

ITEM 12
FINAL STAFF ANALYSIS
STAFF'S PROPOSED PARAMETERS AND GUIDELINES AMENDMENT

Health and Safety Code Sections 324.2 (now 124100)
and 324.3 (now 124105)¹

Statutes 1976, Chapter 1208
Statutes 1991, Chapter 373
Statutes 1992, Chapter 759

Pupil Health Screenings (01-PGA-09)
Clovis Unified School District, Requestor

EXECUTIVE SUMMARY

The claimant requested an amendment to the original parameters and guidelines in order to establish a uniform allowance for the *Pupil Health Screenings* program.

On May 26, 1994, the Commission on State Mandates (Commission) partially approved the test claim for the increased costs of performing the following activities:

- Notify the parents or guardians of enrolled kindergarten students of the availability of the Child Health and Disability Prevention Program (CHDPP) and to notify parents or guardians of kindergarten and first-grade pupils upon enrollment of their responsibilities relative to Health and Safety Code section 323.5 (and such notification should be in conjunction with the notification regarding immunizations).
- Contact the parent or guardian of first-grade pupils to obtain their compliance with the requirements of Health and Safety Code section 323.5.
- Exclude first-grade pupils, not otherwise exempted from exclusion, for up to five days if the pupil's parent or guardian fails to provide a health screening certificate or waiver.
- Report compliance results and statistics to other government agencies.

Discussion

Staff reviewed the claimant's proposal and the comments received. Non-substantive, technical changes were made for purposes of clarification, consistency with language in parameters and guidelines adopted since December 2003, and conformity to the Statement of Decision and statutory language. Staff made substantive changes to section III. Period of Reimbursement and section V. Claim Preparation and Submission.

¹ Renumbered by Statutes 1995, chapter 415.

First, Assembly Bill 2855 (Stats. 2005, ch. 895) eliminates the reporting requirement as described in activity IV. D., Statistical Reporting. Thus, staff limited the reimbursement period for this activity to December 31, 2004.

Section V. was modified to establish uniform allowances. The claimant proposed a single rate of \$5.80 to perform the reimbursable activities. Reimbursement would be determined by multiplying this rate by the total number of enrolled kindergarteners and new first-grade pupils.

As an alternative, staff proposes separate unit rates for each reimbursable component. This approach limits the unit rate to the applicable portion of the population of enrolled kindergarteners and new first-grade pupils for each reimbursable component. Moreover, the following proposed uniform allowances are based on all the SCO's claims data for the program for fiscal years 1998-1999 through 2000-2001:

Reimbursable Component	Uniform Allowance
IV. A. Notification to Parents	\$ 0.0683
IV. B. Obtaining Parental Compliance	\$ 4.4604
IV. C. Exclusion of Pupils	\$ 11.734
IV. D. Statistical Reporting	\$ 0.463

- Reimbursement for IV. A. is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the *number of notifications issued*.
- Reimbursement for IV. B. is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the *number of children enrolled in kindergarten or first grade whose parents were contacted to obtain certificates of health screening or waivers*.
- Reimbursement for IV. C. is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the *number of first-grade pupils excluded from school*.
- Reimbursement for IV. D. is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the *number of first-time enrolled kindergarten and first grade pupils*.

The uniform cost allowances cover all the direct and indirect costs of performing the activities described in section IV. Staff recommends that beginning with reimbursement claims filed for fiscal year 2004-2005 and beyond, actual costs for reimbursable activities IV. A. through IV. D. shall be claimed based on the uniform cost allowances adopted by the Commission pursuant to Government Code section 17557. The uniform cost allowances shall be adjusted each subsequent year by the Implicit Price Deflator referenced in Government Code section 17523.

A draft staff analysis was issued on February 2, 2004. On February 11, 2004, the claimant filed comments to point out a reimbursement formula miscalculation for the statistical reporting component. Since the proposed calculation results in cost per pupil rather than cost per report filed, staff modified the formula accordingly. No other comments were received.

