

**ITEM 15**  
**FINAL STAFF ANALYSIS**  
**PROPOSED STATEWIDE COST ESTIMATE**

Education Code Section 48216  
Health and Safety Code Sections 120325, 120335, 120340, and 120375

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  
Statutes 1997, Chapters 855 and 882

California Code of Regulations, Title 17  
Sections 6020, 6035, 6040, 6055, 6065, 6070, and 6075

*Immunization Records – Hepatitis B (98-TC-05)*

Los Angeles County Office of Education, Claimant

---

**EXECUTIVE SUMMARY**

The test claim legislation for *Immunization Records: Hepatitis B* added mumps, rubella, and hepatitis B to the list of diseases an entering student must be immunized against prior to first admission into a school. Hepatitis B immunizations were also required for students entering the seventh grade. In addition, the test claim legislation amended statutes that required the Department of Health Services to amend regulations relating to the monitoring, record keeping, reporting, and parent notification requirements relative to the enforcement of the pupil immunization requirements.

The claimant filed the test claim on August 17, 1998. The Commission on State Mandates (Commission) adopted its Statement of Decision on August 24, 2000, and the parameters and guidelines on July 31, 2003. Reimbursement for this program is based on uniform cost allowances. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 3, 2004.

The SCO provided unaudited claims totals to the Commission on March 19, 2004. Staff reviewed this data and actual reimbursement claims to develop the proposed statewide cost estimate. The costs for fiscal years 2003-2004 and 2004-2005 were projected by multiplying projected enrollment figures for kindergarteners and seventh graders with the appropriate uniform cost allowance, adjusted by the Implicit Price Deflator. The proposed statewide cost estimate includes eight fiscal years for a total of \$29,629,070. This averages to \$3,703,634 in annual costs to the state.

The following table details the breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Claims Filed with SCO	Claim Totals
1997-1998	255	\$ 865,702
1998-1999	420	2,569,432
1999-2000	495	3,993,373
2000-2001	502	4,260,155
2001-2002	505	4,389,280
2002-2003	517	4,549,132
2003-2004 (est.)	N/A	4,894,904
2004-2005 (est.)	N/A	4,107,092
<b>Total</b>		<b>\$ 29,629,070</b>

**Staff Recommendation**

Staff recommends that the Commission adopt the proposed statewide cost estimate for costs incurred in complying with the *Immunization Records: Hepatitis B* program. If the statewide cost estimate is adopted, staff will report the estimate to the Legislature.

## STAFF ANALYSIS

### Background

Statutes 1977, chapter 1176, required persons under 18 years of age to be immunized against poliomyelitis (polio); measles; and diphtheria, pertussis, and tetanus (DPT) prior to unconditional first admission to a public or private elementary or secondary school, child care center, day nursery, nursery school, or development center. The law required school districts to maintain records of immunization of all school age children and report periodically to the state on the immunization status of all new entrants into the schools. On June 20, 1979, the Board of Control (predecessor to the Commission on State Mandates (Commission)) adopted the Statement of Decision for the *Immunization Records* test claim, finding that Statutes 1977, chapter 1176 imposed a reimbursable state-mandated program. On July 28, 1988, the Commission determined that costs incurred for compliance with Statutes 1977, chapter 1176 would be reimbursed through the State Mandates Apportionment System (SMAS), which was enacted by the Legislature to allow certain ongoing state-mandated programs to be funded automatically through the State Budget process, without the need for local governments to file annual claims for those costs with the State Controller.

### Summary of the Mandate

The test claim legislation for *Immunization Records: Hepatitis B* added mumps, rubella, and hepatitis B to the list of diseases an entering student must be immunized against prior to first admission into a school. Hepatitis B immunizations were also required for students entering the seventh grade. In addition, the test claim legislation amended statutes and regulations relating to the monitoring, record keeping, reporting, and parent notification requirements relative to the enforcement of the pupil immunization requirements.

The claimant filed the test claim on August 17, 1998. The Commission adopted the Statement of Decision on August 24, 2000, and the parameters and guidelines on July 31, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 3, 2004.

### Discussion

Staff reviewed the claims data submitted by the claimants and compiled by the SCO.

