COST ESTIMATING METHODOLOGY **6607**
(Revised and renumbered from 6622 on 03/09)

A standard methodology has been developed for use in estimating costs in regulations. The main components of that methodology are (1) statement of the mandate, (2) background or introductory material, (3) working data, (4) assumptions, (5) calculations, and (6) conclusion.

Descriptions of these components are as follows:

Statement of the Mandate

This is described in SAM Section 6606.

Background or Introductory Material

This component must include the following:

1. A legal description of the legislation which is the basis for the regulation, e.g., Chapter 1234, Statutes of 1996 (SB 123, Smith).
2. Any other pertinent historical data.

Working Data

Working data are any available statistical data and their sources which would identify the affected universe. (For example: Secretary of State data on the number of registered voters and/or polling places, State Department of Education data on school enrollees, or State Controller's reports for the number of local governments.) Also, any "market place" information or standard costs of items needed to comply with the mandate, e.g., quoted process for forms, lunch boxes, video cameras (sales, rentals, or contract services). In addition, it is very useful and, in some instances essential, that a representative sampling of the affected local governments be contacted and queried as to the impact of the mandate on them. Very often organizations representing the affected local governments such as the California State Association of Counties (CSAC) and the League of California Cities can either provide such information directly or identify those local governments most likely to be most affected by and/or able to provide information regarding the mandate's impact on them. Each county has designated a person, usually in the County Executive's Office, as a "local mandate coordinator" for purposes of providing information, upon request, on pending legislation and handling Commission on State Mandates claims. Those coordinators should also be able to assist in developing fiscal estimates for regulations.

Assumptions

On occasion, data regarding the affected universe and/or the price of the mandated item are not readily obtainable. In these instances, it may be necessary to make some reasonable assumptions about the impact. These assumptions must be clearly stated and kept separate from the "hard" data used in developing the estimate.

Calculations

Any mathematical computations using working data and/or assumptions necessary to arrive at a resultant cost figure must be displayed. Costs for both the balance of the current fiscal year and for the subsequent two fiscal years must be developed. Separate calculations must be provided for local, state, and federal costs, as appropriate, as described in the succeeding sections. Any savings to each level of government must be similarly identified.

Conclusion

Determinations made by the issuing state agency regarding the applicability of the California Constitution to any resultant costs and/or the need to provide additional funding of any state costs. See SAM Section 6606 for the required information.