

ITEM 10
FINAL STAFF ANALYSIS
PROPOSED STATEWIDE COST ESTIMATE

Government Code Sections 7572.55 and 7576
Statutes 1994, Chapter 1128, Statutes 1996, Chapter 654

California Code of Regulations, Title 2, Sections 60000 et seq.
(Emergency Regulations effective July 1, 1998 [Register 98, No. 26],
Final Regulations effective August 9, 1999 [Register 99, No. 33])

Handicapped and Disabled Students II (02-TC-40/02-TC-49)

Counties of Stanislaus and Los Angeles, Claimants

EXECUTIVE SUMMARY

Staff issued the draft staff analysis and proposed statewide cost estimate for this program on April 25, 2008. No comments were filed on the draft staff analysis, and therefore, no changes were made to this analyses or the proposed statewide cost estimate.

Summary of the Mandate

On May 26, 2005, the Commission on State Mandates (Commission) adopted its Statement of Decision for the *Handicapped and Disabled Students II* program, finding that Government Code sections 7572.55 and 7576, as added or amended in 1994 and 1996, and the joint regulations adopted by the Departments of Mental Health and Education as emergency regulations in 1998 and final regulations in 1999 (Cal. Code Regs., tit. 2, §§ 60000 et seq.), impose a reimbursable state-mandated program on counties within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

The County of Stanislaus filed its test claim on June 27, 2003, and the County of Los Angeles filed its test claim on June 30, 2003. The Commission adopted a Statement of Decision on May 26, 2005, and the parameters and guidelines on December 9, 2005.

The State Controller's Office (SCO) issued State Mandated Costs Claiming Instructions No. 2006-03 on February 17, 2006 for filing initial reimbursement claims (fiscal years 2001-02 to 2004-05) with the SCO by June 19, 2006, and for fiscal year 2005-2006 by January 16, 2007.

The Commission issued corrected parameters and guidelines on July 21, 2006 and the SCO issued revised State Mandated Cost Claiming Instructions No. 2007-02 on January 2, 2007. A new filing date of May 2, 2007 was set for filing initial reimbursement claims.

Staff reviewed the claims data submitted by the county claimants and compiled by the SCO. Based on the original and the revised claiming instructions, fifteen counties filed claims on fiscal years 2001-2002 through 2005-2006, for a total of \$15,159,333.

Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program. If the Commission adopts this proposed statewide cost estimate, it will be reported to the Legislature along with staff's assumptions and methodology.

Assumptions

Staff made the following assumptions:

1. The total amount claimed for fiscal year 2001-02 is inaccurate because three counties claimed \$ 1,376,129 under the Handicapped and Disabled Students I program instead of the Handicapped and Disabled Students II program.
2. Non-claiming counties did not file claims because they did not incur more than \$1000 in increased costs for this program; they previously claimed and received reimbursement for their increased costs under the Handicapped and Disabled Students I program; or they received adequate funding from local educational agencies pursuant to statute or in other forms of funding.
3. The future costs for this program will not be reported as a separate program, because beginning in fiscal year 2006-07, both Handicapped and Disabled Students I, II, and Seriously Emotionally Disturbed Students (Out-of-State Placements) program will be consolidated.
4. The actual amount claimed will increase if late or amended claims are filed under the State Mandated Cost Claiming Instructions No. 2007-02.
5. The total amount of reimbursement for this program may be lower than the statewide cost estimate because the SCO is authorized to reduce any reimbursement claim for this program.
6. Program costs will increase if the number of severely emotionally disturbed students referred to county mental health departments and the costs of services provided increase.
7. Program costs beginning in fiscal year 2006-2007 will be claimed under consolidated claiming instructions/parameters and guidelines for the entire program. The amounts will be dependent upon the availability, identification and proper deduction of offsets identified in the parameters and guidelines:

Methodology

Fiscal Years 2001-2002 through 2005-2006

The proposed statewide cost estimate for fiscal years 2001-2002 through 2005-2006 is based on the actual reimbursement claims filed with the SCO for these years. Staff notes that the claims are unaudited and may be inaccurate for the reasons stated above. No adjustments were made to increase the estimate for fiscal year 2001-2002 because the additional \$ 1,376,129 claimed by Alameda, Monterey, and Riverside Counties is accounted for under reimbursement claims filed for *Handicapped and Disabled Students I*.

