

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

October 27, 2017


TO: Government Audit and Oversight Committee
FROM: Budget and Legislative Analyst 
SUBJECT: November 1, 2017 Government Audit and Oversight Committee Meeting

TABLE OF CONTENTS

Item	File	Page
1	17-1069 Memorandum of Understanding – San Francisco Community College District- Use of San Francisco City College Enrollment Fee Assistance Fund – Not to Exceed \$11,233,904	1

<p>Item 1 File: 17-1069</p>	<p>Department: Department of Children, Youth and Family</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve a Memorandum of Understanding (MOU) between the City and County of San Francisco (City) and the San Francisco Community College District (City College) for the City to provide financial support to the Free City College Program not to exceed \$11,233,904 for a term beginning upon certification of available funds by the Controller and ending on June 30, 2019. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2016 and 2017, the Board of Supervisors amended the Administrative Code to establish a new City College Financial Assistance Fund to make grants to City College to offset enrollment fees and other education-related financial costs for eligible students. The City College Financial Assistance Fund will be administered by the Department of Children, Youth, and their Families (DCYF). <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The two-year estimated cost of reimbursement for students under the subject MOU is \$10,733,904, including a maximum of \$5,366,952 each fiscal year. • City College is also eligible for one-time staffing and infrastructure cost reimbursement of up to \$500,000, for a total of \$11,233,904. The MOU specifies that total costs will not exceed \$11,233,904. • The Board of Supervisors previously appropriated \$9,000,000 and \$2,233,904 for a total of \$11,233,904 to fund the subject MOU. • In addition, the Board of Supervisors appropriated \$1,000,000 to seed a reserve for the Free City College Program in the FY2017-18 budget, which is intended for future years in the event that City revenues are not sufficient to fund the Free City College Program. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • On October 13, 2017, Governor Brown signed Assembly Bill No. 19, which will establish the California College Promise, to be administered by the Chancellor of the California Community Colleges, which will distribute funding, upon appropriation by the State Legislature to each community college that meets prescribed requirements to be used to achieve specified policy goals and waive fees for one academic year for first-time students who are enrolled in 12 or more semester units or the equivalent at the community college. The potential impacts of this new State program on City College are not yet known. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Request DCYF to correct the proposed MOU on page A-3 in Appendix A-II Cost Schedule to change the 37,190 credits to 37,910 credits. • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

California Community College Board of Governors Fee Waiver

California Community Colleges currently charge residents \$46 per credit or approximately \$1,100 per year for full-time (12+ credits per semester) enrolled students. Since 1986, the State has offered the Board of Governors Fee Waiver (Board of Governors), which waives the per credit fee for low-income students.

San Francisco City College Financial Assistance Fund

On September 27, 2016, the Board of Supervisors approved an ordinance to amend the City's Administrative Code to establish the San Francisco City College Enrollment Fee Assistance Fund (File 16-0892; Ordinance No. 186-16). This Fund was established as a category four fund¹ for use by the Department of Children, Youth and Their Families (DCYF) to make grants to City College to offset student enrollment fees and provide other education-related financial support for eligible students enrolled in credit courses at City College. This ordinance also created an Oversight Committee to review City College's implementation and disbursements.

On June 22, 2017, the Board of Supervisors amended the Administrative Code to (a) rename the fund to the San Francisco City College Financial Assistance Fund (Fund), (b) clarify the permissible uses of monies appropriated to the Fund and (c) further identify the composition and roles of the Oversight Committee (File 17-0555; Ordinance 125-17). The Administrative Code now states that the Fund will be used to reimburse City College for student enrollment fees and other education-related financial support for eligible students. Eligible students are defined as residents of San Francisco and California for tuition purposes or who qualify for a non-resident exception.

Eligible Board of Governor students cannot receive education-related financial support each academic year of more than \$500 for full-time students and \$200 for part-time students. Any state or federal financial aid the student is receiving for his or her education will be allocated before City funding is determined. In addition, City College can expend up to \$500,000 for implementation and administration of this program.

¹ In accordance with Section 10.100 of the City's Administrative Code, a category four fund (a) is not automatically appropriated, but rather is subject to Board of Supervisors appropriation approval, (b) accumulates interest and (c) the fund balance carries forward.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a Memorandum of Understanding (MOU) between the City and County of San Francisco (City) and the San Francisco Community College District (City College) for the City to provide financial support to the Free City College Program not to exceed \$11,233,904 for a term beginning upon certification of available funds by the Controller and ending on June 30, 2019.

Memorandum of Understanding

The key components of the Memorandum of Understanding are shown in Table 1 below.

Table 1: Key Components of the Memorandum of Understanding

Term Length	July 1, 2017-June 30, 2019, two years
Not To Exceed Amount	\$11,233,904
Eligibility Determination	Students will complete financial aid documents and questionnaire when registering to determine eligibility for Free City College Program.
Eligible Students who receive California Community College Board of Governors (BOG) Fee Waivers	Full time (12+ credits per semester) students may receive up to \$250 per semester and part-time (6-11 credits per semester) students may receive up to \$100 per semester for books, college fees, supplies and transportation costs related to City College enrollment.
Eligible students who do not receive California Community College BOG Fee Waivers	Will receive free enrollment, with enrollment fees paid through the Free City College Program.
Disbursement Procedures	City College will submit quarterly invoices to DCYF, which will make disbursements to City College within 30 days.
Oversight Committee	11 appointed Committee members. ² Oversight Committee will meet at least once every three months, terminate on December 31, 2019 and prepare annual reports on the implementation of the program.
Liability	City College shall indemnify and hold City harmless from and against any and all liability

² The Oversight Committee will consist of 11 members, with the following appointments: three by the City College Board of Trustees, two faculty by the City College Academic Senate, one student by the Associated Students Executive Council, two by the Board of Supervisors, one by the San Francisco Unified School District Board of Education, one by the Mayor and one from the Controller’s Office.

