



West Valley - Mission
Community College District

Board of Trustees
Audit and Budget Oversight Committee

January 13, 2020

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

Bob Owens, Chair
Susan Fish, Member
Randi Kinman, 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 the November 12, 2019, meeting minutes (A) – Chair

2.2 Review 2020 Budget Calendar (I)
This item will include a review of the 2020 Budget Calendar.

2.3 FY 20/21 Non-Resident Tuition Fee – (A)
This item will include review, consideration and possible action to approve the FY 20/21 Non-Resident Tuition Fee.

2.4 Review of June 30, 2019 Actuarial Report (I)
This item will include a review of the June 30, 2019 Actuarial Report.

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 12, 2019

UNAPPROVED MINUTES

Membership: Bob Owens, Chair; Susan Fish, Member; Randi Kinman, Member

1.0 CALL TO ORDER – PUBLIC SESSION

The meeting was called to order at 5:00pm by Mr. Owens.

1.1 Roll Call

	Present	Absent
Fish, Susan	X	
Kinman, Randi	X	
Owens, Bob	X	

Others Present: Ngoc Chim, Brad Davis, John Dominquez, Pat Fenton, Susan Hutton, Danny Nguyen

1.2 Approval of the Order of the Agenda

The order of the agenda was approved as presented. (Kinman/Fish, 3/0/0)

1.3 Oral Communication

None.

2.0 Regular Order of the Agenda

2.1 Approval of the September 3, 2019, meeting minutes (A)

The September 3, 2019, meeting minutes were approved as presented. (Kinman/Fish, 3/0/0)

2.2 FY 18/19 District Audit (A)

Ms. Chim reported that the District audit had been completed and that it was a clean audit. She further reported that three special audits had been commissioned: PE cash handling, cafeteria, and parking permit sales.

Mr. John Dominguez, partner at Cossolias, Wilson, Dominguez, and Leavitt CPA's, presented that District's FY 18/19 Annual Audit. Mr. Dominquez expressed his appreciation of the Finance Office administration and staff for their hard work, proactive nature, and timeliness responding to requests for

information. He reported that the financial audit “presents fairly,” meaning that there were no financial findings. However, he provided recommendations to strengthen control in three areas: financial reporting; compliance for each major federal program; and State compliance. Recommendations to improve the three areas were immediately implemented by the District.

There was a motion by Kinman, seconded by Fish, to “accept the FY 18/19 District Audit and recommend it to the Board for approval.” The motion passed unanimously.

2.3 FY 19/20 1st Qtr. Budget Adjustments and Financials (A)

Ms. Chim reviewed the FY 19/20 1st Qtr. Budget Adjustments and Financials. Most expenditures should be at 25%. Revenues should be close to 50% if the funds are tied to student fees. The unrestricted general fund revenue is usually at 7%, which requires the District to monitor cash flow closely during the first quarter. She highlighted the following funds:

- Fund 12x & 13X – Restricted General Fund (Grants). Revenues are at 41% due to carry-over from the prior year. This is normal.
- Fund 137 – Eco Pass. Revenues are at 55% because fees are collected at the beginning of each semester as part of the registration process. Expenditures are at 13% because invoices for the ECO pass have not been paid.
- Fund 711 – Associated Students Trust Fund. Revenues are less than 1% because fees have not yet been posted; they are typically posted in the 2nd Qtr.
- Fund 731 – Student Body Center Fee Fund. Revenues and expenditures are both at 30%. This fund continues to be problematic. Expenditures will be reduced when the District refinances one of its bonds to eliminate the student center debt; there will no longer be a need to collect this fee from students.
- Fund 741 – Student Financial Aid Trust Fund. This fund will show a negative fund balance until the 4th Qtr. because the District only draws down 90% of the financial aid disbursement. This fund will be reconciled during the 4th quarter.

There was a motion by Fish, seconded by Kinman, to “accept the FY 19/20 1st Qtr. Budget Adjustment and Financials and recommend them to the Board for approval.” The motion passed unanimously.

