



JOHN CHIANG
California State Controller

February 8, 2012

Teresa M. Scott
Executive Vice Chancellor, Fiscal Services
Yosemite Community College District
P.O. Box 4065
Modesto, CA 95352

Dear Ms. Scott:

The State Controller's Office reviewed the costs claimed by Yosemite Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2007, through June 30, 2009. Our review was limited to validating the authorized health service fees that the district reported.

The district claimed \$340,699 for the mandated program. Our review disclosed that \$230,079 is allowable and \$110,620 is unallowable. The costs are unallowable because the district understated authorized health service fees, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 2007-08 claim, the State paid the district \$127,782. Our review disclosed that \$100,007 is allowable. The State will offset \$27,775 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2008-09 claim, the State paid the district \$189,844. Our review disclosed that \$130,072 is allowable. The State will offset \$59,772 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

If you disagree with the audit finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCFORM.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

Attachments

RE: S12-MCC-921

cc: Deborah Campbell, Controller
 Yosemite Community College District
 Ed Hanson, Principal Program Budget Analyst
 Education Systems Unit, Department of Finance
 Christine Atalig, Auditor, Fiscal Services Unit
 California Community Colleges Chancellor's Office
 Jay Lal, Manager
 Division of Accounting and Reporting
 State Controller's Office

Attachment 1— Summary of Program Costs July 1, 2007, through June 30, 2009

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs	\$ 702,183	\$ 702,183	\$ —
Indirect costs	288,387	288,387	—
Total direct and indirect costs	990,570	990,570	—
Less authorized health service fees	(822,920)	(873,768)	(50,848)
Less offsetting savings	(10,295)	(10,295)	—
Less offsetting reimbursements	(6,500)	(6,500)	—
Total program costs	<u>\$ 150,855</u>	100,007	<u>\$ (50,848)</u>
Less amount paid by the State		(127,782)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (27,775)</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs	\$ 832,053	\$ 832,053	\$ —
Indirect costs	324,585	324,585	—
Total direct and indirect costs	1,156,638	1,156,638	—
Less authorized health service fees	(948,896)	(1,008,668)	(59,772)
Less offsetting savings	(11,398)	(11,398)	—
Less offsetting reimbursements	(6,500)	(6,500)	—
Total program costs	<u>\$ 189,844</u>	130,072	<u>\$ (59,772)</u>
Less amount paid by the State		(189,844)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (59,772)</u>	
<u>Summary: July 1, 2007, through June 30, 2009</u>			
Direct costs	\$ 1,534,236	\$ 1,534,236	\$ —
Indirect costs	612,972	612,972	—
Total direct and indirect costs	2,147,208	2,147,208	—
Less authorized health service fees	(1,771,816)	(1,882,436)	(110,620)
Less offsetting savings	(21,693)	(21,693)	—
Less offsetting reimbursements	(13,000)	(13,000)	—
Total program costs	<u>\$ 340,699</u>	230,079	<u>\$ (110,620)</u>
Less amount paid by the State		(317,626)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (87,547)</u>	

¹ See Attachment 2, Finding and Recommendation.

Attachment 2— Finding and Recommendation July 1, 2007, through June 30, 2009

**FINDING—
Understated authorized
health service fees**

The district understated authorized health service fees by \$110,620.

Mandated costs do not include costs that are reimbursable from authorized fees. Government Code section 17514 states that “costs mandated by the state” means any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, Government Code section 17556 states that the Commission on State Mandates shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

Education Code section 76355, subdivision (c), states that health fees are authorized for all students except those who: (1) depend exclusively on prayer for healing, or (2) are attending a community college under an approved apprenticeship training program. The California Community Colleges Chancellor’s Office (CCCCO) identified the fees authorized by Education Code section 76355, subdivision (a). The following table summarizes the authorized fee per student:

<u>Fiscal Year</u>	<u>Authorized Health Fee Rate</u>	
	<u>Fall/Spring Semester</u>	<u>Summer Session</u>
2007-08	\$16	\$13
2008-09	\$17	\$14

We obtained student enrollment and apprenticeship program enrollment data from the CCCCCO. The CCCCCO identified enrollment data from its management information system (MIS) based on student data that the district reported. CCCCCO identified the district’s enrollment based on its MIS data element STD7, codes A through G. CCCCCO eliminated any duplicate students based on their social security numbers.

The following table shows the authorized health service fee calculation and review adjustment:

	Period			Total
	Summer Session	Fall Semester	Spring Semester	
Fiscal Year 2007-08:				
Number of enrolled students	10,936	22,983	22,742	
Authorized health fee rate	× \$(13)	× \$(16)	× \$(16)	
Authorized health service fees	<u>\$ (142,168)</u>	<u>\$ (367,728)</u>	<u>\$ (363,872)</u>	\$ (873,768)
Less authorized health service fees claimed				<u>822,920</u>
Review adjustment, FY 2007-08				<u>(50,848)</u>
Fiscal Year 2008-09:				
Number of enrolled students	12,232	24,678	24,582	
Authorized health fee rate	× \$(14)	× \$(17)	× \$(17)	
Authorized health service fees	<u>\$ (171,248)</u>	<u>\$ (419,526)</u>	<u>\$ (417,894)</u>	(1,008,668)
Less authorized health service fees claimed				<u>948,896</u>
Review adjustment, FY 2008-09				<u>(59,772)</u>
Total review adjustment				<u>\$ (110,620)</u>

Recommendation

We recommend that the district deduct authorized health service fees from mandate-related costs claimed. To properly calculate authorized health service fees, we recommend that the district identify the number of enrolled students based on CCCC data element STD7, codes A through G. The district should eliminate duplicate entries for students who attend more than one of the district’s colleges. In addition, we recommend that the district maintain documentation that identifies any students the district excludes from the health service fee based on Education Code section 76355, subdivision (c)(1).