



West Valley - Mission

Community College District

Board of Trustees
Audit and Budget Oversight Committee

JANUARY 12, 2016

Board Room
West Valley College
14000 Fruitvale Avenue, Saratoga, CA 95070
5:30 p.m. Public Session

Steve Landau, Member
Jack Lucas, Member
Bob Owens, Member

1.0 CALL TO ORDER – PUBLIC SESSION

- 1.1 Roll Call
- 1.2 Approval of the Order of the Agenda
- 1.3 Oral Communication

2.0 REGULAR ORDER OF THE AGENDA

- 2.1 **Approval of November 10, 2015, meeting minutes (A) – Chair**
- 2.2 **FY 14/15 District Audit (A)**
This item will include review, consideration and possible action on the FY 14/15 District Audit.
- 2.3 **FY 16/17 Non-Resident Tuition Fee – (A)**
This item will include review, consideration and possible action on the FY 16/17 Non-Resident Tuition Fee.
- 2.4 **2016 Budget Calendar (I)**
This item will include a review of the 2016 Budget Calendar.

** In compliance with the Americans with Disabilities Act, individuals needing special accommodations should contact the Chancellor's Office at 408-741-2011 one week prior to the meeting date.*

3.0 STAFF MEMBERS COMMENTS

This item offers staff members the opportunity to report on issues not listed in the agenda to which no debate or votes are to be taken.

4.0 COMMITTEE MEMBERS COMMENTS

This item offers committee members the opportunity to report on issues not listed in the agenda to which no debate or votes are to be taken.

5.0 ADJOURNMENT

WEST VALLEY/MISSION COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
AUDIT AND BUDGET OVERSIGHT COMMITTEE

Date of meeting: November 10, 2015

UNAPPROVED MINUTES

Membership: Adrienne Grey, Chair; Anne Kepner, Member; Jack Lucas, Member

1.0 CALL TO ORDER – PUBLIC SESSION

The meeting was called to order at 5:30pm by Ms. Grey.

1.1 Roll Call

	Present	Absent
Grey, Adrienne	X	
Kepner, Anne	X (arrived at 5:32pm)	
Lucas, Jack	X	

Others Present: Ngoc Chim, Pat Fenton, Ed Maduli, Patrick Schmitt

1.2 Approval of the Order of the Agenda

The order of the agenda was approved as presented. (Lucas/Grey, 2/0/0, with Kepner absent and not voting)

1.3 Oral Communication

None.

2.0 Regular Order of the Agenda

2.1 Approval of the September 8, 2015, meeting minutes

The September 8, 2015, meeting minutes were approved as presented. (Lucas/Grey, 1/0/1, with Lucas abstaining and Kepner absent and not voting)

2.2 1st Qtr. Budget Adjustments and Financials (A)

Ms. Chim reviewed the 1st Qtr. Budget Adjustments and Financials. She stated that revenues and expenditures should be at 25% of budget, and that most funds are where they should be. She noted that a budget adjustment was made to Fund 761 – OPEB Trust Fund, due to a loss in revenue from poor investment earnings. She added that the Budget Adjustments and Financials had also been reviewed by the newly formed Fiscal Workgroup, which is a subcommittee of District Council.

Mr. Lucas noted that the approval of the financial statements is on the consent agenda for the regular Board of Trustees meeting. He requested that the ABOC chair inform the full Board that the statements had been reviewed at ABOC.

There was a motion by Kepner, seconded by Lucas, to “accept the 1st Qtr. Budget Adjustments and Financials.” The motion passed unanimously.

2.3 311 1st Qtr. Report (A)

Mr. Maduli reported that information on the 1st Qtr. Budget Adjustments and Financials should correlate with information presented on the 1st Qtr. 311 Report, which it does. The 311 Report must be submitted to the State Chancellor’s Office within 45 days of the close of each quarter.

Ms. Chim reviewed the 1st Qtr. 311 report and noted that there will be an increase in revenue, item A.3, due to additional RDA monies being received. The increase will be reflected on the 2nd Qtr. Report. She also indicated that the District has a healthy cash flow.

There was a motion by Kepner, seconded by Lucas, to “accept the 1st Qtr. 311 Report.” The motion passed unanimously.

2.4 Review of Contradicting Laws that impact the 50% Law (I)

Mr. Maduli reviewed the presentation, “Ripple Effect, Navigating Structural and Regulatory Complexities Unique to California,” that was presented by Dr. Dianne Van Hook at the ACCCA/ACBO Budget Workshop on January 17, 2014. The presentation highlighted the various laws that are in direct conflict with the 50% Law. The presentation can be found on the District’s website at: <https://dev-www1.wvm.edu/WorkArea/DownloadAsset.aspx?id=8202>.

3.0 Staff Members Comments

Mr. Maduli stated that there is a holiday reception, special constituency meeting, and Board meeting scheduled on December 8, the day of the next ABOC meeting. Because there will be no pressing items for ABOC to review, he requested that the December ABOC meeting be cancelled. His request was granted.

4.0 Committee Members Comments

None.

5.0 Adjournment

The meeting adjourned at 6:31 PM.

PREPARED BY: SANDY DINH
AND NGOC CHIM

REVIEWED BY: ED MADULI

APPROVED BY: PATRICK SCHMITT

SUBJECT: APPROVE THE 2016/2017 NON-RESIDENT TUITION RATE

CHANCELLOR'S RECOMMENDATION:

That the Board of Trustees establish a non-resident tuition fee of \$215 per credit unit for fiscal year 2016/17 as well as a foreign citizen capital outlay fee of \$0 per credit unit.

Funding Source/Fiscal Impact

In FY 2014/15, the District received \$1,995,123 in non-resident tuition revenue. Projected revenue for FY 2015/16 is approximately \$2,138,295. Last year, the Board approved a non-resident tuition rate of \$205. The estimated revenue for non-resident tuition for FY 2015/16 increased from FY 2014/15 by \$139,658. This increase was primarily the result of an overall increase in enrollment. For FY 2016/17, the District is proposing to increase the non-resident tuition rate to \$215 per unit, which is no more than the District's cost and not less than the statewide cost. The estimated revenue for FY 2016/17 will be approximately \$2,239,386.

Reference(s)

Education Code Section (ECS) 76140 requires each governing board to establish the non-resident tuition fee for the succeeding year. Pursuant to ECS 76141, a district may also charge to any non-resident student a capital outlay fee.

Background/Alternatives

1. Non-resident tuition rate

In establishing a non-resident tuition rate, the Board of Trustees has seven options available. The options are as follows:

<u>Option</u>	Tuition Rate	<u>Per Credit Unit</u>
1. The Statewide cost of education per unit.		\$211

2. District cost of education per unit.	\$233
3. District Average cost with 10% or more non-credit FTES.	N/A
4. No more than contiguous district.	\$202 to \$273
5. No more than district cost and not less than statewide cost.	\$211 to \$233
6. Highest Year's Statewide Average Tuition	\$211
7. No more than 12 Comparable States' Average Tuition	\$397

Non-resident students served by the colleges are not supported with state apportionment funds. Districts are allowed and required to collect tuition fees from those students who do not meet the residency requirements for the State of California. The amount charged for non-resident tuition is determined using information provided by the state.

Districts are allowed to select from seven options in determining the amount to be charged for non-resident tuition. Revenue collected from non-resident students is retained by the District and does not affect the amount of state funding that is received. A discussion of the options is provided below.

Option # 1. Statewide average cost of education. This option provides districts with the ability to charge a tuition rate equal to the aggregated cost of education for the California community college system. This rate serves as the minimum amount that may be charged for those districts that have high costs of education and do not choose to have non-residents pay for the actual cost of education. An advantage of this option is that high cost districts can offer a lower tuition rate than what is allowed when the district rate exceeds the state rate. Districts surrounded by low cost of education districts may find that this pricing methodology provides a comparative advantage with students concerned only about price.

The disadvantage of using this rate is that the District is not recovering the full cost of education from non-resident students if the state rate is less than the District's actual cost of education. In the past two years, non-resident FTES has been increasing. When a recurring condition such as continuous enrollment of non-resident students occurs, the services necessary to accommodate those students are incorporated into the operations of the college. Those costs then become fixed costs. Over a period of time, there is no recognizable marginal increase that can be directly associated with a selected group of students. Accordingly, it is appropriate from a cost recovery perspective to charge the full cost of operations to non-resident students.

Option # 1 is not being recommended for West Valley-Mission Community College District because it does not provide adequate revenue to pay for the full cost of education.

Option # 2. District average cost of education. This option allows the District to charge an amount equal to the cost of providing educational services to students. This is the full cost method, which recognizes that the District is providing services on a long-term basis and that non-resident students are factored into each of the college's base operations. A disadvantage to this option is that some of the contiguous districts may charge less for tuition than West Valley - Mission's actual cost of education.

Option #2 is not recommended for the West Valley-Mission Community College District because it would significantly increase the fees for non-resident students.

Option # 3. District average cost with 10% or more non-credit FTES. This option is not applicable to the District.

Option # 4. No more than contiguous district. This option allows the District to adjust its rates to be aligned with surrounding districts. The advantage to this option is that the District may lower its tuition fee to mitigate concerns about students' sensitivity to prices. When comparing tuition fees with contiguous districts, it is important to consider the capital outlay fees that must also be paid in a manner similar to tuition fees so that price-sensitive students consider the full amount of fees that are assessed for non-resident tuition.

A review of the legislative history when this option was adopted confirms that this amount must be within the fee (not cost) adopted by a contiguous district (maximum amount for Option #4) and cost of the lesser of (1) our district's average cost or (2) the statewide average cost (minimum amount for Option #4).

Option # 5. No more than the district cost and no less than the state cost. This option allows the District to charge a rate that is within a range where the state rate is the minimum fee and the District cost is the maximum fee. The advantage of this option is that the District can choose any amount within the range of costs. West Valley-Mission may charge not less than \$211 and not more than \$233 for tuition. Additionally, through adjustment of the capital outlay fee, the District is able to match the fees of surrounding districts without creating a recognizable difference in tuition costs between the districts that are in direct competition with West Valley-Mission. Without state funding to compensate for the difference in the actual amount charged to non-resident students and the actual cost of education, funds are diverted from other programs and services to subsidize the cost of attendance by non-resident students.

Option #5 is being recommended because it will allow the District to match the fees of surrounding districts without creating a recognizable difference in tuition costs between the districts that are in direct competition with West Valley-Mission.

For the following options, it is the responsibility of the District to ensure and document that the additional revenue generated by the increased non-resident tuition permitted

shall be used to expand and enhance services to resident students only (ECS 76140 (e)(1)(E)).

Option # 6. Highest Year's Statewide Average Tuition. This option allows the District to use the greater of the succeeding year, the current year or any of the four prior years' statewide average non-resident tuition fee calculation, which is \$211 per semester unit.

Option # 7. No more than 12 comparable States' Average Tuition. This option allows the District to charge no more than the 2013-14 average non-resident tuition fee of public community colleges in a minimum of 12 states comparable to California in cost of living, which is \$397 per semester unit.

2. Capital outlay fee

In addition to the non-resident tuition rate required under Education Code Section 76140, the District may charge a capital outlay fee to those students who are both citizens and residents of a foreign country. The actual cost of capital outlay for FY 2014/15 was \$6.53 per unit and changes each year as a result of substantial construction activity that occurs on an irregular basis.

While the capital outlay fee increases the cost of tuition for foreign students, other non-resident students are not required to pay the capital outlay fee. Capital outlay fees are to be used only for the purchase of capital equipment, capital construction, or repair and maintenance of facilities. The amount of the fee is to be the lesser of the amount that was expended by the District for capital outlay in the preceding fiscal year divided by the total full-time equivalent students of the District in the preceding fiscal year or 50% of the 2015/16 non-resident tuition fee adopted pursuant to ECS 76140. In establishing the non-resident tuition fee, it is important to also consider the impact of a capital outlay fee.

It is not recommended that the District assess a capital outlay fee for FY 2016/17.

Coordination

This item was coordinated with other community college districts.

Follow-up/Outcome

Once the Board approves the rates, the Office of the Vice Chancellor must communicate the outcome to the State Chancellor's Office and to staff in charge of creating and publishing the class schedules at the colleges.

PREPARED BY: SUSIE MCDONNELL

REVIEWED BY: NGOC CHIM AND ED MADULI

APPROVED BY: PATRICK SCHMITT

SUBJECT: BUDGET CALENDAR

CHANCELLOR'S RECOMMENDATION:

That the Board of Trustees review and adopt the 2016 budget calendar (attached).

Funding Source/Fiscal Impact

There is no fiscal impact associated with this item.

Reference(s)

Adoption of the budget calendar complies with BP 6200 of Board Policy.

Background/Alternatives

The budget calendar is established to serve as a timeline to ensure that regulatory requirements regarding budget preparation and approvals are met.

The Tentative Budget is due by June 30 and the Final Budget is due September 15, 2016.

Coordination

The budget calendar has been reviewed by District Council.