Staff Recommendation

Staff recommends that the Commission adopt the proposed parameters and guidelines amendment, beginning on page 11.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

Requestor

Clovis Unified School District

Chronology

- 05/26/94 Commission on State Mandates (Commission) adopted Statement of Decision.
- 11/17/94 Commission adopted the original parameters and guidelines.
- 05/06/02 Claimant submitted a request to amend the parameters and guidelines.
- 05/08/02 Sweetwater Union High School District, interested party, submitted comments in support of the uniform allowance approach.
- 07/19/02 The Department of Finance (DOF) submitted comments.
- 07/25/02 The State Controller's Office (SCO) submitted comments.
- 08/30/02 Commission conducted a pre-hearing conference.
- 09/27/02 Commission conducted a pre-hearing conference.
- 03/27/03 Commission conducted a pre-hearing conference. The SCO provided claims data for fiscal years 1998-1999 through 2000-2001.
- 05/02/03 Claimant submitted a proposed uniform cost rate and supporting data analysis documentation.
- 05/20/03 Commission requested comments on the proposal from state agencies and interested parties.
- 07/30/03 DOF submitted comments.
- 08/11/03 SCO submitted comments.
- 02/02/04 Draft staff analysis issued.
- 02/11/04 Claimant submitted comments to draft staff analysis.
- 09/29/04 Governor Schwarzenegger signed Assembly Bill 2855 (Stats. 2005, ch. 895), operative January 1, 2005.
- 11/04/04 Final staff analysis issued.

Summary of the Mandate

On May 26, 1994, the Commission partially approved this test claim pursuant to article XIII B, section 6 of the California Constitution, and Government Code section 17514, for the increased costs of performing the following activities:²

- Notify the parents or guardians of enrolled kindergarten students of the availability of the Child Health and Disability Prevention Program (CHDPP) and to notify parents or guardians of kindergarten and first-grade pupils upon enrollment of their responsibilities relative to Health and Safety Code section 323.5 (and such notification should be in conjunction with the notification regarding immunizations).

² Exhibit A, adopted Statement of Decision, page 101.

- Contact the parent or guardian of first-grade pupils to obtain their compliance with the requirements of Health and Safety Code section 323.5.
- Exclude first-grade pupils, not otherwise exempted from exclusion, for up to five days if the pupil's parent or guardian fails to provide a health screening certificate or waiver.
- Report compliance results and statistics to other government agencies.

Discussion

The claimant requested an amendment to the original parameters and guidelines³ in order to establish a uniform allowance for the *Pupil Health Screenings* program.

Staff reviewed the claimant's proposal and the comments received.⁴ Non-substantive, technical changes were made for purposes of clarification, consistency with language in parameters and guidelines adopted since December 2003, and conformity to the Statement of Decision and statutory language. A draft staff analysis was issued on February 2, 2004.⁵ The claimant submitted comments to the draft staff analysis on February 11, 2004.⁶

Substantive changes were made to the following sections of the claimant's proposed parameters and guidelines amendment.

III. Period of Reimbursement

Pursuant to Statutes 2002, chapter 1124, staff clarified that for initial claims and annual claims filed on or after September 30, 2002, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564, if the total costs for a given fiscal year do not exceed \$1000. For initial claims and annual claims, including amendments thereof, filed prior to September 30, 2002, staff clarified that no reimbursement shall be allowed if the total costs for a given fiscal year do not exceed \$200.

Moreover, Governor Schwarzenegger signed Assembly Bill 2855 on September 29, 2004. Operative January 1, 2005, this bill eliminates the reporting requirement listed as reimbursable activity IV. D. in the parameters and guidelines. Thus, the parameters and guidelines were revised to clarify that the period of reimbursement for activity VI. D., Statistical Reporting, ends on December 31, 2004.

V. Claim Preparation and Submission

Claimant's Proposal

On May 2, 2003,⁷ the claimant proposed a single uniform allowance of \$5.80 for each enrolled kindergartener and new first-grade pupil to perform the reimbursable activities listed in section IV. of the parameters and guidelines. This number is based on actual claims data and statistics for

³ Exhibit B, page 113.

⁴ Exhibits D, page 145; E, page 147; and F, page 153.

⁵ Exhibit K, page 243.

⁶ Exhibit L, page 261.

