

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

048

WIDE VARIATIONS IN SCHOOL DISTRICT COSTS
FOR ADMINISTERING THE STATE-MANDATED
IMMUNIZATION PROGRAM

OCTOBER 1981



California Legislature

Joint Legislative Audit Committee

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October 8, 1981

048

The Honorable President pro Tempore of the Senate
The Honorable Speaker of the Assembly
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's report concerning the costs incurred by school districts to maintain student immunization records for fiscal year 1980-81.

Respectfully submitted,

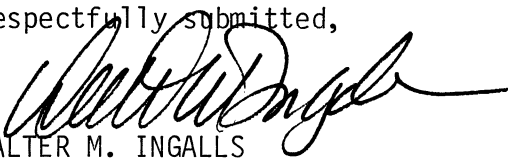

WALTER M. INGALLS
Chairman, Joint Legislative
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SUMMARY

We have reviewed the costs incurred by school districts to maintain student immunization records for fiscal year 1980-81. Our review disclosed that there are wide variations in the costs incurred by school districts to administer the state-mandated immunization program. In our study, these costs ranged from \$1.09 to \$3.87 per student. This range is attributable to differences in the immunization status of students admitted to school and the type of staff used by school districts to maintain the immunization program. In the school districts we visited, the estimated average cost to ensure that students are fully immunized is \$2.78 per student. However, the current reimbursement rate is \$2.20 per student. Based on our study, some districts may receive less than the costs they incurred in meeting immunization requirements. This rate may be inequitable because the State Board of Control has not adjusted the rate since fiscal year 1979-80.

In addition, we found that some school districts in our sample improperly completed reimbursement claims filed for the 1979-80 fiscal year. These reporting errors may be the result of confusion in the reimbursement guidelines caused by

changes in policy. These reporting errors have resulted in school districts reporting fewer students than they should have. For example, three school districts in our sample claimed approximately \$8,500 less than the amount to which they were entitled. As a result, some school districts may not receive all reimbursements due from the State, a problem that could cause the total cost of the state immunization program to be understated.

To ensure that the state immunization reimbursement rate is equitable, we recommend that the State Board of Control consider reassessing this rate annually. In addition, to facilitate consistent claims reporting, we recommend that the board consider revising and clarifying its guidelines to require that standard claims data be submitted by all school districts.

INTRODUCTION

In response to Chapter 102 of the Statutes of 1980 (Senate Bill 1253) and a request by the Joint Legislative Audit Committee, we have reviewed the costs incurred by school districts to maintain student immunization records for fiscal year 1980-81. This review was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code.

Background

The California Health and Safety Code requires the immunization of persons enrolling in any elementary or secondary school against polio, diphtheria, pertussis (whooping cough), tetanus, measles, mumps, and rubella. The law further mandates school districts to maintain records of immunizations for all students and periodically to provide immunization reports to the State.

The immunization program was established by mandate in 1977 (Chapter 1176, Statutes of 1977). For fiscal year 1978-79, school districts were reimbursed \$2.00 per student for the total school enrollment for grades kindergarten through 12. The State appropriated \$7.6 million to reimburse school

districts for this program. Chapter 102, Statutes of 1980, amended the original immunization legislation by limiting immunization reimbursements to new entrants to the state public school system. New entrants are defined as students enrolling in or transferring to California public schools for the first time. In 1979, the State Board of Control increased the reimbursement rate to \$2.20 per student for the 1979-80 and subsequent fiscal years.

The Department of Health Services, in consultation with the Department of Education, is responsible for adopting and enforcing the regulations that specify which immunizations are required for school admission. Each school district is required to maintain health records, including the California School Immunization Record (CSIR), for all students entering the California school system. Finally, the State Board of Control is responsible for recommending to the Legislature the reimbursement rate for school districts to maintain the immunization program. The board is also responsible for establishing the guidelines for reimbursing school districts for the costs incurred in meeting immunization program requirements.

Description of the
Immunization Review Process

The California Health and Safety Code requires parents or guardians to present proof of their children's immunizations when admitting them to school. School districts are responsible for completing a California State Immunization Record (CSIR) for each student and for placing the CSIR in the student's permanent record. If all immunization requirements are met, the student is unconditionally admitted to school. If the immunization requirements are not met, the student is conditionally admitted to school until he or she has received the necessary immunization. School district staff must initiate the appropriate follow-up action to ensure that students meet these requirements.

If the school does not receive documentary proof after a reasonable period or if parents do not respond to repeated notices of their child's need for further immunization, the school administrator initiates procedures to exclude the child from school. According to the California Health and Safety Code, if the school does not receive the requested information by a specific date, it must preclude the student from attending classes.