Although the proposed MOU would not be approved until early November by the Board of Supervisors, the effective date is July 1, 2017, such that the student fees and costs incurred from the fall 2017 semester will be eligible for reimbursement.

FISCAL IMPACT

City Costs under MOU

Based on Spring 2016 enrollment data provided by City College to DCYF, and using City College's projected increases of 120 percent in both credits and students,³ the estimated two-year cost of reimbursement for students is \$10,733,904. The calculations and assumptions are shown in Table 2 below.

Table 2: Estimated Cost of Education Reimbursement

Student type	Cost	Total number	Assumption	Cost estimate
SF residents, CA residents	\$46/credit	37,910 ⁴ credits	120% enrollment, two years	\$4,185,264
Full-time Board of Governor students	\$500/student	2,630 students	120% enrollment, two years	3,156,000
Part-time Board of Governor students	\$200/student	7,068 students	120% enrollment, two years	3,392,640
Total Over Two Years				\$10,733,904

Each year of this two-year grant program, total grants to students cannot exceed \$5,366,952 (\$5,366,952 x 2 years = \$10,733,904), although the amounts within each student type category may be reallocated.

In addition to the \$10,733,904 shown above, City College is eligible for one-time staffing and infrastructure cost reimbursement of up to \$500,000. If all \$500,000 is needed, this results in a total of \$11,233,904. The MOU specifies that total costs will not exceed this maximum amount of \$11,233,904.

According to Ms. Melissa Whitehouse, the Mayor's Budget Director, the \$500,000 is based on an estimate provided by City College to fund \$100,000 for Information Technology changes to City College's registration process and \$400,000 for two full-time aid counselors to assist with the college's financial aid processes over a two-year period. Ms. Whitehouse advises that ongoing costs for City College to fund these positions will be revisited during the FY2018-19 and FY2019-20 budget process.

³ City College has estimated an increase in 120 percent of both credits and students enrolled from Spring 2016 to Fall 2017 due to the Free City College program and the recent re-accreditation of City College and that this higher level of enrollment would remain constant through FY 2018-19.

⁴ In the spring of 2016, San Francisco residents who were not eligible for California Community College Board of Governors fee waivers accounted for 37,910 of the total number of credits, and not 37,190 credits as stated in the subject Memorandum of Understanding (MOU). According to Ms. Hydra Mendoza, Deputy Chief of Staff in the Mayor's Office, the MOU is incorrect as reflected on page A-3 in Appendix A-II Cost Schedule. This number should be corrected.

Indirect Costs

According to the MOU, DCYF and City College will provide administrative support for the Oversight Committee. In FY2017-18, DCYF received an additional 1823 full-time position in their budget to staff this program and provide support for a cost of \$156,214 in FY2017-18 and \$161,992 in FY2018-19. This new position is funded through the Children’s Fund.

Available Funding

On January 10, 2017, the Board of Supervisors approved a \$9,000,000 supplemental appropriation of real property transfer tax revenue to provide funding for the Community College Financial Assistance Fund to support students attending City College and placed the funds on Controller’s Reserve pending the outcome of the General Fund tax revenue measures on the November 8, 2016 election (File 16-1015; Ordinance No. 003-17). According to Ms. Theresa Kao, Budget Manager in the Controller’s Office, the \$9,000,000 for FY2016-17 is no longer on Controller’s Reserve.

The recent two-year budget also appropriated \$2,233,904 in General Fund revenues for FY2018-19. As shown in Table 3 below, these two appropriations total \$11,233,904. These funds will be used to pay City College submitted invoices, based on the subject not to exceed \$11,233,904 MOU provisions.

Table 3: Fiscal Year Appropriation of Funds

Appropriation Year	Amount
FY2016-17	\$9,000,000
<u>FY2018-19</u>	<u>2,233,904</u>
Total Appropriated Funds	\$11,233,904

The Board of Supervisors also appropriated \$1,000,000 to seed a reserve for the Free City College Program in the FY2017-18 budget. These monies are in the City College Financial Assistance Fund, which is an interest bearing account that carries forward each fiscal year. This additional \$1,000,000 and accrued interest is intended for future years in the event that City revenues are not sufficient to fund the Free City College Program.

POLICY CONSIDERATION

On October 13, 2017, Governor Brown signed Assembly Bill No. 19, which will establish the California College Promise, to be administered by the Chancellor of the California Community Colleges, which will distribute funding, upon appropriation by the State Legislature to each community college that meets prescribed requirements to be used to achieve specified policy goals and waive fees for one academic year for first-time students who are enrolled in 12 or more semester units or the equivalent at the community college. Under this new State law, community college students will still be responsible for additional fees such as student activity fees, health care and books. Because this State College Promise program has not yet been

funded or implemented, the potential impacts of this new State program on City College are not yet known.

RECOMMENDATIONS

1. Request DCYF to correct the proposed MOU on page A-3 in Appendix A-II Cost Schedule to change the 37,190 credits to 37,910 credits.
2. Approve the proposed resolution.