⁷ Exhibit G, page 157.

fiscal years 1998-1999 through 2000-2001, which was provided by the SCO on March 27, 2003.⁸ The following method of data analysis was described:

We compared the SCO data to our (EMCN) data. Our data is the SCO data with what we consider the “outliers” removed. Note that most of the outliers removed are from the high side of cost distribution. We did not use any scientific method to select the outliers, rather the data was arrayed from high to low and a “break-point” was drawn where it appeared that the cost data was becoming extreme. This is of course subjective and other reasonable persons could select other reasonable high and low break points. Also, in some cases we removed the data for a few districts which reported the largest number of workload units in order to avoid skewing the workload data reported by most of the other districts. We used Fiscal Year 2000-01 data only since the FY 2001-02 actual claims filing has not been completed. The larger number of claims received for FY 2000-01 is more statistically significant than comparing data from year to year.⁹

The claimant contends that its proposal is a weighted average that can generate significant cost savings to the state.

Further, California Code of Regulations, title 2, section 1183.2, subdivision (c), states that an amendment filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. However, the claimant stipulates to waive the retroactive effective date of the amendment, which was received by the Commission on May 6, 2002.¹⁰ Although this amendment is eligible for reimbursement beginning July 1, 2001, the claimant proposes to have the uniform allowance rates be prospective and implemented for the next fiscal year, or fiscal year 2004-2005, to avoid amending reimbursement claims already filed. Government Code section 17554 authorizes the Commission to waive the application of any procedural requirement for reimbursement in order to expedite action if there is agreement by all parties. If no parties object, the proposed uniform allowance will become effective beginning with fiscal year 2004-2005.

Department of Finance Comments

In its comments dated July 19, 2002,¹¹ DOF argues that there was no compelling justification or documentation to warrant the proposed amendment and to support the assertion that adopting uniform allowances would be more cost-effective for the state. DOF also notes that it did not support the uniform allowance approach because of the potential for some local educational agencies to claim greater than actual costs, which would result in reimbursement in excess of the statewide documented cost of the mandate.

DOF is concerned that the data used to develop proposed uniform allowances is not representative of all valid claims statewide. Therefore, absent three years of audited claims data to provide assurance that the activities have sufficiently stabilized to accurately reflect necessary

⁸ Exhibit J, pages 201-241.

⁹ Exhibit G, page 158.

¹⁰ Exhibit C, page 119.

¹¹ Exhibit E, page 147.

costs, DOF argues that uniform allowances should be developed using audited claim samples, credible time studies, or some other statistically valid approach.

In its comments dated July 30, 2003,¹² DOF did not recommend adoption of the proposed \$5.80 uniform allowance because it was based on claims that were not audited, it was calculated from only one year's worth of data, and it was not revenue neutral since the data used did not represent the entire statewide cost of the program. Further, DOF questions the suitability of the program for the uniform allowance approach because of the great variance in the range of cost per enrolled pupil and the lack of correlation between the variables used. If the Commission decides to establish a uniform allowance though, DOF recommends using a discounted weighted average to calculate the rate. However, without audit information, DOF will not propose a discount percentage.

State Controller's Office Comments

In its comments dated July 25, 2003,¹³ the SCO recommended technical revisions.

In its comments dated August 11, 2003,¹⁴ the SCO believed that the data provided by the claimant did not adequately support the proposed single weighted average cost rate because the data was unaudited and contained a variance too great for a fair and reasonable uniform rate to be developed. As an alternative, the SCO suggested that "individual districts...use their specific uniform allowance as one basis for claiming reimbursable costs."¹⁵

Staff Finding and Proposal

As stated above, the claimant only used claims data filed for fiscal year 2000-2001. There were 663 claims filed for that fiscal year. Of this sample size, 13 claims were not analyzed because of the lack of statistics. Also, 41 other claims were disregarded because they were classified as "outliers." Thus, the claimant's data consisted of 609 claims totaling \$3,765,815. This total was then divided by the total enrollment of 649,760, resulting in the single proposed uniform allowance of \$5.80.