### *Reimbursable Activities*

The Commission approved the following reimbursable activities for this program:

A. Proof of Immunizations for New Entrants: Kindergarteners and/or Out-of-State Transfers  
(*Reimbursement period begins: July 1, 1997.*)

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. (Health & Saf. Code, §§ 120325, 120335, subd. (b), 120375, subd. (a); Cal. Code Regs., tit. 17, §§ 6020, 6065, subd. (b).)<sup>1</sup>

---

<sup>1</sup> 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*,

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, subd. (b), 120375, subd. (a); Cal. Code Regs., tit. 17, §§ 6020, 6065, subd. (b).)
- B. Proof of Hepatitis B Immunizations for Students Entering Seventh Grade on or after July 1, 1999 (*Reimbursement Period begins: July 1, 1999.*)
1. Request and review lawful exemption from, or proof of, immunization against hepatitis B from each pupil advancing to the seventh grade on or after July 1, 1999. (Health & Saf. Code, §§ 120325, 120335, subd. (c); Cal. Code Regs., tit. 17, §§ 6020, 6065, subd. (b).)
- C. Conditional Admission of Pupils and Parent Notification Requirements (*Reimbursement Period begins: July 1, 1997.*)
1. Conditionally admit any pupil 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, subd. (a); Cal. Code Regs., tit. 17, § 6070, subd. (e).)
- D. Mandatory Pupil Exclusion and Parent Notification Requirements (*Reimbursement Period begins: July 1, 1998.*)
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, subd. (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, subd. (c); Health & Saf. Code, § 120325; Cal. Code Regs., tit. 17, § 6065, subd. (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, subd. (a); Health & Saf. Code, §§ 120325, 120375, subd. (b); Cal. Code Regs., tit. 17, § 6055.)
- E. Documentation and Reporting Requirements for Immunizations (*Reimbursement Period begins: July 1, 1997.*)
1. 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, subd. (b), 120375, subd. (a); Cal. Code Regs., tit. 17, § 6070.)

---

since in California, one vaccine is given for measles, mumps, and rubella (MMR), and measles is part of the original *Immunization Records* Parameters and Guidelines.

2. Document additional vaccine doses on the pupil’s immunization record as they are administered.<sup>2</sup> (Health & Saf. Code, §§ 120325, 120375, subd. (a); Cal. Code Regs., tit. 17, § 6070.)
3. Collect data and prepare reports annually on immunization status for the Department of Health Services. (Health & Saf. Code, §§ 120325, 120375, subd. (c); Cal. Code Regs., tit. 17, § 6075.)
4. Prepare follow-up or additional reports upon request by county health departments and the state. (Health & Saf. Code, §§ 120325, 120375, subd. (c); Cal. Code Regs., tit. 17, § 6075.)

***Uniform Cost Allowances***

The Commission adopted uniform cost allowances for this program pursuant to Government Code section 17557. The uniform cost allowances shall be adjusted by the Implicit Price Deflator (IPD) referenced in Government Code section 17523 each fiscal year subsequent to 2002-2003.

New Entrants

Activities that are reimbursable under the uniform cost allowance for “New Entrants” are as follows:

- Sections A, C, and E above are new activities for the hepatitis B immunization.
- Section D above are new activities for the DPT, polio, MMR, and hepatitis B immunizations.

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.

**Table 1. Uniform Cost Allowance for New Entrants**

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	\$ 6.59

---

<sup>2</sup> 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.

## Seventh Grade Pupils

Activities that are reimbursable under the uniform cost allowance for “Seventh Grade Pupils” are as follows:

- Sections B, C, D, and E above are new activities for the hepatitis B immunization.

Reimbursement is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the number of “Seventh Grade Pupils.” A “Seventh Grade Pupil” is any pupil advancing to the seventh grade, other than “New Entrants.”

**Table 2. Uniform Cost Allowance for Seventh Grade Pupils**

Fiscal Year	Uniform Cost Allowance
1999-2000	\$ 3.23
2000-2001	\$ 3.36
2001-2002	\$ 3.41
2002-2003	\$ 3.47

## **Statewide Cost Estimate**

### Recommendations from the Bureau of State Audits

On October 15, 2003, the Bureau of State Audits (BSA) issued an audit report on two mandated programs and the mandates process. The BSA issued one recommendation regarding the development of statewide cost estimates, stating:

To project more accurate statewide cost estimates, the Commission staff should more carefully analyze the completeness of the initial claims data they use to develop the estimates and adjust the estimates accordingly. Additionally, when reporting to the Legislature, the Commission should disclose the incomplete nature of the initial claims data it uses to develop the estimates.

Staff made the following assumptions and used the following methodology to develop a statewide cost estimate of the program and to implement the BSA’s recommendation. If the Commission adopts this statewide cost estimate, the estimate, including staff’s assumptions and methodology will be reported to the Legislature.

### Assumptions

Staff made the following assumptions:

- The statewide cost estimate is based on 2,694 actual claims filed by school districts for fiscal years 1997-1998 through 2002-2003.<sup>3</sup> The claiming data is accurate, although unaudited.
- The actual amount claimed will increase when late or amended claims are filed, and could exceed the statewide cost estimate. For this program, late claims may be filed until February 2005.

---

<sup>3</sup> Claims data reported by the SCO as of March 19, 2004.

- Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.

Methodology

*1997-2003 Costs*

The proposed statewide cost estimate for fiscal years 1997-1998 through 2002-2003 is based on 2,694 unaudited, actual reimbursement claims.

*2003-2005 Projected Costs*

A. Estimated Uniform Cost Allowances

1. New Entrants

For fiscal years 2003-2004 and 2004-2005, the uniform cost allowance for new entrants was adjusted by the IPD, as forecast by DOF.

**Table 3. Estimated Uniform Cost Allowances for New Entrants**

Fiscal Year	Uniform Cost Allowance
2003-2004 (IPD = 2.3%)	\$6.74
2004-2005 (IPD = 2.9%)	\$6.94

2. Seventh Grade Pupils

For fiscal year 2003-2004, the uniform cost allowance for seventh grade pupils was adjusted by the IPD, as forecast by DOF. However, beginning with the 2004-2005 school year, only five of the ten activities remain necessary for seventh grade pupils because kindergarteners beginning in the 1997-1998 school year will become seventh graders by the 2004-2005 school year. Thus, their immunization records would have already been reviewed for hepatitis B.

Therefore, the uniform cost allowance for fiscal year 2004-2005 was calculated as follows:

*Uniform Cost Allowance = (cost per activity per immunization) x (5)*, where

“cost per activity per immunization” equals the *Immunization Records* SMAS Rate for the appropriate fiscal year (estimated at \$5.48 for fiscal year 2004-2005) divided by the number of required activities (15), and “5” equals the number of activities required to be performed for seventh-grade pupils beginning with the 2004-2005 school year.

**Table 4. Estimated Uniform Cost Allowances for Seventh Grade Pupils**

Fiscal Year	Uniform Cost Allowance
2003-2004 (IPD = 2.3%)	\$3.55
2004-2005	\$1.83

## B. Projected Costs

Cost estimates for fiscal years 2003-2004 and 2004-2005 were projected using kindergarten and seventh grade enrollment data from the California Department of Education's (CDE) Dataquest web site.

This mandate applies to new entrants and seventh grade pupils. New entrants are defined as kindergarteners and out-of-state transfers. However, this proposed statewide cost estimate does not include projections for out-of-state transfers because according to the CDE's Educational Demographics Office, data is not collected for interstate transfers. Therefore, based only on kindergarten and seventh grade enrollment data, staff calculated enrollment figures for school years 2003-2004 and 2004-2005. The average percent change in enrollment for the 1996-1997 through 2002-2003 school years was -0.5 percent for kindergarteners and 3.1 percent for seventh graders.<sup>4</sup> Using these percentages, the following enrollment figures were estimated:

**Table 5. Projected Enrollment Figures**

School Year	Kindergarten	Seventh Grade
2003-2004	454,655	515,642
2004-2005	452,382	531,627

Costs were estimated by multiplying the projected enrollment figures above with the appropriate uniform cost allowance, as shown below.

**Table 6. Estimated Costs for Kindergarteners  
for Fiscal Years 2003-2004 and 2004-2005**

Fiscal Year	Projected Enrollment (a)	Estimated Uniform Cost Allowance (b)	Estimated Costs (c) = (a) * (b)
2003-2004	454,655	\$6.74	\$3,064,374.70
2004-2005	452,382	\$6.94	\$3,139,531.08

**Table 7. Estimated Costs for Seventh Grade Pupils  
for Fiscal Years 2003-2004 and 2004-2005**

Fiscal Year	Projected Enrollment (a)	Estimated Uniform Cost Allowance (b)	Estimated Costs (c) = (a) * (b)
2003-2004	515,642	\$3.55	\$1,830,529.10
2004-2005	531,627	\$1.82	\$967,561.14

<sup>4</sup> The 1996-1997 school year was used as the base since California's kindergarten through third grade Class Size Reduction program was established in 1996.

**Table 8. Estimated Costs by Fiscal Year**

Fiscal Year	Number of Claims Filed with SCO	Claim Totals
1997-1998	255	\$ 865,702
1998-1999	420	2,569,432
1999-2000	495	3,993,373
2000-2001	502	4,260,155
2001-2002	505	4,389,280
2002-2003	517	4,549,132
2003-2004 (est.)	N/A	4,894,904
2004-2005 (est.)	N/A	4,107,092
	<b>Total</b>	<b>\$ 29,629,070</b>

The proposed statewide cost estimate includes eight fiscal years for a total of \$29,629,070. This averages to \$3,703,634 in annual costs to the state.

**Staff Recommendation**

Staff recommends that the Commission adopt the proposed statewide cost estimate for costs incurred in complying with the *Immunization Records: Hepatitis B* program. If the statewide cost estimate is adopted, staff will report the estimate to the Legislature.