2.4 FY 19/20 1st Qtr. 311 Report (A)

Ms. Chim reviewed the 1st Qtr. 311 report. The District had a good 1st Qtr. and is maintaining a healthy cash flow. She indicated that District revenues from property taxes are recorded in the 2nd and 4th quarters, so it is important to monitor and maintain cash throughout the year in order to meet monthly expenses.

There was a motion by Kinman, seconded by Fish, to “accept the FY 19/20 1st Qtr. 311 report and recommend it to the Board for approval.” The motion passed unanimously.

3.0 Staff Members Comments

None.

4.0 Committee Members Comments

None.

5.0 Adjournment

The meeting adjourned at 5:37 PM.

PREPARED BY: SUSIE MCDONNELL

REVIEWED BY: NGOC CHIM

APPROVED BY: BRADLEY DAVIS

SUBJECT: BUDGET CALENDAR

CHANCELLOR'S RECOMMENDATION:

That the Board of Trustees review and adopt the 2020 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 California Code of Regulations requires that the governing board of a public agency adopt a Tentative Budget no later than July 1 and a Final Budget no later than September 15.

Coordination

The budget calendar has been reviewed by District Council.

Follow-up/Outcomes

The Executive Director of Financial 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 2020 Budget Calendar

DEADLINE	EVENTS
JANUARY	
January 10, 2020	Governor's State Budget
January 13, 2020	District Council review Budget Calendar
January 14, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
January 15, 2020	320 Report (P-1 Enrollment Data) Due to State Chancellor's Office
January 15, 2020	Governor's Proposed Budget ACCCA/ACBO Workshop
January 21, 2020	Board of Trustees approve Budget Calendar
FEBRUARY	
February 10, 2020	District Council review Second Quarter Financials and Budget Adjustments
February 10, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
February 15, 2020	311 Second Quarter Report Due to State Chancellor's Office
MARCH	
March 9, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
March 17, 2020	Board of Trustees approve the Second Quarter Financials and Budget Adjustments
March 20, 2020	Freeze Position Control File and provide college with working version of detail line items for Tentative Budget
March 30, 2020	District Council review <u>Fixed Cost</u> Schedule and Associate Faculty Funding Model for Tentative Budget
APRIL	
April 3, 2020	Provide preliminary simulation of RAM Model to College
April 7, 2020	Board of Trustees provide budget guidelines for next fiscal year
April 10, 2020	College submits budget detail line items for Tentative Budget
April 13, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
April 15, 2020	320 Report (P-2 Enrollment Data) Due to State Chancellor's Office
April 20, 2020	Provide College with worksheet for June 30th estimated actuals - Tentative Budget
April 24, 2020	College submits <u>June 30th estimated actuals</u> to District for Tentative Budget
April 27, 2020	District Council review revenue projections and Resource Allocation Model for Tentative Budget
MAY	
May 2020	Governor's May Revise
May 11, 2020	District Council review Third Quarter Financials and Budget Adjustments
May 11, 2020	District Enrollment Management Committee recommends FTES Goals for Final Budget
May 11, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
May 15, 2020	311 Third Quarter Report Due to State Chancellor's Office
May 22, 2020	Complete Tentative Budget
May 26, 2020	District Council review Draft Tentative Budget Documents
JUNE	
June 8, 2020	Board of Trustees Audit Budget & Oversight Committee Meeting (ABOC)
June 9, 2020	Board of Trustees approve the Third Quarter Financials and Budget Adjustments
June 9, 2020	Board of Trustees approve the Tentative Budget (Tentative Special Board Meeting)
June 26, 2020	Load Tentative Budget in financial system
June 29, 2020	District Council review <u>Fixed Cost</u> Schedule and Associate Faculty Funding Model for Final Budget
June 30, 2020	Approval of State Final Budget
JULY	
July 10, 2020	Freeze Position Control File and provide college with working version of detail line items for Final Budget
July 13, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
July 15, 2020	320 Report (Annual Enrollment Data P-3) Due to State Chancellor's Office
July 17, 2020	Provide college with Resource Allocation Model for Final Budget
AUGUST	
August 2020	State Budget Workshop
August 3, 2020	Fiscal Year End Close
August 7, 2020	College submits budget detail line items for Final Budget
August 10, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
August 14, 2020	Complete Final Budget
August 24, 2020	District Council review Final Budget, Fourth Quarter Financials and Budget Adjustments
SEPTEMBER	
September 1, 2020	Board of Trustees approve the Final Budget, Fourth Quarter Financials and Budget Adjustments
September 4, 2020	Load Final Budget in financial system
September 14, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
OCTOBER	
October 12, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
October 15, 2020	311 Annual Financial and Budget Report due to State Chancellor's Office
NOVEMBER	
November 2020	District Enrollment Management Committee recommends FTES goals for Tentative Budget
November 2020	Performance Goals Committee recommends efficiency (WSCH) goal for Tentative Budget
November 1, 2020	320 Report (Recalc Enrollment Data) due to State Chancellor's office
November 2, 2020	District Council review First Quarter Financials and Budget Adjustments
November 9, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)
November 10, 2020	Board of Trustees approve the First Quarter Financials and Budget Adjustments
November 15, 2020	311 First Quarter Report Due to State Chancellor's Office
DECEMBER	
December 14, 2020	Board of Trustees Audit & Budget Oversight Committee Meeting (ABOC)