The SCO's claims data provided a summary of costs claimed for fiscal years 1998-1999 through 2000-2001. The summary also provided the "cost per contact," which was derived by dividing the total amount claimed in the fiscal year by the number of parents contacted to obtain certificates of health screenings or waivers in that fiscal year. For fiscal year 2000-2001, the cost per contact ranged from 19 cents to \$3,895.86, averaging to about \$29.

The DOF and SCO commented that this variance was too great to develop a fair uniform allowance. Staff acknowledges that the claimant's and SCO's averages are based on the entire enrollment population for all four of the reimbursable components, resulting in a great variance in cost per unit.

Staff also recognizes DOF and SCO's concern that the claims data is unaudited. Existing law establishes the State Mandates Apportionment System (SMAS) that streamlines the reimbursement

¹² Exhibit H, page 193.

¹³ Exhibit F, page 153.

¹⁴ Exhibit I, page 199.

¹⁵ Exhibit I, page 199.

for certain mandates.¹⁶ Staff notes that the standard for inclusion in SMAS, in which schools are reimbursed at a unit rate that is adjusted annually, is actual claims data for three fiscal years. The Commission then determines whether the data accurately reflects the costs of the program. SMAS does not require the claims data to be audited prior to inclusion. Staff finds that using unaudited claims data for this proposal is consistent with the requirements of SMAS.

While recognizing the above concerns, staff finds that establishing a uniform allowance for the *Pupil Health Screenings* program would result in cost savings to the program. In determining the amount to be subvended to local agencies and school districts for reimbursement, the Commission is authorized by Government Code section 17557, subdivision (b), to adopt uniform allowances. Also, California Code of Regulations, title 2, section 1183.1, subdivision (a)(7), states, “[w]henver possible, an allocation formula or uniform allowance should be used as the basis for reimbursement.”

As an alternative to claimant’s proposed uniform allowance, staff proposes separate unit rates for each reimbursable component. Staff’s approach limits the unit rate to the applicable portion of the population of enrolled kindergarteners and new first-grade pupils for each reimbursable component. Moreover, the following proposed uniform allowances are based on all the SCO’s claims data for the program for fiscal years 1998-1999 through 2000-2001:

Reimbursable Component	Uniform Allowance
IV. A. Notification to Parents	\$ 0.0683
IV. B. Obtaining Parental Compliance	\$ 4.4604
IV. C. Exclusion of Pupils	\$ 11.734
IV. D. Statistical Reporting	\$ 0.463

The rationale for each reimbursable component is described below:

IV. A. Notification to Parents

The proposed uniform cost for this component was developed by multiplying the 2003-2004 rate of \$0.0664 per page of notification¹⁷ by the implicit price deflator of 2.9 percent for fiscal year 2003-2004 to 2004-2005.

Reimbursement for IV. A. will be determined by multiplying the uniform allowance by the *number of notifications issued*. Staff assumes that this notification will not exceed one page for each first time enrolled kindergartner and first-grade pupil. The applicable population includes first-time enrolled kindergarten and first grade pupils.

¹⁶ See Government Code section 17615 et seq. and California Code of Regulations, title 2, section 1184.5 et seq.

¹⁷ This rate proposal was adopted by the Commission on December 2, 2003, for the *AIDS Prevention Instruction* program Parameters and Guidelines.

IV. B. Obtaining Parental Compliance

The proposed uniform cost for this component was developed by dividing the total cost for obtaining parental compliance by the total number of children enrolled in kindergarten or first grade whose parents were contacted to obtain certificates of health screening or waivers, as follows:

$$\$9,080,371 \div 2,035,778 = \$4.4604$$

Reimbursement for IV. B. will be determined by multiplying the uniform allowance by the *number of children enrolled in kindergarten or first grade whose parents were contacted to obtain certificates of health screening or waivers*. The applicable population includes only those kindergarteners and first grade pupils whose parents were contacted.

IV. C. Exclusion of Pupils

The proposed uniform cost for this component was developed by dividing the total cost for excluding pupils by the total number of first grade pupils actually excluded from school, as follows:

$$\$319,142 \div 27,198 = \$11.734$$

Reimbursement for IV. C. will be determined by multiplying the uniform allowance by the *number of first-grade pupils excluded from school*. The applicable population includes only those first grade pupils that are excluded from school.

