² Although this represents a slight increase in enrollment, costs for 2014-2015 went down because 11 fewer school districts submitted claims presumably because of participation in the block grant.

⁴³ Exhibit C, Draft Proposed Statewide Cost Estimate.

⁴⁴ Exhibit E, State Controller’s State-Mandated Program Cost Report (AB 3000), as of September 30, 2016, pages 24 and 26.

⁴⁵ Exhibit D, Controller’s Comments on the Draft Proposed Statewide Cost Estimate.