Memorandum

To : Mike Havey, Chief   **Date:** July 27, 2009
Division of Accounting and Reporting
State Controller's Office

From: Jeffrey V. Brownfield, Chief
Division of Audits
State Controller's Office

Subject: SOUTHWESTERN COMMUNITY COLLEGE DISTRICT
HEALTH FEE ELIMINATION PROGRAM MANDATED COST CLAIMS
FOR THE PERIOD OF JULY 1, 2003, THROUGH JUNE 30, 2004

We reviewed the costs claimed by Southwestern 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, 2003, through June 30, 2004. Our review was limited to validating the authorized health service fees that the district reported.

The district claimed $175,829 for the mandated program. Our review disclosed that $137,422 is allowable and $38,407 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) 2003-04 claim, the State made no payment to the district. Our review disclosed that $137,422 is allowable. The State should pay that amount, contingent upon available appropriations.

We recommend that the Division of Accounting and Reporting notify the district of the results of this review. If you have any questions, please contact either Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849 (jspano@sco.ca.gov), or Steve Van Zee, Audit Manager, at (916) 323-2368 (svanzee@sco.ca.gov).

JVB:sk

Attachments

Re: S09-MCC-916

cc: Jill Kanemasu, Bureau Chief
    SCO-Division of Accounting and Reporting
   Ginny Brummels, Manager
    SCO-Division of Accounting and Reporting

Attachment 1—
Summary of Program Costs
July 1, 2003, through June 30, 2004

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment [1]
July 1, 2003, through June 30, 2004			
Direct costs	$ 337,616	$ 337,616	$ —
Indirect costs	184,676	184,676	—
Total direct and indirect costs	522,292	522,292	—
Less authorized health service fees	(346,463)	(384,870)	(38,407)
Total program costs	$ 175,829	137,422	$ (38,407)
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		$ 137,422	

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[1] See Attachment 2, Finding and Recommendation.

Attachment 2—
Finding and Recommendation
July 1, 2003, through June 30, 2004

FINDING—
Understated authorized
health service fees

The district understated authorized health service fees by $38,407.

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.

For the period of July 1, 2003, through December 31, 2005, 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; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need. 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:

	Authorized Health Fee Rate	
Fiscal Year	Semester	Summer
2003-04	$ 12	$ 9

We obtained student enrollment, apprenticeship program enrollment, and Board of Governors Grant (BOGG) recipient data from the CCCCO. The CCCCO identified enrollment and BOGG recipient data from its management information system (MIS) based on student data that the district reported. CCCCO identified the district's enrollment based on its MIS data element STD7, codes A through G. Within the student enrollment, CCCCO identified the number of apprenticeship program enrollees based on its Data Element SB23, Code 1. CCCCO eliminated any duplicate students based on their social security numbers. From the district enrollment, CCCCO identified the number of BOGG recipients based on MIS data element SF21, all codes with first letter of B or F.

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

| | Period | | | |
	Summer Session	Fall Semester	Spring Semester	Total
Fiscal Year 2003-04:				
Number of enrolled students	9,572	20,798	20,521	
Less number of BOGG recipients	(2,642)	(7,089)	(7,355)	
Subtotal	6,930	13,709	13,166	
Authorized health fee rate	× $ (9)	× $(12)	× $(12)	
Authorized health service fees	$ (62,370)	$ (164,508)	$ (157,992)	$ (384,870)
Less authorized health service fees claimed				346,463
Review adjustment, FY 2003-04				$ (38,407)

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 CCCCO data element STD7, codes A through G. We also recommend that the district identify the number of apprenticeship program enrollees based on data elements SB 23, code 1, and 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). If the district denies health services to any portion of its student population, it should maintain contemporaneous documentation of a district policy that excludes those students and documentation identifying the number of students excluded.