IV. D. Statistical Reporting (Reimbursement period ends December 31, 2004)

The proposed uniform cost for this component was developed by dividing the total cost for statistical reporting by the total number of first-time enrolled kindergarten and first grade pupils, as follows:

$$\$1,118,741 \div 2,418,259 = \$0.463$$

Reimbursement for IV. D. will be determined by multiplying the uniform allowance by the *number of first-time enrolled kindergarten and first grade pupils*. The applicable population includes first-time enrolled kindergarten and first grade pupils.¹⁸

Since component IV. A. is based on the number of pages (not to exceed one page per notification) and components IV. B. and IV. C. only apply to a certain population of enrolled kindergarteners and new first-grade pupils, staff's proposal should result in cost savings to the program.

¹⁸ In its comments to the draft staff analysis, dated February 11, 2004, the claimant commented that reimbursement for statistical reporting should be determined by multiplying the proposed uniform allowance by the *number of first-time enrolled kindergarten and first grade pupils* rather than the *number of statistical reports*. Since the calculation was intended to result in cost per pupil, staff made the modification.

Illustration of Cost Savings to the Program

Consider the following data provided by the SCO for fiscal year 2000-2001:

Number of first time enrolled kindergartners and first-grade pupils	Number of children whose parents were contacted to obtain certificates of health screening or waivers	Number of first-grade pupils excluded from school	Total Amount of Claims
810,340	670,144	10,592	\$ 5,204,119

Uniform allowances cover all the direct and indirect costs of performing the activities described in section IV of the parameters and guidelines. The following table illustrates the expected cost for fiscal year 2000-2001 using the above data and staff’s proposed uniform allowances:

Reimbursable Component	Formula	Expected Cost
IV. A. Notification to Parents	\$ 0.0683 x 810,340	\$ 55, 346
IV. B. Obtaining Parental Compliance	\$ 4.4604 x 670,144	2,989,110
IV. C. Exclusion of Pupils	\$ 11.734 x 10,592	124,287
IV. D. Statistical Reporting	\$ 0.463 x 810,340	375,187
<i>Total Amount of Claims</i>		\$ 3,488,985

As illustrated above, staff’s proposed uniform allowances could have resulted in savings of \$1,715,134 to the program in fiscal year 2000-2001.

Staff recommends that beginning with reimbursement claims filed for fiscal year 2004-2005 and beyond, actual costs for reimbursable activities IV. A. through IV. D. shall be claimed based on the uniform allowances adopted by the Commission pursuant to Government Code section 17557. Staff notes that after December 31, 2004, activity IV.D. is no longer reimbursable. The uniform allowances shall be adjusted each subsequent year by the Implicit Price Deflator referenced in Government Code section 17523.

Staff modified the claimant’s proposed provision in this section. It states: “The Commission has not identified any circumstances that would cause an eligible claimant to incur additional costs to perform the reimbursable activities listed in section IV. of these parameters and guidelines, which have not already been incorporated in the uniform allowance. Eligible claimants incurring any such costs within the scope of the reimbursable activities may submit a request to amend the parameters and guidelines to the Commission for such costs to be approved for reimbursement, subject to the provisions of California Code of Regulations, title 2, section 1183.2.”

Staff Recommendation

Staff recommends that the Commission adopt the proposed parameters and guidelines amendment, beginning on page 11.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

STAFF'S PROPOSED PARAMETERS AND GUIDELINES AMENDMENT

Health and Safety Code Sections 324.2 (now 124100)
and 324.3 (now 124105)¹⁹

Statutes 1976, Chapter 1208
Statutes 1991, Chapter 373
Statutes 1992, Chapter 759

Pupil Health Screenings (01-PGA-09)

Clovis Unified School District, Requestor

For Fiscal Year 2004-2005 and Subsequent Years

I. SUMMARY OF THE MANDATE

~~Chapter 1208, Statutes of 1976 added Health and Safety Code section 308.8 (later renumbered as Section 324.2) to (1) require the governing body of every school district which has children enrolled in the kindergarten to provide to parents or guardians information regarding county Child Health and Disability Prevention Program services; (2) require school districts to report to the county, the State Department of Health Services and the State Department of Education the number of pupils enrolled in the first grade, the number of health screening certificates received, and the number of waivers received; (3) require counties to reimburse school districts for the statistical information collection process; and (4) authorize the Superintendent of Public Instruction to withhold average daily attendance funds of any school district for any child for whom a health screening or waiver is not obtained.~~