Fiscal Years 2006-2007 and Future Years

Staff makes no estimates for fiscal year 2006-2007 and beyond because all increased costs related to this program (also known as AB 3632) may be claimed as part of a consolidated

reimbursement claim for the “AB 3632” program (State Mandated Costs Claiming Instructions No. 2007-03).

Both the 2006 and 2007 Budget Acts appropriated \$52 million to the Department of Mental Health “to provide AB 3632 mental health services to special education pupils through a categorical program.” Funds received by counties through this program must be identified by counties and deducted as “offsets.” The proposed 2008-09 budget includes \$104 million for this program.

Following is a breakdown of estimated total costs per fiscal year:

**TABLE 2 BREAKDOWN OF ESTIMATED
TOTAL COSTS PER FISCAL YEAR**

Fiscal Year	Number of Counties Filing Claims with SCO	Estimated Cost
2001-2002	10	\$3,675,807
2002-2003	7	4,023,666
2003-2004	6	3,346,827
2004-2005	5	2,027,657
2005-2006	6	2,085,376
TOTAL	34	\$ 15,159,333

Staff issued the draft staff analysis and proposed statewide cost estimate on April 25, 2008. Department of Finance filed comments on May 20, 2008, concurring with the staff analysis.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$15,159,333** for state-mandated costs incurred for the *Handicapped and Disabled Students II* program in fiscal years 2001-2002 through 2005-2006. This amounts to \$3,031,867 per year.

Chronology

06/27/03	County of Stanislaus files test claim
06/30/03	County of Los Angeles files test claim
05/26/05	Commission adopts Statement of Decision
12/09/05	Commission adopts parameters and guidelines
02/17/06	State Controller's Office issues State Mandated Costs Claiming Instructions No. 2006-03
06/19/06	Filing deadline for initial reimbursement claims
07/21/06	Commission issues corrected parameters and guidelines
01/02/07	State Controller's Office issues State Mandated Costs Claiming Instructions No. 2007-02, and 2007-03 (Consolidated)
05/02/07	Filing deadline for initial reimbursement claims
02/22/08	State Controller's Office provides Commission with updated claiming information. ¹
04/25/08	Commission staff issues draft staff analysis and proposed statewide cost estimate
05/20/08	Department of Finance files comments on the draft staff analysis and proposed statewide cost estimate.
06/11/08	Commission staff issues final staff analysis and proposed statewide cost estimate.

STAFF ANALYSIS

Summary of the Mandate

On May 26, 2005, the Commission on State Mandates (Commission) adopted its Statement of Decision for the *Handicapped and Disabled Students II* program, finding that Government Code sections 7572.55 and 7576, as added or amended in 1994 and 1996, and the joint regulations adopted by the Departments of Mental Health and Education as emergency regulations in 1998 and final regulations in 1999 (Cal. Code Regs., tit. 2, §§ 60000 et seq.), impose a reimbursable state-mandated program on counties within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

The County of Stanislaus filed its test claim on June 27, 2003, and the County of Los Angeles filed its test claim on June 30, 2003. The Commission adopted a Statement of Decision on May 26, 2005, and the parameters and guidelines on December 9, 2005.

The State Controller's Office (SCO) issued State Mandated Costs Claiming Instructions No. 2006-03 on February 17, 2006 for filing initial reimbursement claims (fiscal years 2001-02 to 2004-05) with the SCO by June 19, 2006, and for fiscal year 2005-2006 by January 16, 2007.

¹ See Attachment 1.

The Commission issued corrected parameters and guidelines on July 21, 2006 and the SCO issued revised State Mandated Cost Claiming Instructions No. 2007-02 on January 2, 2007. A new filing date of May 2, 2007 was set for filing initial reimbursement claims.

Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

A. Interagency Agreements (Cal. Code Regs., tit. 2, § 60030)

The one-time activity of revising the interagency agreement with each local educational agency to include the following eight procedures:

- 1) Resolving interagency disputes at the local level, including procedures for the continued provision of appropriate services during the resolution of any interagency dispute, pursuant to Government Code section 7575, subdivision (f). For purposes of this subdivision only, the term “appropriate” means any service identified in the pupil’s IEP, or any service the pupil actually was receiving at the time of the interagency dispute. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(2).)
- 2) A host county to notify the community mental health service of the county of origin within two (2) working days when a pupil with a disability is placed within the host county by courts, regional centers or other agencies for other than educational reasons. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(4).)
- 3) Development of a mental health assessment plan and its implementation. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(5).)
- 4) At least ten (10) working days prior notice to the community mental health service of all IEP team meetings, including annual IEP reviews, when the participation of its staff is required. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(7).)
- 5) The provision of mental health services as soon as possible following the development of the IEP pursuant to section 300.342 of Title 34 of the Code of Federal Regulations. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(9).)
- 6) The provision of a system for monitoring contracts with nonpublic, nonsectarian schools to ensure that services on the IEP are provided. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(14).)
- 7) The development of a resource list composed of qualified mental health professionals who conduct mental health assessments and provide mental health services. The community mental health service shall provide the LEA with a copy of this list and monitor these contracts to assure that services as specified on the IEP are provided. (Cal. Code Regs., tit. 2, § 60030, subd. (c)(15).)
- 8) Mutual staff development for education and mental health staff pursuant to Government Code section 7586.6, subdivision (a). (Cal. Code Regs., tit. 2, § 60030, subd. (c)(17).)

(The activities of updating or renewing the interagency agreements are not reimbursable.)

B. Referral and Mental Health Assessments (Gov. Code, § 7576; Cal. Code Regs., tit. 2, §§ 60040, 60045)

- 1) Work collaboratively with the local educational agency to ensure that assessments performed prior to referral are as useful as possible to the community mental health service in determining the need for mental health services and the level of services needed. (Gov. Code, § 7576, subd. (b)(1).)
- 2) A county that receives a referral for a pupil with a different county of origin shall forward the referral within one working day to the county of origin. (Gov. Code, § 7576, subd. (g); Cal. Code Regs., tit. 2, § 60040, subd. (g).)
- 3) If the county determines that a mental health assessment is not necessary, the county shall document the reasons and notify the parents and the local educational agency of the county determination within one day. (Cal. Code Regs., tit. 2, § 60045, subd. (a)(1).)
- 4) If the county determines that the referral is incomplete, the county shall document the reasons, notify the local educational agency within one working day, and return the referral. (Cal. Code Regs., tit. 2, § 60045, subd. (a)(2).)
- 5) Notify the local educational agency when an assessment is determined necessary. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
- 6) Provide the assessment plan to the parent. (Cal. Code Regs., tit. 2, § 60045, subd. (b).)
- 7) Report back to the referring local educational agency or IEP team within 30 days from the date of the receipt of the referral if no parental consent for a mental health assessment has been obtained. (Cal. Code Regs., tit. 2, § 60045, subd. (c).)
- 8) Notify the local educational agency within one working day after receipt of the parent's written consent for the mental health assessment to establish the date of the IEP meeting. (Cal. Code Regs., tit. 2, § 60045, subd. (d).)
- 9) Provide the parent with written notification that the parent may require the assessor to attend the IEP meeting to discuss the recommendation when the parent disagrees with the assessor's mental health service recommendation. (Cal. Code Regs., tit. 2, § 60045, subd. (f).)
- 10) The county of origin shall prepare yearly IEP reassessments to determine the needs of a pupil. (Cal. Code Regs., tit. 2, § 60045, subd. (h).)

C. Transfers and Interim Placements (Cal. Code Regs., tit. 2, § 60055)

- 1) Following a pupil's transfer to a new school district, the county shall provide interim mental health services, as specified in the existing IEP, for thirty days, unless the parent agrees otherwise.
- 2) Participate as a member of the IEP team of a transfer pupil to review the interim services and make a determination of services.