Follow-up/Outcomes

The Director of Fiscal Services will coordinate with the College Administrative Services Office at West Valley College and Mission College to ensure that all deadlines on the calendar are met.

West Valley-Mission Community College District 2016 Budget Calendar

DEADLINE	EVENTS
<u>JANUARY</u>	
January 11, 2016	District Council review Budget Calendar
January 12, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
January 15, 2016	320 Report (P-1 Enrollment Data) Due to State Chancellor's Office
January 19, 2016	Board of Trustees approve Budget Calendar
January 20, 2016	Governor's Proposed Budget ACCCA/ACBO Workshop
<u>FEBRUARY</u>	
February 8, 2016	District Council review Second Quarter Financials and Budget Adjustments
February 9, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
February 15, 2016	311 Second Quarter Report Due to State Chancellor's Office
February 16, 2016	Board of Trustees Budget Workshop
February 16, 2016	Board of Trustees approve the Second Quarter Financials and Budget Adjustments
<u>MARCH</u>	
March 8, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
March 25, 2016	Freeze Position Control File and provide college with working version of detail line items for Tentative Budget
<u>APRIL</u>	
April 2016	Board of Trustees provide budget guidelines for next fiscal year
April 1, 2016	Provide preliminary simulation of RAM Model to College
April 11, 2016	District Council review <u>Fixed Cost</u> Schedule and Associate Faculty Funding Model for Tentative Budget
April 11, 2016	College submits budget detail line items for Tentative Budget
April 12, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
April 18, 2016	Provide College with worksheet for June 30th estimates - Tentative Budget
April 20, 2016	320 Report (P-2 Enrollment Data) Due to State Chancellor's Office
April 25, 2016	College submits June 30th estimates to District for Tentative Budget
April 25, 2016	District Council review revenue projections and Resource Allocation Model for Tentative Budget
<u>MAY</u>	
May 2016	Governor's May Revise
May 9, 2016	District Council review Third Quarter Financials and Budget Adjustments
May 9, 2016	District Enrollment Management Committee recommends FTES Goals for Final Budget
May 10, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
May 15, 2016	311 Third Quarter Report Due to State Chancellor's Office
May 17, 2016	Board of Trustees approve the Third Quarter Financials and Budget Adjustments
May 27, 2016	Complete Tentative Budget
<u>JUNE</u>	
June 13, 2016	District Council review Draft Tentative Budget Documents
June 14, 2016	Board of Trustees Audit Budget & Oversight Committee Meeting (ABOC)
June 21, 2016	Board of Trustees approve the Tentative Budget
June 30, 2016	Load Tentative Budget in financial system
June 30, 2016	Approval of State Final Budget
<u>JULY</u>	
July 11, 2016	District Council review <u>Fixed Cost</u> Schedule and Associate Faculty Funding Model for Final Budget
July 12, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
July 15, 2016	320 Report (Annual Enrollment Data P-3) Due to State Chancellor's Office
July 15, 2016	Freeze Position Control File and provide college with working version of detail line items for Final Budget
July 2016	Provide college with Resource Allocation Model for Final Budget
<u>AUGUST</u>	
August 2016	State Budget Workshop
August 1, 2016	Fiscal Year End Close
August 5, 2016	College submits budget detail line items for Final Budget
August 12, 2016	Complete Final Budget
August 15, 2016	311 Fourth Quarter Report Due to State Chancellor's Office
August 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
August 29, 2016	District Council review Final Budget, Fourth Quarter Financials and Budget Adjustments
<u>SEPTEMBER</u>	
September 6, 2016	Board of Trustees approve the Final Budget, Fourth Quarter Financials and Budget Adjustments
September 13, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
September 14, 2016	Load Final Budget in financial system
<u>OCTOBER</u>	
October 10, 2016	311 Annual Financial and Budget Report due to State Chancellor's Office
October 11, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
<u>NOVEMBER</u>	
November 1, 2016	320 Report (Recalc Enrollment Data) due to State Chancellor's office
November 7, 2016	District Council review First Quarter Financials and Budget Adjustments
November 8, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
November 15, 2016	311 First Quarter Report Due to State Chancellor's Office
November 15, 2016	Board of Trustees approve the First Quarter Financials and Budget Adjustments
November 2016	District Enrollment Management Committee recommends FTES Goals for Tentative Budget
November 2016	Performance Goals Committee recommends efficiency (WSCH) target for Tentative Budget
<u>DECEMBER</u>	
December 13, 2016	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)