Audit Scope and Methodology

To review and evaluate the cost of the immunization program, we visited eight school districts. We selected the districts on the basis of student enrollment and school location (urban and rural). The total student enrollment in these eight school districts represents approximately 19 percent of the total enrollment statewide.

Because school districts do not maintain time accounting records, we estimated the average cost incurred by school districts to maintain student immunization program records. In our review, we interviewed administrators, coordinators of health services, and school nurses to obtain estimates of the time required to complete each phase of the immunization process. We then applied the districts' fiscal year 1980-81 salary schedule rates to these estimates to determine the direct cost of maintaining the immunization program. We determined indirect program costs--such as transportation, postage, and report preparation--by applying the districts' indirect cost rate to the estimated cost required to complete the immunization process.

AUDIT RESULTS

WIDE VARIATIONS IN SCHOOL DISTRICT COSTS FOR ADMINISTERING THE STATE-MANDATED IMMUNIZATION PROGRAM

Our review disclosed that there are wide variations in costs incurred by school districts to administer the state-mandated immunization program. In our study, these costs ranged from \$1.09 to \$3.87 per student. We estimated that the mean or average cost for ensuring that students are fully immunized is \$2.78 per student. The state reimbursement rate is currently \$2.20 per student. Therefore, some of the school districts in our sample received less than the cost they incurred in meeting immunization requirements. Several factors affect this cost, including the immunization status of students admitted to school and the type of staff used by school districts to maintain the immunization program. Furthermore, the immunization reimbursement rate may be inequitable because it has not been adjusted by the State Board of Control since fiscal year 1979-80.

Section 2231 of the Revenue and Taxation Code requires the State to reimburse local agencies for all costs incurred in state-mandated programs. The California Health and Safety Code, Division 4, Section 3380 et seq., mandates the

immunization program for all elementary and secondary school students and requires that school districts maintain records and establish follow-up procedures to ensure student compliance with the immunization requirements.

We found that the estimated average cost to maintain the immunization program for the eight school districts we visited ranged from \$1.09 to \$3.87 per student. The table below presents our analysis of immunization program costs for these districts.

TABLE 1
ESTIMATED COST PER STUDENT TO MEET
IMMUNIZATION PROGRAM REQUIREMENTS FOR
SCHOOL YEAR 1980-81

<u>District</u>	Cost of Processing Each Student		
	<u>Student Unconditionally Enrolled</u>	<u>Student Conditionally Enrolled</u>	<u>Weighted^a Average Cost</u>
A	\$1.04	\$2.21	\$1.09
B	\$1.53	\$3.05	\$2.03
C	\$1.91	\$3.85	\$2.48
D	\$.86	\$5.72	\$2.60
E	\$2.50	\$5.00	\$2.76
F	\$1.67	\$5.20	\$2.97
G	\$2.14	\$6.92	\$3.17
H	\$3.40	\$4.65	\$3.87
Mean			\$3.54
Mean excluding District H			\$2.78

^a Weighted average cost was determined by combining the proportional cost of processing conditionally enrolled students and the proportional cost of processing unconditionally enrolled students.

Based upon our review, the estimated cost per student in six of the eight districts exceeds the current state reimbursement rate of \$2.20 per student. For the eight districts, we estimate that the mean cost of processing immunization records is \$3.54 per student. However, the data from district H, the largest and most costly district, significantly distorts our sample. Therefore, excluding district H, the estimated mean cost per student is \$2.78.

If we assume that the mean cost of ensuring that students are fully immunized is, in fact, \$2.78 rather than the reimbursement rate of \$2.20, then some school districts are not being fully reimbursed for their efforts. We estimate that the districts we examined have received approximately \$76,000 less than the cost they incurred in meeting the immunization program requirements.

There are several factors that affect immunization program costs and that account for the variation in costs from one district to another. These factors include how the student is classified upon entering school and what type of staff is used by school districts to monitor the immunization program.

Students being admitted to school are classified as either fully immunized or not fully immunized. As Table 1 shows, there is a difference in the cost of processing students

in these two categories. For example, if a new student has been fully immunized, the school district needs only to complete and file the California School Immunization Record. Students who are fully immunized are unconditionally admitted to school, and the cost of processing such students is minimal.

In comparison, there is a marked increase in the processing cost for students who do not have the required immunizations and who are thus conditionally admitted to school. This cost increase is attributable to the additional staff time necessary to prepare paperwork and to perform the follow-up activities required to ensure that these students are properly immunized. School staff stated that, in most cases, it was necessary for the school nurse to provide additional consultation to parents to ensure that the student meets state immunization requirements. The immunization cost per student increases as the percentage of students conditionally enrolled in the school district increases.

Another factor that affects the cost of a school district's immunization program is the type of staff used to maintain the program. Although we did not evaluate the quality of the respective immunization programs, we noted that most of the school districts we visited used a combination of nursing and clerical personnel to process student immunizations. Both

the ratio of nursing to clerical time and the salaries paid to nurses and clerks vary from district to district. Because nurses' salaries are generally higher than clerks' salaries, districts using a higher ratio of nurses incur greater immunization program costs.

Also, in some school districts, non-English speaking families create additional workload for the school's nursing and administrative staff because these families are not familiar with and do not understand the immunization program. In one school district we visited, district staff reported that families within its jurisdiction speak approximately 80 different languages or dialects. As a result, it is necessary to use translators to explain immunization requirements to these families. This also adds to the cost of the immunization program.

The apparent disparity between the actual costs incurred by school districts to maintain the immunization program and the state reimbursement rate may have come about because the State Board of Control has not adjusted the immunization reimbursement rate since fiscal year 1979-80. At that time, the increase in the reimbursement rate was made to reflect inflation. According to board staff, the board as a matter of policy does not annually review the existing reimbursement rate.

CONCLUSION

The costs incurred by school districts to maintain the student immunization program vary among the eight districts we visited. This range is attributable to differences in the immunization status of students admitted to school and the type of staff used by school districts to maintain the immunization program. We found that the estimated mean cost for school districts we contacted is \$2.78 per student, while the state reimbursement rate is \$2.20 per student. The State Board of Control has not adjusted the reimbursement rate since fiscal year 1979-80, and there is currently no policy to review the existing reimbursement rate each year.

RECOMMENDATION

We recommend that the State Board of Control consider reassessing the immunization rate annually.

GUIDELINES FOR COMPLETING
IMMUNIZATION PROGRAM CLAIMS
NEED IMPROVEMENT

The State Board of Control establishes the guidelines for reimbursing school districts for immunization program costs. We found that three of the eight school districts in our sample claimed reimbursement for fewer students than they were entitled to. As a result, some school districts are not receiving all reimbursements due from the State. The three districts in our sample received approximately \$8,500 less than the amount to which they were entitled. Further, the total cost of the immunization program statewide may be understated. We discovered that some school districts are understating immunization program costs because they may not know which student categories qualify for reimbursement. This confusion may result from a lack of clarity in the guidelines for filing reimbursement claims that is caused by changes in policy.

The State Board of Control is responsible for establishing parameters and guidelines for reimbursing school districts for immunization program costs. Additionally, the Health and Safety Code requires school districts to comply with immunization requirements and to report periodically to the State on the immunization status of new school entrants.

Schools are presently reimbursed \$2.20 for each new entrant in the California public school system. A new entrant is defined as a student not previously enrolled in a California public school. In October of each year, school districts submit claims to the State Controller's Office for reimbursement. These claims include the actual number of new entrants for the preceding school year and an estimate of the number of new entrants for the current school year.

Our review disclosed errors in some school districts' immunization claims for fiscal year 1979-80. Specifically, three of the eight school districts in our sample claimed reimbursement for fewer students than they were entitled to. For example, one school district's claim showed 355 new entrants, for a total reimbursement of \$781. However, a review of district data revealed that 180 additional new entrants should have been claimed; this would have increased the claim amount by approximately \$400. In this case, the district claimed only unconditionally admitted kindergarten students; it did not include conditionally admitted kindergarten students or students transferring from other states. In addition, we found that two other school districts had also submitted claims to the State for fewer entrants than they were entitled to. The reporting errors for these two districts included claiming only

some of the kindergarten students or only out-of-state student transfers as new entrants, instead of reporting the total number of students in all of the applicable categories.

As a result of these errors in immunization claims, some school districts are not receiving the entire reimbursement to which they are entitled. In our review, we found that understated claims per district ranged from approximately \$400 to \$6,600. The total understated amount for the three school districts claiming fewer than their entitled number of students is approximately \$8,500. Accordingly, the actual cost of the immunization program statewide may be understated.

In our review, we discovered that some school districts are understating immunization program costs because they may not know which student categories qualify for cost reimbursement. This inconsistent reporting among school districts may be caused by a lack of clarity in reimbursement guidelines stemming from changes in policy. The State Board of Control's initial guidelines, published in 1979, stated that school districts would be reimbursed for their total school enrollment. However, the 1980 amendment to the original immunization legislation limited reimbursement to new entrants to the state public school system for fiscal year 1979-80.