D. Participate as a Member of the Expanded IEP Team When Residential Placement of a Pupil is Recommended (Gov. Code, § 7572.55; Cal. Code Regs., tit. 2, § 60100)

- 1) When a recommendation is made that a child be placed in an out-of-state residential facility, the expanded IEP team, with the county as a participant, shall develop a plan for using less restrictive alternatives and in-state alternatives as soon as they become available, unless it is in the best educational interest of the child to remain in the out-of-state school. (Gov. Code, § 7572.55, subd. (c).)
 - 2) The expanded IEP team, with the county as a participant, shall document the alternatives to residential placement that were considered and the reasons why they were rejected. (Cal. Code Regs., tit. 2, § 60100, subd. (c).)
 - 3) The expanded IEP team, with the county as a participant, shall ensure that placement is in accordance with the admission criteria of the facility. (Cal. Code Regs., tit. 2, § 60100, subd. (j).)
 - 4) When the expanded IEP team determines that it is necessary to place a pupil who is seriously emotionally disturbed in residential care, counties shall ensure that: (1) the mental health services are specified in the IEP in accordance with federal law, and (2) the mental health services are provided by qualified mental health professionals. (Cal. Code Regs., tit. 2, § 60100, subd. (i).)
- E. Case Management Duties for Pupils Placed in Residential Care (Cal. Code Regs., tit. 2, §§ 60100, 60110)
- 1) Coordinate the residential placement plan of a pupil with a disability who is seriously emotionally disturbed as soon as possible after the decision has been made to place the pupil in residential placement. The residential placement plan shall include provisions, as determined in the pupil's IEP, for the care, supervision, mental health treatment, psychotropic medication monitoring, if required, and education of the pupil. (Cal. Code Regs., tit. 2, § 60110, subd. (b)(1).)
 - 2) When the IEP team determines that it is necessary to place a pupil with a disability who is seriously emotionally disturbed in a community treatment facility, the lead case manager shall ensure that placement is in accordance with admission, continuing stay, and discharge criteria of the community treatment facility. (Cal. Code Regs., tit. 2, § 60110, subd. (b)(3).)
 - 3) Identify, in consultation with the IEP team's administrative designee, a mutually satisfactory placement that is acceptable to the parent and addresses the pupil's educational and mental health needs in a manner that is cost-effective for both public agencies, subject to the requirements of state and federal special education law, including the requirement that the placement be appropriate and in the least restrictive environment. (Cal. Code Regs., tit. 2, §§ 60100, subd. (e), 60110, subd. (c)(2).)
 - 4) Document the determination that no nearby placement alternative that is able to implement the IEP can be identified and seek an appropriate placement that is as close to the parents' home as possible. (Cal. Code Regs., tit. 2, § 60100, subd. (f).)
 - 5) Notify the local educational agency that the placement has been arranged and coordinate the transportation of the pupil to the facility if needed. (Cal. Code Regs., tit. 2, § 60110, subd. (c)(7).)

- 6) Facilitate placement authorization from the county's interagency placement committee pursuant to Welfare and Institutions Code section 4094.5, subdivision (e)(1), by presenting the case of a pupil with a disability who is seriously emotionally disturbed prior to placement in a community treatment facility. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(11).)
 - 7) Evaluate every 90 days the continuing stay criteria, as defined in Welfare and Institutions Code section 4094, of a pupil placed in a community treatment facility every 90 days. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(8).)
 - 8) Schedule and attend the next expanded IEP team meeting with the expanded IEP team's administrative designee within six months of the residential placement of a pupil with a disability who is seriously emotionally disturbed and every six months thereafter as the pupil remains in residential placement. (Cal. Code Regs, tit. 2, § 60110, subd. (c)(10).)
- F. Authorize Payments to Out-Of-Home Residential Care Providers (Cal. Code Regs., tit. 2, § 60200, subd. (e))
- 1) Authorize payments to residential facilities based on rates established by the Department of Social Services in accordance with Welfare and Institutions Code sections 18350 and 18356. This activity requires counties to determine that the residential placement meets all the criteria established in Welfare and Institutions Code sections 18350 through 18356 before authorizing payment.
- G. Provide Psychotherapy or Other Mental Health Treatment Services (Cal. Code Regs., tit. 2, §§ 60020, subd. (i), 60050, subd. (b), 60200, subd. (c))
- 1) The host county shall make its provider network available and provide the county of origin a list of appropriate providers used by the host county's managed care plan who are currently available to take new referrals. (Cal. Code Regs., tit. 2, § 60200, subd. (c)(1).)
 - 2) The county of origin shall negotiate with the host county to obtain access to limited resources, such as intensive day treatment and day rehabilitation. (Cal. Code Regs., tit. 2, § 60200, subd. (c)(1).)
 - 3) Provide case management services to a pupil when required by the pupil's IEP. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)
 - 4) Provide case management services and individual or group psychotherapy services, as defined in Business and Professions Code section 2903, when required by the pupil's IEP. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)
 - 5) *Beginning July 1, 2004*, provide mental health assessments, collateral services, intensive day treatment, and day rehabilitation services when required by the pupil's IEP. These services shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subd. (i).)
 - 6) Provide medication monitoring services when required by the pupil's IEP. "Medication monitoring" includes all medication support services with the exception