~~Chapter 373, Statutes of 1991 (the Hughes Act), operative January 1, 1992, added Health and Safety Code section 324.3 to require that, pursuant to subdivision (d), the governing body of each school district shall exclude for up to five days from school upon enrollment any first-grade pupil that lacks a Health and Safety Code section 323.5 health screening or waiver unless the parent or guardian otherwise complied with Section 323.5 by producing evidence of an appointment to obtain a health screening within 14 days and subsequently supplies evidence that a health screening was conducted within ninety days of enrollment. As an exception to subdivision (d), subdivision (e) allows the pupil to remain in school if the school district contacts the parent or guardian at least twice and the parent or guardian refuses to obtain the health screening or provide a signed waiver. However, subdivision (f) limits the number of subdivision (e) exceptions [that is, the number of pupils without a health screening or a parent or guardian waiver] to no more than five percent of the school district's first-grade pupil enrollment, and further specifies that subdivision (e) exceptions should occur only in family situations of great disfunction or disruption such as substance abuse by parents or guardians, child abuse, or child neglect. Subdivision (g) requires school districts~~

¹⁹ Renumbered by Statutes 1995, chapter 415.

~~to notify parents upon enrollment of the child in kindergarten or first grade of the obligation of parents to comply with subdivision (d) as well as inform parents or guardians of the availability to low income children of free health screenings through the Child Health Disabilities Prevention Program. Subdivision (h) states it is the intent of the Legislature that school districts provide the health screening notification as part of the same notice process for immunizations as well as encourage the two services be obtained simultaneously.~~

~~Chapter 759, Statutes of 1992 (at section 81), operative September 21, 1992, among other actions, amended Health and Safety Code section 324.3 at subdivision (d) to delay the exclusion from school attendance to the first school day following ninety calendar days from the date of entrance into the first grade. In addition, subdivision (d) was amended to no longer allow evidence of a pending health screening appointment as a reason to exempt exclusion from attendance. Subdivision (e) was amended to require school districts make the previously required family contact twice during the ninety day period before the pupil can be excluded from attendance. Amended subdivision (e) also includes the provisions of original subdivision (f).~~

II. — COMMISSION ON STATE MANDATES' DECISION

The Commission on State Mandates (~~Commission~~), ~~adopted its in the~~ Statement of Decision ~~adopted at the on~~ May 26, 1994, ~~hearing found finding~~ that Health and Safety Code section 324.2 (~~now 124100~~), as added by ~~Chapter 1208, Statutes of 1976, chapter 1208,~~ and amended by ~~Chapter 373, Statutes of 1991, chapter 373;~~ and Health and Safety Code section 324.3 (~~now 124105~~), as added by ~~Chapter 373, Statutes of 1991, chapter 373,~~ and amended by ~~Chapter 759, Statutes of 1992, chapter 759,~~ impose a new program or higher level of service within the meaning of ~~Section 6, A~~ article XIII B, ~~section 6~~ of the California Constitution, for those school districts and county offices of education with kindergarten or first-grade pupil enrollments.

The Commission determined that the following provisions of Health and Safety Code ~~S~~sections 324.2 and 324.3 established costs mandated by the state pursuant to Government Code section 17514, by requiring school districts to:

- (1) Notify the parents or guardians of enrolled kindergarten students of the availability of CHDPP services and to notify parents or guardians of kindergarten and first-grade pupils upon enrollment of their responsibilities relative to Health and Safety Code ~~S~~section 323.5 (and such notification should be in conjunction with the notification regarding immunizations).~~;~~
- (2) Contact the parent or guardian of first-grade pupils to obtain their compliance with the requirements of Health and Safety Code section 323.5.
- (3) Exclude first-grade pupils, not otherwise exempted from exclusion, for up to five days if the pupil's parent or guardian fails to provide a health screening certificate or waiver.
- (4) Report compliance results and statistics to other government agencies.

The Commission determined that the following provisions of Health and Safety Code Sections 324.2 and 324.3 did not establish costs mandated by the state pursuant to Government Code section 17514:

- (1) Any average-daily-attendance penalty assessed by the Superintendent of Public Instruction pursuant to Health and Safety Code section 324.2.
- (2) The lose of average-daily-attendance funds by operation of the Education Code as a result of excluding pupils from school for failure to provide a health screening certificate or waiver.
- (3) Contacting the parent or guardian of first-grade pupils in order to exempt from exclusion from school (pursuant to Health and Safety Code section 324.3, subdivision (e)) those first-grade pupils from family situations of great disfunction or disruption that makes compliance unlikely.

III. ELIGIBLE CLAIMANTS

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

IV. PERIOD OF REIMBURSEMENT

~~Section 17557 of the~~ Government Code section 17557, prior to its amendment by Statutes 1998, chapter 681 (effective September 22, 1998), states provided that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed on December 2, 1993, therefore all mandated costs incurred on or after July 1, 1992, for implementation of Health and Safety Code ~~S~~sections 324.2 (now 124100) and 324.3 (now 124105) are reimbursable.

The Governor signed Assembly Bill 2855 (Stats. 2005, ch. 895) on September 29, 2004. Operative January 1, 2005, this bill eliminates activity D. in these parameters and guidelines. Thus, the period of reimbursement for activity D, Statistical Reporting, ends on December 31, 2004.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code Ssection 17561, subdivision (d)(31)-of the Government Code, all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

For initial claims and annual claims filed prior to September 30, 2002, including amendments thereof, if the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564. For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given fiscal year do not exceed \$1000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ~~COSTS~~ ACTIVITIES

~~A. Scope of the Mandate~~

~~School districts and county offices of education with kindergarten or first-grade pupils shall be reimbursed for the costs incurred: to notify the parents or guardians of enrolled kindergarten and first-grade pupils of the availability of CHDPP services; to obtain compliance by the parent or guardian of first-grade pupils with the requirements of Health and Safety Code section 323.5; to exclude first-grade pupils not otherwise eligible for exemption from exclusion for up to five days if the pupil's parent or guardian fails to provide~~

~~a health screening certificate or waiver; and to report compliance results and statistics to other government agencies.~~

~~Costs incurred for contacting parents or guardians to exempt first grade pupils from exclusion from school are not reimbursable.~~

~~B. Reimbursable Activities~~

~~For each eligible school district or county office of education with kindergarten or first grade pupils, the direct and indirect costs of labor, supplies and services incurred for the following mandate components are reimbursable:~~

~~To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.~~

~~Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.~~

~~The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.~~

~~For each eligible claimant, the following activities are reimbursable:~~

~~1A. Notification to Parents~~

~~Preparation of a form letter and issuance, or other reasonable method of communication, for the purpose of notifying each parent or guardian, upon their child's enrollment in kindergarten or first grade, of their obligation to obtain a pupil health screening and to encourage them to obtain the screening simultaneously with required immunizations, and inform them about the services available from the county Child Health and Disabilities Prevention Program.~~

~~2B. Obtaining Parental Compliance~~

~~Contacting the parents or guardian of first grade pupils by telephone or in writing, in absence of a response to the initial notice, to obtain either a certificate of health screening or a written waiver signed by the pupil's parent or guardian.~~

3C. Exclusion of Pupils

To exclude from attendance for up to five school days, beginning the 91st calendar day after entrance to the first grade, any first-grade pupil that lacks a health screening or waiver of the health screening signed by a parent or guardian. Costs incurred for contacting parents or guardians to exempt first-grade pupils from exclusion from school are not reimbursable.

4D. Statistical Reporting (Reimbursement period ends December 31, 2004)

To report annually to specified county and state agencies: the number of pupils enrolled in the first-grade, the number who have received a health screening examination, and the number of children for which waivers of examination have been received. See ~~item~~ section VII.F regarding offsetting reimbursement.

VI. CLAIM PREPARATION AND SUBMISSION

~~Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.~~

~~A. Reporting by Components~~

~~Claimed costs must be allocated according to the four components of reimbursable activity described in Section V. B.~~

~~B. Supporting Documentation~~

~~Claimed costs should be supported by the following information:~~

~~1. Employee Salaries and Benefits~~

~~Identify the employee(s) and their job classification, describe the mandated functions performed, and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.~~

~~2. Materials and Supplies~~

~~Only the expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.~~

~~3. Contracted Services~~

~~Give the name(s) of the contractor(s) who performed the service(s). Describe the activities performed by each named contractor, and give the number of actual hours spent on the activities. Show the inclusive dates when services were performed and itemize all costs for those services.~~

~~4. Allowable Overhead Cost~~

~~a. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.~~

~~b. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.~~

C. Cost Accounting Statistics

The State Controller is directed to include in its claiming instructions each year the requirement that claimants report to the State Controller the following statistics for the purpose of establishing a database for potential future reimbursement based on prospective rates:

- a. The number of kindergarten pupils enrolled.
- b. The number of first-grade pupils enrolled.
- c. The number of health screening certificates obtained.
- d. The number of parental waivers received.
- e. The number of first-grade pupils excluded from school.

Each claimed reimbursable cost must be supported by source documentation as described in section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Uniform Cost Allowances

Uniform cost allowances cover all the direct and indirect costs of performing the activities described in section IV. 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.

Beginning with reimbursement claims filed for fiscal year 2004-2005 and beyond, actual costs for reimbursable activities IV. A. through IV. D. shall be claimed based on the uniform cost allowances adopted by the Commission pursuant to Government Code section 17557. The uniform cost allowances shall be adjusted each subsequent year by the Implicit Price Deflator referenced in Government Code section 17523.

<u>Reimbursable Component</u>	<u>Uniform Cost Allowance</u>
<u>IV. A. Notification to Parents</u>	<u>\$ 0.0683</u>
<u>IV. B. Obtaining Parental Compliance</u>	<u>\$ 4.4604</u>
<u>IV. C. Exclusion of Pupils</u>	<u>\$ 11.734</u>
<u>IV. D. Statistical Reporting</u>	<u>\$ 0.463</u>

- Reimbursement for IV. A. is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the *number of notifications issued*.
- Reimbursement for IV. B. is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the *number of children enrolled in kindergarten or first grade whose parents were contacted to obtain certificates of health screening or waivers*.
- Reimbursement for IV. C. is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the *number of first-grade pupils excluded from school*.

- Reimbursement for IV. D. is determined by multiplying the uniform cost allowance for the appropriate fiscal year by the number of first-time enrolled kindergarten and first grade pupils. (Reimbursement period ends December 31, 2004.)

The Commission has not identified any circumstances that would cause an eligible claimant to incur additional costs to perform the reimbursable activities listed in section IV. of these parameters and guidelines, which have not already been incorporated in the uniform allowance. Eligible claimants incurring any such costs within the scope of the reimbursable activities may submit a request to amend the parameters and guidelines to the Commission for such costs to be approved for reimbursement, subject to the provisions of California Code of Regulations, title 2, section 1183.2.

VII.—SUPPORTING DATA

~~For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. Pursuant to Government Code section 17558.5, these documents must be kept on file by the agency submitting the claim for a period of no less than four years after the end of the calendar year in which the reimbursement claim is filed, and made available on the request of the State Controller.~~

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter²⁰ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences in the same program as a ~~direct~~ result of ~~this the same statutes or executive orders found to contain the mandate shall must~~ be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, ~~e.g., including but not limited to,~~ service fees collected, federal funds, and other state funds ~~etc.~~, shall be identified and deducted from this claim. The ~~e~~Commission has specifically identified as offsetting reimbursement applicable to the Statistical Reporting ~~component activity~~ (Item IV. B. D.) the amount of one dollar per first-grade pupil that school districts are currently receiving from the State Department of Health Services.

IX.—STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION

~~An authorized representative of the claimant will be required to provide a certification of claim, as specified in the State Controller's claiming instructions, for those cost mandated by the state contained herein.~~

²⁰ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.