When the State Board of Control amended its guidelines to comply with the new policy, it required that only a summary of all new entrants be attached to the claim for immunization reimbursement. Current guidelines do not require school districts to indicate on the reimbursement claims the total number of students in each new entrant category.

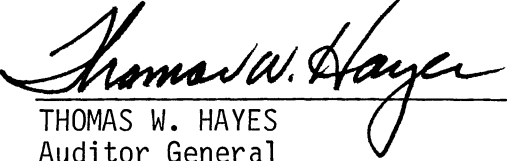
CONCLUSION

Our review of school district reimbursement claims showed that the claims filed by three of the eight school districts we visited contained errors. All new entrants to the school districts were not claimed for fiscal year 1979-80. Therefore, some school districts may not have received all reimbursements due from the State. The three school districts we reviewed claimed approximately \$8,500 less than the amount to which they were entitled. Furthermore, reporting errors like these result in an understatement of the total cost of the statewide immunization program. These reporting errors may be the result of a lack of clarity in the reimbursement guidelines caused by changes in policy.

RECOMMENDATION

We recommend that the State Board of Control consider revising and clarifying its guidelines to require that standard claims data be submitted by all school districts. The required data should specify the number of first-time entrants in the California public schools by the following categories: students entering from kindergarten, students transferring from other states, and total number of new students.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Date: September 25, 1981

Staff: Robert E. Christophel, Audit Manager
Arthur C. Longmire
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STATE BOARD OF CONTROL926 J STREET, SUITE 300
SACRAMENTO, CALIFORNIA 95814

September 22, 1981

Thomas W. Hayes
Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

Thank you for providing us with an opportunity to comment on your draft copy of a report entitled "Wide Variations in School District Costs for Administering the State Mandated Immunization Program." I would additionally like to express my appreciation for the professional manner in which Mr. Art Longmire of your staff worked with us while developing this report.

As I read your proposed report, it reaches two basic conclusions. First, based on your sampling, some districts may be under-reimbursed. Your sampling indicates costs range from \$1.09 to \$3.87 per student, as compared to the Board's current unit rate of \$2.20 per student. Premised on this finding, the report recommends that the Board of Control reassess this rate annually.


Our only comment on this recommendation is that unit rates by definition will under-reimburse some and over-reimburse others. The current rate was raised from \$2.00 to \$2.20 based on a request by a local school district. Under Revenue and Taxation Code Section 2253.2(a), any school district or state agency may petition to the Board to amend its parameters and guidelines. Since the initial increase, no such request has been made by any school district.

The second observation contained in your draft report is that the State Board of Control consider revising its guidelines to require data that specifies the number of first time entrants in the California public schools by the following categories: students entering from kindergarten, students transferring from other states, and total number of new students. Again, the Revenue and Taxation Code provides a vehicle by which any local or state agency may request that the Board consider amending its guidelines. If your draft report is adopted, I am confident that the Board would consider such a request.

Thomas W. Hayes
September 22, 1981
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If you have any questions, please do not hesitate to contact me.

Sincerely,


GARY L. LONGHOLM
Executive Secretary
(916) 445-1540

GLL/mem



STATE OF CALIFORNIA
DEPARTMENT OF EDUCATION
STATE EDUCATION BUILDING, 721 CAPITOL MALL, SACRAMENTO 95814

September 22, 1981

Thomas W. Hayes, Auditor General
State of California
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

We appreciate the opportunity to review and comment on your report entitled "Wide Variations in School District Costs for Administering the State-Mandated Immunization Program." The conclusions and recommendations in the report seem to have been developed with adequate rationale. Since the reimbursement rate was originally based on a limited sample of school districts submitting their costs to the State Board of Control for reimbursement, the report's finding that actual average costs exceed the reimbursement rate is not unexpected. The Department of Education agrees that, since no inflation factor has been built into the reimbursement, the reimbursement rate should be annually reassessed.

We agree further that standardization of instructions from the State Board of Control could lead to a higher degree of accuracy in submission of claims by school districts. It is probable that not all difficulties would be solved but significant improvement in reporting and claiming procedures might be an expected result.

Once again we appreciate the opportunity to review the draft report. We look forward to receiving the final published document.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. D. Whiteneck".

William D. Whiteneck
Deputy Superintendent for Administration
916-445-8950

WDW:vm

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
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