of the medications or biologicals themselves and laboratory work. Medication support services include prescribing, administering, and monitoring of psychiatric medications or biologicals as necessary to alleviate the symptoms of mental illness. This service shall be provided directly or by contract at the discretion of the county of origin. (Cal. Code Regs., tit. 2, § 60020, subds. (f) and (i).)

- 7) Notify the parent and the local educational agency when the parent and the county mutually agree upon the completion or termination of a service, or when the pupil is no longer participating in treatment. ((Cal. Code Regs., tit. 2, § 60050, subd. (b).)

(When providing psychotherapy or other mental health treatment services, the activities of crisis intervention, vocational services, and socialization services are not reimbursable.)

Statewide Claiming Data

Staff reviewed the claims data submitted by the county claimants and compiled by the SCO. Based on the original and the revised claiming instructions, fifteen counties filed claims on fiscal years 2001-2002 through 2005-2006, for a total of \$15,159,333.

TABLE 1

STATEWIDE CLAIMING DATA REPORTED BY THE STATE CONTROLLER

Counties	2001-02	2002-03	2003-04	2004-05	2005-2006	
San Francisco ²	\$ 645,501	\$ 735,233	841,979		\$ 663,064	
Alameda ³	987,893	1,47831				
Fresno	684,308	1,285,229	863,976	592,563		
Inyo	12,883					
Los Angeles		1,703,889	1,572,427			
Mono	12,885					
Monterey				1,272,739	1,036,401	
Nevada	13,801	22,338	22,797	23,527	30,823	
Placer	48,615					
Riverside					125,116	
San Luis Obispo					215,772	
Santa Cruz					14,200	
Solano	1,075,024			122,653		
Tuolumne	134,100	91,621	13,683			
Yolo	60,797	37,525	31,965	16,175		
Totals	3,675,807	4,023,666	3,346,827	2,027,657	2,085,376	\$15,159,333

² The County of San Francisco filed reimbursement claims for fiscal years 2001-2002 through 2003-2004 based on the 2007-02 Claiming Instructions; however, the reimbursement claim for fiscal year 2005-2006 is based on the 2006-03 Claiming Instructions.

³ The County of Alameda filed a reimbursement claim for fiscal year 2001-2002 based on the 2007-02 Claiming Instructions; however, the reimbursement claim for fiscal year 2002-2003 is based on the 2006-03 Claiming Instructions.

Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program. If the Commission adopts this proposed statewide cost estimate, it will be reported to the Legislature along with staff's assumptions and methodology.

Assumptions

Staff made the following assumptions:

- 1) The total amount claimed for fiscal year 2001-02 is inaccurate because an additional \$ 1,376,129 was claimed by the Counties of Alameda (\$257,854), Monterey (\$113,960), and Riverside (\$1,004,315) under the *Handicapped and Disabled Students I* program instead of the *Handicapped and Disabled Students II* program.⁴
- 2) Non-claiming counties did not file claims because they did not incur more than \$1000 in increased costs for this program; they previously claimed and received reimbursement for their increased costs under the *Handicapped and Disabled Students I* program; or they *received adequate funding from local educational agencies* pursuant to Government Code section 7576.5 or from the state in the form of direct payments or categorical funding that was specifically allocated to any service provided under this program, or from any other offsetting revenue or reimbursements.
- 3) *The future costs for this program will not be reported as a separate program.* Beginning in fiscal year 2006-07, counties will claim costs under the consolidated parameters and guidelines for the *Handicapped and Disabled Students I, II, and Seriously Emotionally Disturbed Students (Out-of-State Placements)* programs.
- 4) *The actual amount claimed will increase if late or amended claims are filed under the State Mandated Cost Claiming Instructions No. 2007-02.* In February 2008, only 15 counties filed reimbursement claims for this program. Thus, if any counties file late reimbursement claims, the total amount claimed will increase. For this program, late claims may be filed until May 2, 2008.
- 5) *The SCO may reduce any reimbursement claim for this program.* If the SCO audits this program and deems any reimbursement claim to be excessive or unreasonable, it may be reduced. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.
- 6) *Program costs will increase if the number of severely emotionally disturbed students referred to county mental health departments and the costs of services provided increase.*
- 7) *Program costs beginning in fiscal year 2006-2007 will be claimed under consolidated claiming instructions/parameters and guidelines for the entire program. The amounts will be dependent upon the availability, identification and proper deduction of the following offsets identified in the parameters and guidelines:*

⁴ See State Controller's Revised Audit Reports, Alameda County (May 23, 2007), page 3; Monterey County (December 20, 2006), page 3; and State Controller's Audit Report, Riverside County (February 7, 2007), page 3.

- Funds received by a county pursuant to Government Code section 7576.5.
- Any direct payments or categorical funding received from the state that is specifically allocated to any service provided under this program.
- Funds received and applied to this program from appropriations made by the Legislature in future Budget Acts for disbursement by the State Controller's Office.
- Private insurance proceeds obtained with the consent of a parent for purposes of this program.
- Medi-Cal proceeds obtained from the state or federal government, exclusive of the county match, that pay for a portion of the county services provided to a pupil under the Handicapped and Disabled Students program in accordance with federal law.
- Any other reimbursement received from the federal or state government, or other non-local source.

Methodology

Fiscal Years 2001-2002 through 2005-2006

The proposed statewide cost estimate for fiscal years 2001-2002 through 2005-2006 is based on the actual reimbursement claims filed with the SCO for these years. Staff notes that the claims are unaudited and may be inaccurate for the reasons stated above. No adjustments were made to increase the estimate for fiscal year 2001-2002 because the additional \$ 1,376,129 claimed by Alameda, Monterey, and Riverside Counties is accounted for under reimbursement claims filed for *Handicapped and Disabled Students I*.

Fiscal Years 2006-2007 and Future Years

Staff makes no estimates for fiscal year 2006-2007 and beyond because all increased costs related to this program (also known as AB 3632) may be claimed as part of a consolidated reimbursement claim for the "AB 3632" program (State Mandated Costs Claiming Instructions No. 2007-03).

Both the 2006 and 2007 Budget Acts⁵ appropriated \$52 million to the Department of Mental Health "to provide AB 3632 mental health services to special education pupils through a categorical program." Funds received by counties through this program must be identified by counties and deducted as "offsets." The proposed 2008-09 budget includes \$104 million for this program.

⁵ See Department of Mental Health, Item 4440-104-001, Statutes 2006, chapter 47 and Statutes 2007, chapter 171.

Following is a breakdown of estimated total costs per fiscal year:

**TABLE 2 BREAKDOWN OF ESTIMATED
TOTAL COSTS PER FISCAL YEAR**

Fiscal Year	Number of Counties Filing Claims with SCO	Estimated Cost
2001-2002	10	\$3,675,807
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TOTAL	34	\$ 15,159,333

Staff issued the draft staff analysis and proposed statewide cost estimate on April 25, 2008. Department of Finance filed comments on May 20, 2008, concurring with the staff analysis that costs for this period may be higher as eligible claimants may have submitted late or amended claims subsequent to the drafting of the staff analysis.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$15,159,333** for state-mandated costs incurred for the *Handicapped and Disabled Students II* program in fiscal years 2001-2002 through 2005-2006. This amounts to \$3,031,867 per year.