PREPARED BY: NGOC CHIM

REVIEWED BY: BRADLEY DAVIS

APPROVED BY: BRADLEY DAVIS

SUBJECT: APPROVE THE 2020/2021 NONRESIDENT TUITION RATE

CHANCELLOR'S RECOMMENDATION:

That the Board of Trustees establish a nonresident tuition fee of \$290 per credit unit and no foreign citizen capital outlay fee for fiscal year 2020/21.

Funding Source/Fiscal Impact

In FY 2018/19, the District received \$2,509,654 in non-resident tuition revenue. For FY 2019/20, the Board approved a non-resident tuition rate of \$265 per unit with projected revenue of approximately \$2,214,938. The estimated revenue for non-resident tuition for FY 2019/20 decreased from FY 2018/19 by \$294,716. This decrease was primarily the result of an overall decrease in enrollment. For FY 2020/21, the District is proposing to increase the non-resident tuition rate to \$290 per unit, which is the statewide cost. The estimated revenue for FY 2020/21 will be approximately \$2,423,894.

Reference(s)

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

Background/Alternatives

Education Code section 76140 specifies seven options to determine the nonresident tuition fee. The options are as follows:

<u>Nonresident Tuition Fee Options</u>	<u>Per Credit Unit</u>
A.1 – District Average Cost	\$412
A.2 – District Average Cost with 10 percent or more noncredit FTES	N/A
B.1 – Statewide Average Cost	\$290

B.2 – Highest Statewide Average Cost	\$290
C – Contiguous District	N/A
D – Between Statewide Average Expense of Education and District Expense of Education	\$290 to \$412
E – Comparable States Average	\$414

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 A.1 – District Average Cost. 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 A.1 is not recommended for the West Valley-Mission Community College District because it would significantly increase the fees for non-resident students.

Option A.2 - District average cost with 10% or more non-credit FTES. This option is not applicable to the District.

Option B.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 B.1 is being recommended for West Valley-Mission Community College District.

Option B.2 – Highest Statewide Average Cost. This option allows the District to use the greater of the succeeding fiscal year, the current fiscal year or any of the four prior fiscal years' statewide average non-resident tuition fee calculation.

For the above option, 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 C – Contiguous District. This option allows the District to adjust its fee not to exceed the fee established by the governing board of any contiguous district. 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.

Option D – Between Statewide Average Expense of Education and District Expense of Education. 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. 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 E – Comparable States Average. This option allows the District to charge no more than the preceding fiscal year average nonresident tuition fees of public community colleges in at least 12 states comparable to California in cost of living.

For the above option, 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)).

Nonresident 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 2018/19 was \$107.50 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 non-resident tuition fee adopted pursuant to Education Code Section 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 2020/21.

Coordination

This item was coordinated with other community college districts.

Follow-up/Outcome

Once the Board approves the rates, the Office of the Associate Vice Chancellor of Finance and Administration 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.

2020-21 Nonresident Tuition and Capital Outlay Fee Worksheet

District: West Valley Community College District

Term: Semester

Nonresident Tuition Fee Options

A.1 District Average Cost

A. District Expense of Education for Base Year	\$	135,880,378
B. District Annual Total FTES		11,455
C. Average Expense of Education per FTES (A/B)	\$	11,862
D. U.S. Consumer Price Index Compound Factor		1.0420
E. Average Cost per FTES for Tuition Year (C x D)		12,360
F. Nonresident Tuition Fee per Semester Unit (E/30)		412

A.2 District Average Cost with 10 Percent or More Noncredit FTES

Noncredit FTES percent of Total		8.5%
A. District CREDIT ONLY Expense of Education for Base Year		
B. Annual Attendance FTES		N/A
C. Average Expense of Education per FTES (A/B)		N/A
D. U.S. Consumer Price Index Compound Factor		1.0420
E. Average Cost per FTES for Tuition Year (C x D)		N/A
F. Nonresident Tuition Fee per Semester Unit (E/30)		N/A

B.1 Statewide Average Cost

A. Statewide Expense of Education for Base Year		9,581,068,770
B. Statewide Annual Total FTES		1,148,145
C. Average Expense of Education per FTES (A/B)	\$	8,345
D. U.S. Consumer Price Index Compound Factor		1.0420
E. Average Cost per FTES for Tuition Year (C x D)		8,695
F. Nonresident Tuition Fee per Semester Unit (E/30)	\$	290

B.2 Highest Statewide Average Cost

Highest year of the succeeding, current, and 4 prior years.		2020-21
Nonresident Tuition Fee per Semester Unit	\$	290

C Contiguous District

Contiguous District		
Maximum Fee (Contiguous District Nonresident Tuition Fee)		
Nonresident Tuition Fee per Semester Unit		

D Between Statewide Average Expense of Education and District Expense of Education

Minimum (Option B.1 - Statewide Average Cost) per Semester Unit	\$	290
Maximum (District Total Expense of Education)	\$	135,880,378
Nonresident Tuition Fee per Semester Unit		

E Comparable States Average

Nonresident Tuition Fee per Semester Unit	\$	414
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Nonresident Capital Outlay Fee		
A. Capital Outlay expense for 2018-19		
B. FTES for 2018-19		11,455
C. Capital outlay expense per FTES (A/B)	\$	-
D. Capital Outlay Fee per Semester Unit (C/30)	\$	-
E. Adopted 2020-21 Nonresident Tuition Fee	\$	290
F. 50% of Adopted 2020-21 Nonresident Tuition Fee	\$	145
G. Maximum 2020-21 Nonresident Capital Outlay Fee (lesser of D or F)	\$	-

**California Community Colleges
2020-21 Nonresident Tuition and Capital Outlay Fee
West Valley Community College District**

The district governing board has established Nonresident Fees as shown below.

Adoption Date: 4-Feb-20

Nonresident Tuition Fee

	Basis for Adoption (Select one)	Fee
<input type="checkbox"/>	A.1 - District Average Cost	
<input type="checkbox"/>	A.2 - District Average Cost with 10 Percent or More Noncredit FTES	
<input checked="" type="checkbox"/>	B.1 - Statewide Average Cost	\$ 290
<input type="checkbox"/>	B.2 - Highest Statewide Average Cost	
<input type="checkbox"/>	C - Contiguous District	
<input type="checkbox"/>	D - Between Statewide Average Expense of Education & District Expense of Education	
<input type="checkbox"/>	E - Comparable States Average	

Nonresident Capital Outlay

Maximum Nonresident Capital Outlay Fee is \$ 0

<input checked="" type="checkbox"/>	Nonresident Capital Outlay Fee	\$ -
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Contact Information

Signature:

Name:

Title:

Phone:

Email: