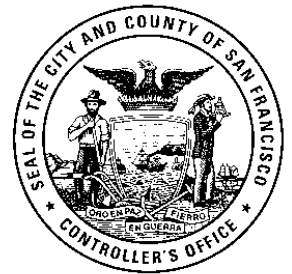


# Annual Audit of the Free City College Program Fund: August 1, 2020, Through July 31, 2021

Department of Children, Youth and Their Families



May 17, 2023

City & County of San Francisco  
Office of the Controller  
City Services Auditor

## About the Audits Division

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that voters approved in November 2003. Within CSA, the Audits Division ensures the City's financial integrity and promotes efficient, effective, and accountable government by:

- Conducting performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of service delivery and business processes.
- Investigating reports received through its whistleblower hotline of fraud, waste, and abuse of city resources.
- Providing actionable recommendations to city leaders to promote and enhance accountability and improve the overall performance and efficiency of city government.

### Team:

Winnie Woo, *Audit Manager*

### Audit Consultant:

Crowe LLP

Mark de la Rosa  
Director of Audits  
Office of the Controller  
City and County of San Francisco  
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## Audit Authority

This audit was conducted under the authority of the San Francisco Charter, Section 3.105 and Appendix F, which requires that CSA conduct periodic, comprehensive financial and performance audits of city departments, services, and activities.



# OFFICE OF THE CONTROLLER

## CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

May 17, 2023

Dr. Maria Su  
Executive Director  
Department of Children, Youth and Their Families  
1390 Market Street, Suite 900  
San Francisco, CA 94102

Dear Dr. Su:

The Office of the Controller, City Services Auditor (CSA), Audits Division, presents the report on Year 2 of the Free City College Program fund, which the City and County of San Francisco (City) established to provide financial assistance for San Francisco residents to attend City College of San Francisco (City College). The Department of Children, Youth and Their Families (DCYF) is charged with administering the Free City College program (the program).

CSA engaged Crowe LLP (Crowe) to conduct the audit, which had as its objectives to determine whether money in the program fund was spent in accordance with the memorandum of understanding (MOU) between the City and City College. The audit also assessed the adequacy of City College's controls over financial and operational activities related to the program fund.

The audit found that expenditures for the program were spent in accordance with the MOU, but the allocation of administrative salaries and benefits lacks support and the City College Oversight Committee met less frequently than required.

At DCYF's request, Crowe also conducted nonaudit work to achieve four subobjectives aimed at better understanding the financial impact and improving the monitoring of the program.<sup>1</sup> As part of this work, Crowe found that the program increases overall student enrollment levels, which is the largest driver of increased general state apportionment revenue to City College. The program's application process is easy compared to that for state and federal assistance.

Although the program provides the easiest path for students to apply and get approved for financial assistance, an unintended consequence of the program's application process is that a potentially significant portion of the \$9.5 million of program funds used by about 21,000 students in fiscal year 2020-21 may otherwise have been covered for the students by state and/or federal financial aid. This should be addressed by considering whether students should be required to complete the federal and state financial assistance applications, whether more application assistance is needed, and whether incentives can be provided to students to apply for non-local funds.

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<sup>1</sup> This work is outside the guidelines of a performance audit conducted in accordance with government auditing standards. The results and recommendations for the nonaudit procedures were not subjected to performance auditing procedures. These results are intended solely for the information of City management, and are not intended to be, and should not be, used by anyone other than the specified party.

Similarly, as noted in the program's 2020-21 annual report, low rates (around 30 percent of credit students) of federal financial aid application submission and federal and state grant awards have reverberating impacts for City College students and the college itself. That is, the students cannot access and maximize the financial benefits for which they are eligible, and the college misses the opportunity to optimize key state and federal funding streams for student support. The report recommends strengthening the process so that more students submit a federal financial aid application, thereby helping to ensure more students with financial need benefit from the program tuition waivers and cash grants and access all available assistance. As part of the next audit, CSA may follow up with City College on how it has implemented this recommendation.

The report includes two recommendations for DCYF to improve its program monitoring of the program fund. The responses of DCYF and City College are attached. CSA will work with DCYF to follow up every six months on the status of the open recommendations made in this report.

CSA and Crowe appreciate the assistance and cooperation of DCYF and City College staff involved in this audit. For questions about the report, please contact me at [mark.p.delarosa@sfgov.org](mailto:mark.p.delarosa@sfgov.org) or 415-554-7574 or CSA at 415-554-7469.

Respectfully,

A handwritten signature in black ink, appearing to read 'Mark de la Rosa', with a long horizontal flourish extending to the right.

Mark de la Rosa  
Director of Audits

cc: Board of Supervisors  
Budget Analyst  
Citizens Audit Review Board  
City Attorney  
Civil Grand Jury  
Mayor  
Public Library



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# Performance Audit of Free City College Program Fund Performed on Behalf of the City and County of San Francisco

September 30, 2022



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## Cover Letter

Mark de la Rosa, Director of Audits  
Office of the Controller, City Services Auditor  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place, #306  
San Francisco, CA 94102

We have conducted a performance audit of the Free City College Program Fund (the fund) administered by City College of San Francisco (City College) for the period of August 1, 2020 through July 31, 2021, to determine whether program funds were used in accordance with the stated purposes and permissible uses as agreed upon in the Memorandum of Understanding (MOU) and San Francisco Administrative Code Section 10.100-288.

We have conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on pages 6 and 7 of this report. City College management is responsible for the compliance with those requirements. Crowe also performed several nonaudit procedures listed in Appendix A of this report.

The results of our audit procedures indicate that City College did not meet Objective #3 listed on page 7 in all significant respects. The results of our procedures indicate that City College met Objective #1 and #2 listed on page 6 and 7 in all significant respects.

City College's written responses, Views of Responsible Officials and Corrective Action, included in the Findings and Recommendations Section of this report, and the nonaudit procedures, included in Appendix A of this report, were not subjected to the performance auditing procedures of the *Government Auditing Standards*.

## Executive Summary

The goal of this performance audit is to determine whether City College of San Francisco (City College) used Free City College Program (the Program) funds in accordance with the stated purposes and permissible uses as agreed upon in its Memorandum of Understanding (MOU) with the City and County of San Francisco (City) and San Francisco Administrative Code Section 10.100-288. The audit covered the period of August 1, 2020, through July 31, 2021. The audit objectives, shown on pages six (6) and seven (7), were developed based on city law, requirements set forth in the MOU, and goals outlined by the City's Department of Children, Youth and Their Families (DCYF). As part of the audit, Crowe identified two findings, which are presented in the table below. Significant findings are defined as those items that are important enough to merit attention by those in charge of governance and should be prioritized for remediation. Further details of the findings in **Exhibit 1** are presented on pages nine (9) and ten (10) of this report.

In performance audits, a deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct (1) impairments of effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) noncompliance with provisions of laws, regulations, contracts, or grant agreements on a timely basis.

### Exhibit 1 Findings and Control Evaluation

Finding	Control Evaluation <sup>2</sup>	Audit Objective Impacted
1. City College did not provide sufficient evidence to support its methodology for allocations of administrative salaries and benefits to the Free City College Program Fund. Payroll expenses totaled \$595,896.	<i>Significant Deficiency in Internal Control</i>	1 and 3
2. The oversight committee met less frequently than required by the MOU. The committee met twice during the audit period, which does not comply with the MOU.	<i>Deficiency and Noncompliance</i>	3

One of the purposes of this performance audit was to determine if the five (5) previously reported findings from the September 15, 2021, audit report were remediated. Of the five (5) findings from the prior audit, we observed two (2) repeat findings and three (3) remediated items. **Exhibit 2** provides the status of remediation on each prior finding.

<sup>2</sup> Where "significant deficiency" is reportable to management and "deficiency" in control is not considered significant to the audit objectives, but auditors otherwise wish to communicate to those in charge of governance.



**Exhibit 2**  
**Status of Year 1 Audit Findings**

Finding	Status	Comments
1. City College used Free City College Program funds to pay for Information Technology (IT) support services that occurred before execution of the MOU. In total, City College included \$193,332 in IT support expenses covering periods before execution of the MOU.	Remediated	City College returned funds to the Program Fund.
2. City College included \$122,043 in costs for computer hardware for the counseling department. The MOU does allow for costs due to increased staff hours for financial aid counseling staff, however this would not include the expenses for new hardware.	Remediated	City College returned funds to the Program Fund. City College did not use Program funds for IT hardware service costs in Y2.
3. City College did not provide support for the allocation of IT support services expenses to the Free City College Program. For the audit period, \$1,318,004 in IT support service expenses were charged to the program, which includes the amounts identified in Finding 1.	Remediated	City College returned funds to the Program Fund. City College did not use Program funds for IT support service costs in Y2.
4. City College did not provide sufficient evidence to support its methodology for allocations of administrative salaries and benefits to the Free City College Program Fund. Payroll expenses totaled \$565,763. Crowe questions the allocations for executive-level positions, including \$91,177 in salary and benefits.	Partially Remediated	See Finding 1 in this report for details on Y2 Finding.
5. The oversight committee met less frequently than required by the MOU. The committee met less than every four months, which does not comply with the MOU.	Repeat Finding	See Finding 2 in this report for details on Y2 Finding.

In addition to the performance audit objectives, the City asked Crowe to prepare several calculations and schedules. The procedures, results, and recommendations related to the procedures were not subjected to performance auditing standards, thus Crowe has provided no conclusion on these procedures. We performed these procedures in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants. The detailed approach and results of the nonaudit procedures are listed in **Appendix A**. The nonaudit procedures completed are as follows:

- Prepare a cost analysis for the following city fiscal year and provide recommendations to help program sustainability. Determine how federal and/or state aid is being leveraged in conjunction with the Free Tuition Program.
- Calculate the percentage of the total budget that is used for tuition and what percentage is used to distribute grants to students.
- Assess how DCYF manages and monitors the MOU and make recommendations for improvement.
- Determine how much revenue the Free City College Program generates for City College.

## Background

The San Francisco Board of Supervisors established the San Francisco City College Financial Assistance Fund to provide funds to implement the Program. On August 22, 2019, the City established an MOU with City College to operate the program. The MOU covers ten academic years, defined as “encompass[ing] Fall, Spring, and Summer, including intercessions, if any.” DCYF is the monitoring agency of the program. The MOU provided a total of \$15.7 million for Year 2. **Exhibit 3** provides the amounts budgeted for the term of the MOU.

### Exhibit 3 Free City College Program Fund Annual Base Funding Amounts

Cost Category	Reported
Year 1	\$15,000,000
<b>Year 2 (current year audit)</b>	<b>\$15,700,000</b>
Year 3	\$16,400,000
Year 4 through 10 (plus CPI factor)	\$16,400,000

The program provides free tuition for credit courses at City College to eligible students, which include California residents living in San Francisco who do not receive grants or financial aid that would cover similar fees. The program also provides for education-related expenses other than enrollment fees for students who are eligible for the program and receive grants or financial aid that cover enrollment fees. In fiscal year 2020-21, approximately 28,000 students received either enrollment fees or grants from the program. Free City funding is disbursed to students in the following two ways:

- **Tuition:** Students must complete the program application form upon class registration. If the student is eligible, the enrollment fees “tuition” will appear as waived charges for payment during registration.
- **Grants:** Eligible students receive the first 50 percent of the disbursement after the last day to drop without a withdrawal and receive the second 50 percent after midterms.

As stated above, Free City received \$15.7 million in funds for Academic Year 2. Of the \$15.7 million received, City College reported spending a total of \$9,522,622 on funding for enrollment fees and grants for eligible students. **Exhibit 4** provides a breakdown of the \$9,522,622 in payments to students in the form of enrollment fees, grants, and repayments.<sup>3</sup>

### Exhibit 4 Free City College Fund Payments to Students

Free City College Payment Type	Total
Enrollment Fee	\$5,622,120
College Grant	\$3,905,746
Repayments/Reversals	\$(5,244) <sup>4</sup>
<b>Total</b>	<b>\$9,522,622</b>

<sup>3</sup> Students who receive enrollment fees or grant payments from the program must repay all funds received if they withdraw from a class after the deadline to withdraw as set for each course for the specific semester. However, effective March 9, 2020, due to the COVID-19 pandemic, the California Community Colleges suspended student withdrawal regulations, thereby cancelling any possible Free City College Program repayments as of that date.

<sup>4</sup> See footnote 2 on the previous page.

Appendix B of the MOU states that City College may use excess funds remaining in the annual allocation after fully funding enrollment fees and grants to cover administrative costs associated with the Free City College Program with DCYF's approval. Functions or staff positions may include but are not limited to: program manager, financial aid counselors, AB 540 Dream coordinator/counselor, piloting evidence-based interventions to improve student equity outcomes, data analyst, IT system upgrades, increased staff hours for financial aid counselors or data analysts, incorporation of evidence-based methods to improve state and federal applications uptake. City College reported spending an additional \$595,896 in administrative costs for Year 2 as outlined in **Exhibit 5**. In total, City College reported \$595,896 in program expenditures for Year 2 and a fund balance of \$5,581,483.

**Exhibit 5**  
**Free City College Program Fund Total Reported Expenditures**

<b>Cost Category</b>	<b>Reported</b>
Payments to Students	\$9,522,622
Administrative Salaries and Benefits	\$595,895
<b>Total Year 2 Expenditures</b>	<b>\$10,118,517</b>
Total Allocated	\$15,700,000
<b>Fund Balance</b>	<b>\$5,581,483</b>

## Objectives, Scope, Methodology and Conclusion

The goal of the audit is to determine whether program funds are used in accordance with the stated purposes and permissible uses as agreed upon in the MOU between the City and City College. The audit was conducted and delivered as a performance audit defined by the U.S. Government Accountability Office in its Government Auditing Standards. The audit covered the period from August 1, 2020, through July 31, 2021. The audit objectives for this performance audit were developed based on MOU requirements, city law, and goals outlined by DCYF. Specific objectives of the performance audit, methodology and summary conclusions are listed below:

- 1. Determine whether program funds were used in accordance with the stated purposes and permissible uses as agreed upon in the Memorandum of Understanding and San Francisco Administrative Code Section 10.100-288.**

**Methodology:** Crowe obtained financial records from City College related to the Free City College Program and a listing of students who were granted funding through the Free City College Program. Crowe confirmed funds disbursed did not exceed \$15,700,000. Crowe selected a sample of 65 of 27,745 students enrolled in the program and tested the following:

- Whether eligible students were required to complete a questionnaire to determine eligibility for the Free City College Program at the time of registration
- Whether eligible California College Promise Grant Eligible Students received grants equal in value to \$46 for each enrolled credit unit.
- Whether all other eligible students received free enrollment, with enrollment fees paid for through the Free City College program.
- Whether each student was encouraged to complete a FAFSA (Free Application for Federal Student Aid) and apply for financial aid.

Testing involved reviewing screen shots from the information technology system used to facilitate enrollment in the program for each student in the sample. Crowe reviewed the initial application questionnaire, residency information, approval screens, enrollment status and payment information, as applicable.

Crowe reviewed administrative expenses against the allowable costs listed in the MOU. We received a list of staff and the percentage of time allocated to the Program. We recalculated administrative expenses allocated to the Program for each staff member based on the stated allocation to confirm it was correct. We inquired about the allocation methodology and requested City College provide policies and procedures and an approved methodology for allocating administrative expenses to the Program.

Crowe obtained a list of students that received Free City College Program funding. For those students who withdrew from their course(s) after the deadline to receive a full refund, Crowe tested the following:

- Whether a student who withdrew from a course or courses after the deadline to receive a full refund, repaid City College for all applicable enrollment fees or the value of the fees paid by grant for the course or courses, and/or grants paid for other educational expenses.
- Whether City College returned repayments to the Free City College Program Fund from students that withdrew after the deadline to receive a full refund to the Free City College Program.
- Whether all program funds were recovered from those students that withdrew post-deadline.

**Conclusion:** City College met this objective in all significant respects. Crowe tested multiple areas of the MOU through this objective, with varying conclusions. The summary conclusion of each area of the MOU are as follows:

- **Student Eligibility and Enrollment.** No significant matters came to our attention related to student eligibility and enrollment.
- **Eligible Administrative Expenses.** No significant compliance matters came to our attention related to eligible administrative expenses. However, Crowe did note a significant control deficiency included as Finding 1 in this report which relates to allowable allocation of administrative expenses.
- **Student Withdrawal Repayments.** No significant matters came to our attention related to student withdrawal repayments.

**2. Determine whether unspent funds were returned to the Program fund in accordance with the MOU and Administrative Code.**

**Methodology:** Crowe identified unspent funds for the audit period and tested whether those funds were returned to the Program fund in accordance with the MOU and Administrative Code. Crowe obtained financial records from City College and compared the amount of Program funds allocated to the total grants and eligible expenditures to determine if Program funds are required to be returned and determined if student repayments were deposited back to program funds and these program funds are returned to the City.

**Conclusion:** Appendix A of the MOU states that for years 1-4 of the Agreement, all unspent funds, per the annual audit, shall be deposited in the Free City College Reserve Fund. City College returned all unspent funds from Academic Year 1 to the Program Fund.

**3. Determine whether City College has reasonable controls for determining that financial and operational activities over the Program fund are properly performed.**

**Methodology:** Crowe obtained policies and procedures related to oversight and administration of the Free City College Program including verification of eligibility, disbursement of Grants and reimbursements owed to the City College for student drops and withdrawals. Crowe interviewed Free City College program staff to understand internal controls over the administration of the program and tested internal controls over eligibility determinations and eligible expenses in Objective 1. Crowe obtained a list of oversight committee members and the appointing body and determined if members were appointed by the appropriate body in compliance with requirements in Attachment B of the MOU. Crowe obtained oversight committee agendas and meeting minutes for academic year 2020-21 and determined whether frequency of meetings complied with requirement in Attachment B of MOU.

**Conclusion:** City College did not meet this objective in all significant respects, Crowe noted the significant control deficiency in Finding 1. In addition, Crowe included Finding 2, which was not deemed to be significant to this objective, related to the frequency of the oversight committee meetings.

## Findings and Recommendations

This section of the report provides findings and recommendations that resulted from the procedures conducted during our Performance Audit. Each finding presented was prepared in accordance with Generally Accepted Government Auditing Standards (GAGAS) for reporting findings which requires each finding to have a title, criteria, condition, cause, effect, and recommendation.

---

## **Finding 1 – Lack of support for allocation of administrative salaries and benefits**

### *Significant Deficiency in Internal Control*

#### **Condition**

City College did not provide sufficient evidence to support its methodology for allocations of administrative salaries and benefits to the Free City College Program Fund. Specifically, City College provided a listing of relevant staff that allocated time to the Free City Program and a description of activities completed in support of the Free City Program. However, City College did not provide support for how allocations were developed (i.e., timesheet reporting or time-and-motion study). Payroll expenses allocated to the Free City College Program totaled \$595,895.

#### **Criteria**

Appendix B of the MOU states the City College may use excess funds remaining in the annual allocation after fully funding enrollment fees and grants to cover administrative costs associated with the Free City College Program with DCYF's approval. Functions or staff positions may include but are not limited to: program manager, financial aid counselors, AB 540 Dream coordinator/counselor, piloting evidence-based interventions to improve student equity outcomes, data analyst, IT system upgrades, increased staff hours for financial aid counselors or data analysts, incorporation of evidence-based methods to improve state and federal applications uptake.

#### **Cause**

City College does not have a documented process, including documented review and approval, related to their administrative expense allocation methodology for the Free City College Program. City College management determined administrative allocations based on an estimate of time spent on the Free City College Program for each employee included in the allocation.

#### **Effect**

Administrative costs charged to the Free City College Program may not be accurate.

#### **Recommendation**

DCYF should require City College to submit a methodology for review before approving additional staff allocation expenses. DCYF must better define and approve the methodology for allocating staff time to the Free City College Program. Implement a timesheet reporting system, conduct a time-and-motion study, or conduct lookback reviews of time allocations to include staff verification of time reported.

#### **Management Response**

##### **DCYF:**

DCYF and City College have worked together and agreed upon the documentation City College needs to submit to DCYF for staff time and admin costs. City College is working on the methodology and process flow for approving staff allocation expenses. The methodology and documentation will be implemented for Academic Year 2021-22 and on.

##### **City College:**

City College did not provide sufficient evidence to support its methodology for allocations of administrative salaries and benefits to the Free City College Program Fund. CCSF response: We have submitted a program staffing matrix to DCYF that outlines the position duties and percentage of time and effort associated with administering the Free City College Program. These positions, duties, percentages, and costs are similar to those previously associated with the program. We are awaiting approval from DCYF on the proposed staffing matrix.

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## **Finding 2 – Oversight Committee Met Less Frequently than Required by the MOU**

### *Deficiency and noncompliance*

#### **Condition**

The oversight committee met less frequently than required by the MOU. Appendix A requires the Oversight Committee to meet once every three months. Crowe found the Oversight Committee met in November 2020 and April 2021 during the audit period. The frequency of meetings is less than every three months, which does not comply with the MOU.

#### **Criteria**

Appendix A requires the Oversight Committee meet once every three months.

#### **Cause**

City College/DCYF do not have documented internal controls related to holding Oversight Committee meetings once every three months. According to DCYF, due to COVID-19 pandemic the committee met less regularly than required.

#### **Effect**

Not meeting at the frequency outlined in the MOU may impact the Oversight Committee's ability to properly monitor and govern the program.

#### **Recommendation**

DCYF should require the Oversight Committee meetings occur every three months as required by the MOU.

#### **Management Response**

##### **DCYF:**

The required number of meetings were met for Academic Year 2022-23, DCYF has begun to schedule meetings for Academic Year 2023-24.

##### **City College:**

The Oversight Committee met less frequently than required by the MOU. CCSF response: Members of DCYF Oversight Committee were short-staffed before fiscal year 2022. They have hired program analysts to meet the committee meeting requirements. CCSF members on the committee will actively participate in such meetings and other oversight activities.



## Appendix A – Nonaudit Procedures

The City requested that Crowe conduct various subobjectives, which Crowe determined to be outside of the guidelines of a performance audit in accordance with GAGAS. The results and recommendations for the following procedures were not subjected to performance auditing procedures. The results of the nonaudit procedures are presented in detail on the following pages.

1. **Nonaudit Procedure 1** – Prepare a cost analysis for the following City fiscal year and provide recommendations to help program sustainability. Determine how federal/state aid is being leveraged in conjunction with the Free Tuition Program.
2. **Nonaudit Procedure 2** – Calculate the percentage of the total budget that is used for tuition and what percentage is used to distribute grants to students.
3. **Nonaudit Procedure 3** – Assess DCYF's management and monitoring of the MOU and make recommendations for improvement.
4. **Nonaudit Procedure 4** – Determine how much revenue the Free City College Program generates for City College.

## Nonaudit Procedure 1

**Objective:** Prepare a cost analysis for the following City fiscal year and provide recommendations to help program sustainability. Determine how federal/state aid is being leveraged in conjunction with the Free Tuition Program.

**Approach:**

- Obtain financial records from City College for academic year 2020-21 and year to date 2021-22.
- Obtain current and planned tuition costs for 2021-22 and 2022-23 academic years.
- Obtain enrollment data for previous three years. Develop a projection of enrollment numbers for next academic year.
- Determine the ratio of federal/state/Free College Program/other funding used in academic year 2020-21 and year to date 2021-22.
- Develop a cost projection for the remainder of academic year 2021-22 and/or an analysis for 2022-23.
- Determine if the program is sustainable based on cost analysis and develop recommendations for the program, as necessary.

**Results:** Based on the assumptions and inputs outlined below, Crowe determined that the program is sustainable for the near future. Crowe recommends closely monitoring the program fund balance to mitigate carrying a balance that is more than 50 percent of the baseline funding for the following year, per the MOU. The fund balance reached above 50 percent during academic year 2021-22 and is projected to remain above 50 percent in future years. In addition, the City should carefully consider what expenses are considered eligible because City College is currently in a state of financial distress per the City College of San Francisco Multi-Year Budget and Enrollment Strategic Plan from November 2020.

**Exhibit A-1** provides Crowe's assumptions for academic year 2021-22 student enrollment, tuition levels and average number of credits. **Exhibit A-2** presents the total estimated cost for academic year 2021-22 and **Exhibit A-3** presents Crowe's multi-year project for program expenditures and fund balance. Assumptions and inputs include:

- Enrollment will remain flat through 2025. Source: City College of San Francisco Multi-Year Budget and Enrollment Strategic Plan from November 2020.
- Tuition remains at \$46 per unit. Source: Current listed tuition rates as of July 2021.
- Average number of units per student per semester: Fall 7.7, Spring 8.6, Summer 4.7. Based on average number of units per student from academic year 2020-21.
- Total enrollment numbers estimated based on actual data provided by City College for academic years 2017-18 - 2020-21.
- San Franciscans represent about 75 percent of the City College's credit headcount and about 85 percent of City College's noncredit headcount. Source: City College Office of Research and Planning fact sheet on student residence.

**Exhibit A-1  
Estimated Annual Free City College (Free City) to Program Student Payments<sup>5</sup>**

Semester	Free City Head Count (a)	Units (b)	Cost per Unit (c)	Total Paid (a × b × c)
Fall	12,447	7.7	\$46.00	\$4,408,728
Spring	12,435	8.6	\$46.00	\$4,919,286
Summer	3,227	4.7	\$46.00	\$ 697,677
<b>Total Annual Free City College Student Payments</b>				<b>\$10,025,691</b>

**Exhibit A-2  
Estimated Free City College Program Expenditures for Academic Year 2021-22**

Cost Category	Total
Student Payments	\$10,025,543
Administrative Costs	\$627,657
<b>Total</b>	<b>\$10,653,200</b>

**Exhibit A-3  
Estimated Free City College Program Fund Beginning and Ending Balance Through Academic Year 2022-23**

Audit Year <sup>6</sup>	Annual Budget (a)	Expense (b)	Beginning Balance (c)	Deposits <sup>7</sup> (d = a - b)	Withdrawals <sup>8</sup> (e)	Fund Balance (f = c + d - e)
2019-20	\$15,000,000	\$10,714,098	\$2,000,000	\$ -	\$ -	\$2,000,000
2020-21	\$15,700,000	\$10,118,517	\$2,000,000	\$4,285,902	-	\$6,285,902
2021-22	\$16,400,000	\$10,653,200	\$6,285,902	\$5,581,483	\$1,000,000	\$10,867,385
2022-23	\$16,400,000	\$10,816,305	\$10,867,385	\$5,746,800	\$4,000,000	\$12,614,185

**Management Response**

**DCYF:**

DCYF concurs with the results of this procedure. DCYF is working with the Controller's Office in monitoring the fund balance and the committee has been in discussion on how to appropriate the fund balance.

<sup>5</sup> Totals may be off due to rounding.

<sup>6</sup> 2019-20 and 2020-21 represent actual expenses. 2021-22 and 2022-23 are estimates.

<sup>7</sup> Fund balances from ineligible spending and unspent funds are applied to the subsequent year due to the timing of when the deposit entries are made.

<sup>8</sup> \$1 million withdrawal for the WERF (workforce development) program. \$4 million withdrawal for the SFUSD/CCSF program (Bridge to Success).

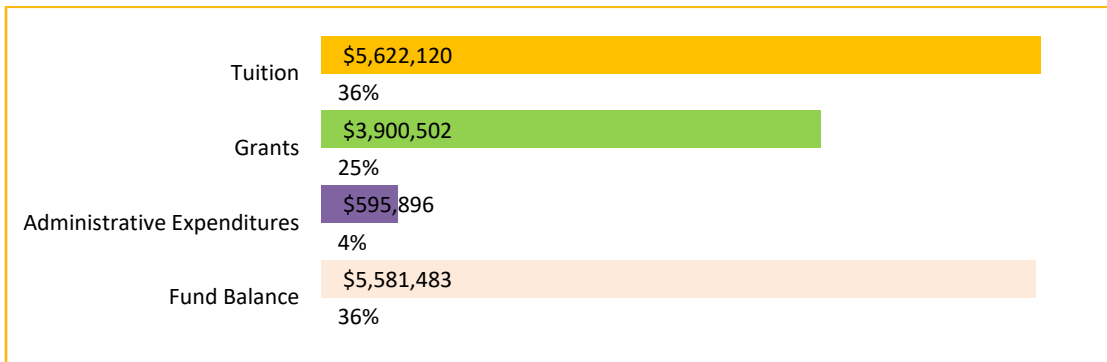
## Nonaudit Procedure 2

**Objective:** Calculate the percentage of the total budget that is used for tuition and what percentage is used to distribute grants to students.

**Approach:** Obtain financial records from City College for academic year 2020-21 and calculate ratio of total budget to actual grants distributed.

**Results:** Crowe obtained detailed financial records from City College and calculated the ratio of funds used for tuition and grants. **Exhibit A-4** provides a breakdown of all expense categories for reference. The Free City College Program provided \$5,622,120 in enrollment fees and \$3,900,502 in grants, totaling 61 percent of allocated funding for Year 2.

### Exhibit A-4 Free City College Program Expenditures, by Category, and Fund Balance



### Management Response

**DCYF:**

DCYF concurs with the results of this nonaudit procedure.

### Nonaudit Procedure 3

**Objective:** Assess DCYF's management and monitoring of the MOU and make recommendations for improvement.

**Approach:**

- a. Interview DCYF management to gain an understanding of DCYF's role in monitoring the Free City College Program.
- b. Interview City College staff to gain perspective on DCYF's role in monitoring the program.
- c. Review MOU, relevant statutes and regulations, and documented policies and procedures related to monitoring activities.
- d. Review other similar programs MOU/agreements and/or applicable laws to identify best practices.
- e. Develop recommendations to strengthen and/or change the MOU to improve DCYF's management capabilities over the program.

**Results:**

Crowe reviewed the MOU, relevant statutes and regulations, and documented policies and procedures related to monitoring activities and interviewed staff of DCYF and City College, as follows:

- Interviewed Jay Liao (Senior Manager, City & Community Partnerships) and Simone Combs (Principal Analyst) of DCYF on April 13, 2022. Discussed DCYF's role in relation to oversight committee, MOU adherence and responses to Year 1 recommendations.
- Interviewed City College staff on multiple occasions during January through May 2022. Staff interviewed include:
  - John Al Amin, Vice Chancellor, Finance and Administration
  - Rebeca Chavez, Bursar
  - Nicki Pun, Grant Accountant Manager
  - Orren Wang, Senior Director of Budget and Accounting

Based on interviews with relevant staff and detailed review of the MOU, relevant statutes and regulations, and documented policies and procedures related to monitoring activities, Crowe recommends DCYF should work with City College on the following:

- Identify a City College staff member as responsible for coordinating the Free City College Program.
- Update MOU to define a more specific definition of return of funds. Propose calculation plan and other proposed expenses with the appropriate supporting documents and submit to DCYF for approval.
- Determine an agreed upon methodology for administrative salary and benefit allocations and IT support overhead allocation to DCYF for approval.
- Update the MOU to more clearly define eligible administrative expenses.
- Update the MOU to include a cap to eligible administrative expenses.
- Align disbursements, invoicing and refunds based on City College and the City's fiscal year to align with audited financial statements.
- Amend the MOU to add consequences (i.e., withhold funds) from City College for findings of noncompliance in the annual audit.

Further, DCYF or another oversight agency needs to have more control over spending (e.g., approvals of administrative and IT support expense methodologies and one-time costs).

In addition, Crowe reiterates DCYF's recommendations provided in the Administrative Cost Memo of January 29, 2020. The memo requests that City College submit a set of Free City College Program annual expense reports no later than September 30<sup>th</sup>. In addition, DCYF included the following breakdown of each report City College should provide:

**The Expense Report Summary**

- Program Enrollment Waiver Costs (Fall, Spring Summer)
- Program Grant (Fall, Spring, Summer)
- Costs associated with administration of program (Fall, Spring, Summer)

**Annual Expense Report (Supplemental Information for Invoice)**

- Student Cost (ongoing program reporting)
- Staff Costs (Department, first and last name, amount, percentage of staff time)
- Breakdown of Other Support

**Annual Budget Narrative**

- Please provide a brief explanation of how staff costs are determined in implementing the program.
- Please provide a brief explanation of how IT costs are determined in implementing the Free City College Program. For example, are IT expenditures determined based on the percentage of all students who take advantage of the program?
- Please describe how "other costs" are used to assist with program implementation.
- Are there any additional costs or recommendations that should be considered to support in program implementation?
- Are there any significant foreseeable changes towards administrative costs for next year?

**Management Response**

***DCYF:***

DCYF had begun working with City College on establishing better oversight procedures, particularly for approvals of administrative and IT support expenses and one-time costs.

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## Nonaudit Procedure 4

**Objective:** Determine how much revenue the Free City College Program generates for City College.

**Approach:** Crowe met with a City College representative to discuss how the Free City College Program has affected City College revenue. Crowe conducted internet research to understand how federal, state, and other local funding impacts the City College budget and how Free City College funds impact overall revenue at City College.

Per the Controller's request, Crowe performed additional procedures to conduct a detailed assessment of the revenue the Free City College Program generates for City College, including detailed results related to the City College funding mechanism(s) and state budget allocation process. Pages 18 to 26 provide details of these procedures. The following is a summary of the results.

**Results:** Crowe determined the range of measurable revenue the program generates was between \$5,622,120 (total enrollment fees paid for academic year 2020-21) and \$9,522,622 (total Free City College Fund payments to students which includes tuition and grants). Free City may also impact overall student enrollment levels which is the largest driver of increased general apportionment revenue to City College. The process for applying to Free City is much less cumbersome compared to the Free Application for Federal Student Aid (FAFSA) process and Free City provides resources to cover additional expenses potentially allowing a student to enroll full time. While Free City provides the easiest path for students to apply and get approved for financial assistance, an unintended consequence of the Free City application process is that a potentially significant portion of the \$9.5 million of Free City funds used by about 21,000 students in fiscal year 2020-21, may otherwise have been covered for the students by the California College Promise Grant, the California Grant program and/or federal financial aid. Consideration of requirements to complete the FAFSA or the California Dream Act Application, application assistance, or incentives to apply for non-local funds should be considered going forward.

### **Management Response**

#### ***DCYF:***

DCYF concurs with the results of this nonaudit procedure.



**Crowe LLP**  
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January 26, 2023

Mark de la Rosa, Director of Audits  
Office of the Controller  
City Hall, Room 476  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Mr. de la Rosa:

Crowe LLP (Crowe) prepared this letter to summarize the results of our additional procedures to conduct a detailed assessment of revenue the Free City College Program generates for City College. These additional procedures were built on previous procedures performed in Nonaudit Procedure 4 from the Performance Audit of Free City College Program Fund Year 2. The City and County of San Francisco (City) requested Crowe perform additional procedures to provide more detailed results related to the City College of San Francisco's (City College) funding mechanism(s) and state budget allocation process. This letter is organized into two (2) sections as follows:

- A. City College Funding Summary
- B. Results of Procedures Performed

#### **A. City College Funding Summary**

Community Colleges in California are funded through four primary funding streams including 1) Proposition 98,<sup>9</sup> 2) other State sources (e.g., lottery), 3) other local sources (e.g., enrollment fees) and 4) federal sources (e.g., relief funds – CARES Act). **Exhibit 1** provides a breakdown of total California Community College funding for fiscal year 2020-21. The majority of funding for community colleges comes from Proposition 98 and other local sources.

#### **Exhibit 1** **2020-21 Budget for All California Community Colleges** (dollars in millions)

Source	Totals	% of Total
Proposition 98	\$9,588	62%
Other State	\$929	6%
Other Local	\$4,614	30%
Federal	\$341	2%
<b>Total</b>	<b>\$15,471</b>	

Proposition 98 funding is provided through general apportionments. Every community college district receives apportionment funding to cover core operating costs. Before fiscal year 2018-19, the state allocated general purpose funding to community colleges based primarily on enrollment where Districts received an equal per-student funding rate. In 2018-19, the state adopted a new apportionment funding

<sup>9</sup> Proposition 98, an amendment to the California Constitution, is designed to guarantee a minimum level of funding for public schools and community colleges that keeps pace with growth in the K-12 student population and the personal income of Californians.



formula called Student Centered Funding Formula (SCFF).

SCFF emphasizes students achieving positive outcomes and recognizes the additional cost that colleges incur in serving students who face higher barriers to success. SCFF has three components: 1) a base allocation linked to enrollment, 2) a supplemental allocation linked to low-income student counts, and 3) a student success allocation linked to specified student outcomes.

**Base Allocation.** The base allocation provides districts with funding for each of its colleges and state-approved centers, to cover fixed costs of each institution. (This funding for fixed institutional costs is known as districts’ “basic allocation.”) In addition, the base allocation provides districts with funding for each credit full-time equivalent student<sup>10</sup> (FTES), which was \$4,040 in 2020-21. A district’s FTES count is based on a three-year rolling average.

**Supplemental Allocation.** SCFF provides an additional amount (about \$948 in 2020-21) for every student who receives a Pell Grant, receives a need-based fee waiver, or is undocumented and qualifies for resident tuition. Student counts are “duplicated,” such that districts receive twice as much supplemental funding for a student who is included in two of these categories. The allocation is based on student counts from the prior year.

**Student Success Allocation.** SCFF provides districts with funding for each student achieving specified outcomes, including obtaining certain degrees and certificates, completing transfer-level math and English within the student’s first year, and obtaining a regional living wage within a year of completing community college. Like the FTES calculation, the student success formula is based on a three-year rolling average of student outcomes.

**Exhibit 2** provides a breakdown of each component of the SCFF for City College. The entire report can be found on the next two pages.

**Exhibit 2**  
**SCFF Funding Allocations for City College Fiscal Year 2020-21**

Revenue Type	Total	Percent of Total
Base Allocation (FTES + Base Allocation)	\$101,574,381	80%
Supplemental Allocation	\$13,545,972	11%
Student Success Allocation	\$11,327,118	9%
<b>Total Revenue</b>	<b>\$126,447,471</b>	

<sup>10</sup> The equivalent of one student enrolled 15 hours per week for two 17.5-week semesters.

California Community Colleges  
2020-21 First Principal  
San Francisco CCD  
Exhibit C - Page 1

Total Computational Revenue and Revenue Sources	
<b>Total Computational Revenue (TCR)</b>	
I. Base Allocation (FTES + Basic Allocation)	\$ 101,574,381
II. Supplemental Allocation	13,545,972
III. Student Success Allocation	11,327,118
	2020-21 Student Centered Funding Formula (SCFF) Calculated Revenue (A) \$ 126,447,471
	2019-20 SCFF Calculated Revenue + COLA (B) 128,714,155
	2020-21 Hold Harmless Revenue (C) 136,132,983
	2020-21 Stability Protection Adjustment 2,266,684
	2020-21 Hold Harmless Protection Adjustment 7,418,828
	<b>2020-21 TCR (Max of A, B, or C) \$ 136,132,983</b>
<b>Revenue Sources</b>	
Property Tax	\$ 47,999,365
Less: Property Tax Excess	-
Student Enrollment Fees	9,571,048
Education Protection Account (EPA)	22,281,672
State General Entitlement	53,037,354
<b>State General Entitlement</b>	
Main General Fund Apportionment	\$ 51,726,794
Full-Time Faculty Hiring (FTFH) Apportionment (2015-16 Funds Only)	1,310,560
<b>Total State General Entitlement</b>	<b>\$53,037,354</b>
Adjustment(s)	(1,241,435)
<b>Total State General Entitlement</b>	<b>\$51,795,919</b>
	Available Revenue \$ 132,889,439
	2020-21 TCR (Max of A, B, or C) 136,132,983
Revenue Deficit Percentage	2.3826%
Revenue Deficit	\$ (3,243,544)

Supporting Sections									
Section Ia: FTES Data and Calculations									
	a	b	c	d	e	f=b+c+d+e	g=f (except credit = (a+b+f)/3)	h	i=g+h
FTES Category	2018-19 Applied #3	2019-20 Applied #3	2020-21 Restoration	2020-21 Decline	2020-21 Adjustment	2020-21 Applied #1	2020-21 Applied #2	2020-21 Growth	2020-21 Funded
Credit	16,301.07	14,504.18	-	-	-	14,504.18	15,103.14	-	15,103.14
Incarcerated Credit	19.78	7.13	-	-	-	7.13	7.13	-	7.13
Special Admit Credit	326.15	217.84	-	-	-	217.84	217.84	-	217.84
CDCP	4,072.41	3,748.44	-	-	-	3,748.44	3,748.44	-	3,748.44
Noncredit	1,572.06	1,148.52	-	-	-	1,148.52	1,148.52	-	1,148.52
<b>Total FTES=&gt;&gt;&gt;</b>	<b>22,291.47</b>	<b>19,626.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,626.11</b>	<b>20,225.07</b>	<b>-</b>	<b>20,225.07</b>
<b>Total Values=&gt;&gt;&gt;</b>		<b>\$84,826,742</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>				
Change from FY to CY=>>>		\$0							

	j=gxI 2020-21 Applied #2 Revenue	k=hxI 2020-21 Growth Revenue	l 2020-21 Rate \$	m=j+k 2020-21 Total Revenue	n 2020-21 Applied #0	o=f+h 2020-21 Applied #3	p=n-o 2020-21 Unfunded FTES	q=pxI 2020-21 Unfunded FTES Value
Credit	\$61,016,699	\$-	\$4,040.00	\$61,016,699	14,504.18	14,504.18	-	-
Incarcerated Credit	40,365	-	\$5,661.31	40,365	7.13	7.13	-	-
Special Admit Credit	1,233,261	-	\$5,661.31	1,233,261	217.84	217.84	-	-
CDCP	21,073,507	-	\$5,621.94	21,073,507	3,748.44	3,748.44	-	-
Noncredit	3,882,722	-	\$3,380.63	3,882,722	1,148.52	1,148.52	-	-
<b>Total</b>	<b>\$87,246,554</b>	<b>\$0</b>		<b>\$87,246,554</b>	<b>19,626.11</b>	<b>19,626.11</b>	<b>-</b>	<b>-</b>
<b>Total Value=&gt;&gt;&gt;</b>					<b>\$84,826,742</b>			

Section Ib: 2020-21 FTES Modifications						Definitions
FTES Selected	r Applied #0 PY 19-20 R1 FTES	s Reported 320 CY 20-21 P1 FTES	t Emergency Conditions COVID-19	u Allowance (ECA) Other	n = s+t+u 2020-21 Applied #0	
Credit	14,504.18	12,247.55	2,256.63	-	14,504.18	19-20 App#3: 19-20 App#1 plus 19-20 Growth, is the base for 20-21
Incarcerated Credit	7.13	-	7.13	-	7.13	20-21 App#0: Reported R1 FTES with COVID-19 and other ECA and statutory protections. These FTES are used in the calculations of the 20-21 funded FTES.
Special Admit Credit	217.84	110.75	107.09	-	217.84	20-21 App#1: Base for 20-21 plus any restoration, decline or adjustment
CDCP	3,748.44	2,259.63	1,488.81	-	3,748.44	20-21 App#2: FTES that will be funded not including growth
Noncredit	1,148.52	842.16	306.36	-	1,148.52	20-21 App#3: 20-21 App#1 plus Growth and will be used as the base for 21-22
<b>Total</b>	<b>19,626.11</b>	<b>15,460.09</b>	<b>4,166.02</b>	<b>-</b>	<b>19,626.11</b>	20-21 Adjustment: Alignment of FTES to available resources.
						Change Prior Year to Current Year: 20-21 App#0 value minus 19-20 App#3 value and is the sum of CY restoration, decline, growth and unapplied values

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California Community Colleges  
2020-21 First Principal  
San Francisco CCD  
Exhibit C - Page 2

Section Ic: FTES Restoration Authority				
FTES Category	v	w	y	z = (v + w + y) x l
	2017-18	2018-19	2019-20	Total \$
Credit	6,711.63	(582.56)	1,796.89	\$ 32,020,879
Incarcerated Credit	(7.68)	(12.10)	12.65	(40,365)
Special Admit Credit	(161.08)	(21.00)	108.31	(417,635)
CDCP	2,531.63	469.87	323.97	18,695,595
Noncredit	925.39	162.90	423.54	5,110,940
<b>Total</b>	<b>9,999.89</b>	<b>17.11</b>	<b>2,665.36</b>	<b>\$ 55,369,414</b>

Section Id: FTES Growth Authority			
FTES Category	% target	ab 2019-20 Applied #3 FTES	ac = aa x ab 2020-21 Growth FTES
Credit	0.00%	14,504.18	-
Incarcerated Credit	0.00%	7.13	-
Special Admit Credit	0.00%	217.84	-
CDCP	0.00%	3,748.44	-
Noncredit	0.00%	1,148.52	-
<b>Total</b>		<b>19,626.11</b>	<b>-</b>

Total Growth FTES Value ==>>> -

Section Ie: Basic Allocation

District Type/FTES	Funding Rate	Number of Colleges	Basic Allocation
<b>Single College Districts</b>			
≥ 20,000	6,742,506.62	1	\$6,742,507
≥ 10,000 & < 20,000	5,394,005.51	-	-
< 10,000	4,045,502.28	-	-
<b>Multi-College Districts</b>			
≥ 20,000	5,394,005.51	-	-
≥ 10,000 & < 20,000	4,719,754.42	-	-
< 10,000	4,045,502.28	-	-
<b>Additional Rural \$</b>	<b>1,286,718.94</b>	<b>-</b>	<b>-</b>
		<b>Subtotal</b>	<b>\$6,742,507</b>

FTES	Funding Rate	Number of Centers	Basic Allocation
<b>State Approved Centers</b>			
≥ 1,000	\$1,348,501.11	1	\$1,348,501
<b>Grandopened Centers</b>			
≥ 1,000	1,348,501.11	3	4,045,503
≥ 750 & < 1,000	1,011,375.57	2	2,022,752
≥ 500 & < 750	674,250.03	-	-
≥ 250 & < 500	337,125.54	-	-
≥ 100 & < 250	168,563.83	-	-
		<b>Subtotal</b>	<b>\$7,416,756</b>
		<b>Total Basic Allocation</b>	<b>\$14,159,263</b>
		<b>Total FTES Allocation</b>	<b>87,246,554</b>
		<b>Total Base Allocation</b>	<b>\$101,405,817</b>

Section II: Supplemental Allocation

Supplemental Allocation - Point Value \$948	Points	2019-20 Headcount	Rate	Revenue
AB540 Students	1	697	\$948	\$660,756
Pell Grant Recipients	1	3,934	948	3,729,432
Promise Grant Recipients	1	9,658	948	9,155,784
<b>Totals</b>		<b>14,289</b>		<b>\$13,545,972</b>

Section III: Student Success Allocation

All Students - Point Value \$559	Points	2017-18 Headcount	2018-19 Headcount	2019-20 Headcount	Three Year Average	Rate = Point Value x Points	Revenue
Associate Degrees for Transfer	4	250	340	371	320.33	\$2,236.00	\$716,265
Associate Degrees	3	784	857	867	836.00	1,677.00	1,401,972
Baccalaureate Degrees	3	0	0	0	-	1,677.00	0
Credit Certificates	2	447	673	831	650.33	1,118.00	727,073
Transfer Level Math and English	2	447	557	631	545.00	1,118.00	609,310
Transfer to a Four Year University	1.5	861	940	1,032	944.33	838.50	791,824
Nine or More CTE Units	1	4,363	4,483	3,772	4,206.00	559.00	2,351,154
Regional Living Wage	1	2,999	4,650	5,596	4,415.00	559.00	2,467,985
<b>All Students Subtotal</b>		<b>10,151</b>	<b>12,500</b>	<b>13,100</b>	<b>11,917.00</b>		<b>\$9,065,583</b>
<b>Pell Grant Recipients - Point Value \$141</b>							
Associate Degrees for Transfer	6	131	179	191	167.00	\$846.00	\$141,282
Associate Degrees	4.5	412	425	391	409.33	634.50	259,722
Baccalaureate Degrees	4.5	0	0	0	-	634.50	0
Credit Certificates	3	159	255	297	237.00	423.00	100,251
Transfer Level Math and English	3	143	159	225	175.67	423.00	74,307
Transfer to a Four Year University	2.25	406	420	483	436.33	317.25	138,427
Nine or More CTE Units	1.5	1,293	1,335	1,165	1,264.33	211.50	267,407
Regional Living Wage	1.5	375	526	625	508.67	211.50	107,583
<b>Pell Grant Recipients Subtotal</b>		<b>2,919</b>	<b>3,299</b>	<b>3,377</b>	<b>3,196.33</b>		<b>\$1,088,979</b>
<b>Promise Grant Recipients - Point Value \$141</b>							
Associate Degrees for Transfer	4	178	250	266	231.33	\$564.00	\$130,472
Associate Degrees	3	588	635	604	609.00	423.00	257,607
Baccalaureate Degrees	3	0	0	0	-	423.00	0
Credit Certificates	2	286	424	488	399.33	282.00	112,612
Transfer Level Math and English	2	220	261	313	264.67	282.00	74,636
Transfer to a Four Year University	1.5	571	582	667	606.67	211.50	128,310
Nine or More CTE Units	1	2,360	2,391	2,066	2,272.33	141.00	320,399
Regional Living Wage	1	737	1,115	1,308	1,053.33	141.00	148,520
<b>Promise Grant Recipients Subtotal</b>		<b>4,940</b>	<b>5,658</b>	<b>5,712</b>	<b>5,436.67</b>		<b>\$1,172,556</b>
<b>Total Headcounts</b>		<b>18,010</b>	<b>21,457</b>	<b>22,189</b>	<b>20,552.00</b>		<b>\$11,327,118</b>

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**Exhibit 3** shows City College revenue by source for fiscal year 2020-21 and was gathered from the fiscal year 2022-23 City College budget. Details of City College revenue can be found on the next two pages.

**Exhibit 3**  
**City College Revenue by Source, Fiscal Year 2020-21**  
**Source: City College Budget, Fiscal Year 2022-23<sup>11</sup>**

Revenue Type	Total (Actual)	Percent of Total
State (includes State General Apportionment (Prop 98), EPA Revenues, Lottery Proceeds) <sup>12</sup>	\$93,190,555	48%
Local (includes Prop 98 tax revenue and tuition and fees from all sources including Cal Grant, Free City and Federal)	\$69,745,368	36%
Prop A-City College Parcel Tax	\$19,518,892	10%
Transfer In/Recoveries (Higher Education Emergency Relief Funds – one time)	\$10,036,869	5%
<b>Total Revenue</b>	<b>\$192,491,684</b>	

<sup>11</sup> <https://www.ccsf.edu/about-ccsf/administration/finance-and-administration/budget-department/final-budget>

<sup>12</sup> State amounts may not tie to SCCF Funding Allocation amount from Exhibit 2 because SCCF Funding includes both State and Local revenue and in Exhibit 3 the figures are displayed separately.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
ADOPTION BUDGET 2022-23

UNRESTRICTED GENERAL FUND + PARCEL TAX  
REVENUE AND EXPENDITURE REPORT DETAIL

ACCOUNT	ACCOUNT TITLE	ACTUAL 2019-20	ACTUAL 2020-21	PRELIMINARY 2021-22	ADOPTION BUDGET 2022-23	% CHANGE
<b>STATE REVENUES</b>						
8590	Other CDE Revenues	990,905	990,906	2,360,166	2,360,166	0.0%
8611A	Prior YR Corrections-St Apportion	(1,946,657)	(1,241,435)	(1,241,435)	(1,862,853)	50.1%
8611E	SGA 2% Enrollment Fee Allowance	175,492	165,802	138,057	140,000	1.4%
8611	State General Apportionment	77,401,343	48,230,908	44,995,564	60,497,005	34.5%
8612	Apprenticeship Allow	366,870	366,052	384,809	400,000	3.9%
8618	Part time Faculty Allocation	385,770	476,522	514,299	525,000	2.1%
8630	EPA Revenues	10,810,413	32,536,173	39,355,168	30,273,600	(23.1%)
8671	Homeowner's Prop Tax Relief	89,135	76,527	84,510	90,054	6.6%
8681	ST Lottery Proceeds	2,983,577	3,051,897	3,513,494	3,500,000	(0.4%)
8691	ST Mandated Costs	645,930	619,747	619,970	620,000	0.0%
8699	Other Misc ST Revenues		7,917,457	-	-	0.0%
<b>State Revenues Total</b>		<b>91,902,778</b>	<b>93,190,555</b>	<b>90,724,602</b>	<b>96,542,972</b>	<b>6.4%</b>
<b>LOCAL REVENUES</b>						
8811	Tax Allocation, Secured Roll	33,554,211	37,034,438	37,090,317	39,523,442	6.6%
8812	Tax Allocation, Supplemental Roll	1,814,044	930,610	1,147,090	1,222,339	6.6%
8813	Tax Allocation, Unsecured Roll	2,336,283	2,171,816	1,849,564	1,970,895	6.6%
8816	Prior year taxes	(677,598)	(53,633)	(398,425)	(424,562)	6.6%
8817	ERAF	(3,488,071)	3,445,224	4,797,240	4,777,684	(0.4%)
8818	Redevelopment AB 1290	661,229	800,317	826,187	880,385	6.6%
8819B	Prop Tax Rev-Voted Indebtedness-P39	1,928,053	2,658,109	2,697,365	2,471,780	(8.4%)
8821	Cont, Gifts, Endowments	247,460				0.0%
8827	Save A Class Donation	111	97	171		(100.0%)
8831	Contract Instructional Serv	536,552	411,017	616,815	613,580	(0.5%)
8851	Rentals/Leases	499,978	55,299	54,585	60,000	9.9%
8861	Interest/Invest Inc	274,123	25,359	69,503	50,000	(28.1%)
8866B	Enrollment Fees-Fall	9,292,506	6,414,999	5,448,608	5,580,906	2.4%
8866D	Enrollment Fees-PY	(5,526)	(71,005)	(25,714)	(26,340)	2.4%
8866C	Enrollment Fees-Spring	7,187,753	6,415,574	6,902,875	7,444,113	7.8%
8866A	Enrollment Fees-Summer	1,903,503	856,658	985,803	1,063,034	7.8%
8867M	BOG A Waiver Fall	(4,554)	(943)	(828)	(893)	7.9%
8867N	BOG A Waiver Spring	(2,047)	(2,760)	(460)	(496)	7.8%
8867L	BOG A Waiver Summer		(138)			0.0%
8867P	BOG B Waiver Fall	(1,735,608)	(1,309,137)	(1,087,532)	(1,087,164)	(0.0%)
8867Q	BOG B Waiver Spring	(1,624,888)	(1,368,520)	(1,371,375)	(1,479,507)	7.9%
8867O	BOG B Waiver Summer	(347,360)	(194,833)	(187,565)	(202,259)	7.8%
8867S	BOG C Waiver Fall	(1,306,756)	(1,185,213)	(1,036,863)	(1,118,987)	7.9%
8867T	BOG C Waiver Spring	(1,167,273)	(1,154,499)	(1,187,651)	(1,278,711)	7.7%
8867R	BOG C Waiver Summer	(234,423)	(150,650)	(155,319)	(167,487)	7.8%
8867V	BOG S Waiver Fall	(1,886)	(1,357)	(690)	(744)	7.8%
8867W	BOG S Waiver Spring	(1,955)	(2,576)	(966)	(1,042)	7.9%
8867U	BOG S Waiver Summer	(138)				0.0%
8867X	BOG Waivers PY	(561,982)	13,064	(2,024)	(1,439)	(28.9%)
8867D	Enroll BOGG-PY	492	88	276	298	8.0%
8868R	AB 13 Exmptn NRT for Veterans-FL	(999,648)	(869,565)	(1,195,765)	(1,289,445)	7.8%
8868T	AB 13 Exmptn NRT for Veterans-PY		114,081	32,770	48,784	48.9%
8868S	AB 13 Exmptn NRT for Veterans-SP	(1,003,509)	(1,092,720)	(1,384,340)	(1,486,503)	7.4%
8868Q	AB 13 Exmptn NRT for Veterans-SU	(223,938)	(161,965)	(223,496)	(241,005)	7.8%
8868G	AB540 FALL	(1,159,236)	(997,600)	(934,695)	(1,007,922)	7.8%
8868I	AB540 PR YR ADJ's	(13,718)	(33,462)	(25,261)	(15,160)	(40.0%)
8868H	AB540 SPRING	(841,464)	(948,590)	(1,158,159)	(1,248,892)	7.8%
8868F	AB540 SUMMER	(188,019)	(138,185)	(149,202)	(160,891)	7.8%
8868B	Non-Resident Fees-Fall	4,878,959	4,245,455	4,023,082	4,338,261	7.8%
8868D	Non-Resident Fees-PY	(87,864)	(232,793)	(143,120)	(116,510)	(18.6%)

ACCOUNT	ACCOUNT TITLE	ACTUAL 2019-20	ACTUAL 2020-21	PRELIMINARY 2021-22	ADOPTION BUDGET 2022-23	% CHANGE
8868C	Non-Resident Fees-Spring	4,281,791	4,110,315	4,730,640	5,558,187	17.5%
8868A	Non-Resident Fees-Summer	825,318	516,780	612,158	660,116	7.8%
8868M	SB 150/AB 2364 HS Exptn FL	(184,860)	(129,050)	(139,532)	(150,463)	7.8%
8868O	SB 150/AB 2364 HS Exptn PY	(3,420)	(24,081)	(4,884)	(5,267)	7.8%
8868N	SB 150/AB 2364 HS Exptn SP	(82,368)	(95,990)	(159,794)	(172,312)	7.8%
8868L	SB 150/AB 2364 HS Exptn SU	(53,469)	(32,770)	(46,664)	(50,320)	7.8%
8872	Community Service Classes	308,784	3,174	160,608	177,516	10.5%
8874	Enrollment	(36)				0.0%
8879	Student Records	150	75	180		(100.0%)
8886	Exempt NRT Cap Out PY AB 13		105			0.0%
8889	Other Student Fees	45	75	50		(100.0%)
8889A	Student Credit Bal Adjmt	20		281		(100.0%)
8891	Other Local Revenues	829,158	2,042	12,164	631,542	5,091.7%
8892	Traffic Fines	4,026	849	236		(100.0%)
8893I	Miscellaneous Income	75,107	70,943	20,065	21,335	6.3%
8893L	Vending Machines	16,955	45			0.0%
8895	Sales Taxes (Prop A)	14,705,035	9,700,793	14,654,176	14,550,000	(0.7%)
<b>Local Revenues Total</b>		<b>70,160,030</b>	<b>69,745,368</b>	<b>75,712,486</b>	<b>79,909,875</b>	<b>5.5%</b>
<b>PARCEL TAX</b>						
8819	Prop A-City College Parcel Tax	19,490,064	19,518,892	19,623,204	19,934,937	1.6%
<b>TRANSFERS IN/RECOVERIES</b>						
8981	Transfer in - General Unrestricted	-		4,132	1,900,000	45,882.8%
8982	Transfer in - General Restricted		10,036,869			0.0%
8994	Transfer in-Bond Fund			30,000		(100.0%)
8950	F & A Recoveries	-	-	229,962		(100.0%)
<b>Transfers in/Recoveries Total</b>		<b>-</b>	<b>10,036,869</b>	<b>264,094</b>	<b>1,900,000</b>	<b>619.4%</b>
<b>REVENUE TOTAL</b>		<b>181,552,873</b>	<b>192,491,685</b>	<b>186,324,386</b>	<b>198,287,784</b>	<b>6.4%</b>

**B. Results of Procedures Performed**

**Objective:** Determine how much revenue the Free City College Program generates for City College.

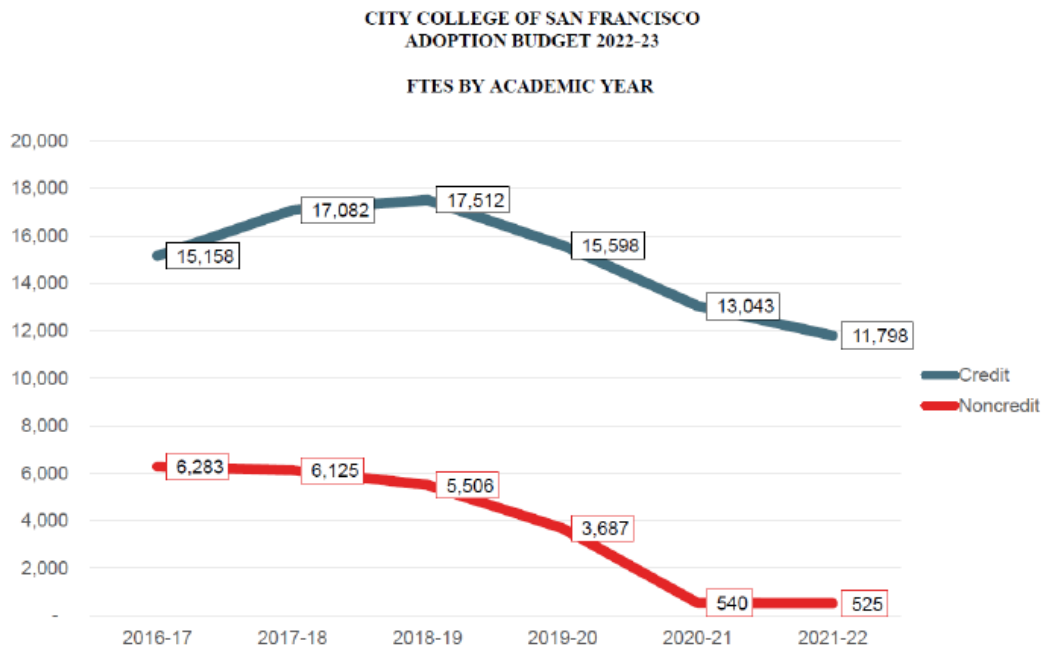
**Approach:** Crowe met with a City College representative to discuss how the Free City College Program has affected City College revenue. Crowe conducted internet research to understand how federal, state, and other local funding impacts the City College budget and how Free City College funds affect overall revenue at City College.

**Results:** Crowe determined that the range of measurable revenue the program generates was between \$5,622,120 (total enrollment fees paid for academic year 2020-21) and \$9,522,622 (total Free City College Fund payments to students).

Free City may also impact overall student enrollment levels by allowing students to easily apply for additional financial assistance and to enroll full time instead of part time. The process for applying to Free City is much less cumbersome compared to the FAFSA process and Free City provides resources to cover additional expenses potentially allowing a student to enroll full time.

Increased enrollment is the largest driver of increased general apportionment revenue to City College. Approximately 80 percent of Proposition 98 funding is allocated based on full time equivalent student (FTES) counts. Overall enrollment has been decreasing since 2018-19 as shown in **Exhibit 4**, however approximately 70 percent of City College students use Free City funds which would indicate enrollment levels (and revenue) may have been further reduced without this additional funding source.

**Exhibit 4  
City College of San Francisco  
FTES by Academic Year**





To further support the assumption that Free City has kept enrollment levels from falling even faster, we provide the primary revenue sources for tuition and fees for students in **Exhibit 5**. If a student is eligible for all funding sources the funding would be applied in the order listed in the table. The California College Promise Grant would be used first to cover tuition and fees. Free City would then be used to cover any remaining tuition and fees and provide additional funding to the student in the form of a grant. If the student was not eligible for California College Promise Grant, then Free City would be the first funds available, then California College Grant and federal Aid. The vast majority of Free City program students also qualify for the California College Promise Grant, the California Grant program and federal financial aid. While Free City provides the easiest path for students to apply and get approved for financial assistance, an unintended consequence of the Free City application process is that a potentially significant portion of the \$9.5 million of Free City funds used by about 21,000 students in fiscal year 2020-21, may otherwise have been covered for the students by the California College Promise Grant, the California Grant program and/or Federal financial aid. Consideration of requirements to complete the FAFSA or the California Dream Act Application, application assistance or incentives to apply for non-local funds should be considered going forward. Free City provides a valuable resource for students that may not qualify for other assistance programs and would otherwise not enroll in college or only enroll part time.

**Exhibit 5**  
**Available Funding Sources to Qualified Students**

Funding Type	Application	Eligibility
California College Promise Grant	FAFSA or CA Dream Act Application	<p>Method A:</p> <ul style="list-style-type: none"> <li>Receiving monthly cash assistance (TANF/CalWORKs, SSI/SSP, or General Assistance)</li> <li>Dependent student whose parents receive cash assistance</li> <li>Eligible dependent of a United States veteran</li> <li>Recipient of the Congressional Medal of Honor or dependent of a recipient</li> <li>Dependent of a victim of the September 11, 2001, terrorist attack</li> <li>Dependent of a deceased law enforcement/fire suppression personnel killed in the line of duty</li> <li>Exonerated from a crime by writ of habeas corpus or pardon</li> <li>Dependent of a deceased physician, nurse, or first responder who died of COVID-19</li> </ul> <p>METHOD B:</p> <ul style="list-style-type: none"> <li>Household income</li> </ul> <p>METHOD C:</p> <ul style="list-style-type: none"> <li>Unmet need, through the completion of a FAFSA/Dream Act application</li> </ul>
Free City Program Cal Grant (B)	Free City Application FAFSA or CA Dream Act Application	<ul style="list-style-type: none"> <li>Resident of California and City of San Francisco</li> <li>Resident of California</li> <li>Financial need, income, and asset ceilings</li> <li>At least a 2.0 GPA</li> </ul>
Federal Student Aid	FAFSA or CA Dream Act Application	<ul style="list-style-type: none"> <li>Financial need, income, and asset ceilings</li> </ul>



## Appendix B – Management Response

The Department of Children, Youth and Their Families –



Maria Su, Psy.D.  
Executive Director



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May 3, 2023

Mark de la Rosa, Director of Audits  
Office of the Controller, City Services Auditor  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place, #306  
San Francisco, CA 94102

Subject: Department of Children, Youth & Their Families' Management Response to  
Performance Audit of Free City College Program Fund Performed on behalf of the City and  
County of San Francisco

Dear Mr. de la Rosa,

Thank you for the opportunity to review the results of the Performance Audit of Free City  
College Program Fund Performed on behalf of the City and County of San Francisco.

DCYF agrees with the recommendations provided by Crowe. Please refer to the attached Audit  
Recommendation and Response Form for our detailed responses.

If you have any questions, please feel free to contact me at [maria.su@dcyf.org](mailto:maria.su@dcyf.org).

Sincerely,



Maria Su, Psy.D.  
Executive Director  
Department of Children, Youth and Their Families  
1390 Market Street, San Francisco, CA 94102  
(628) 652-7100

cc: Heidi Burbage, Chief Financial Officer  
Jasmine Dawson, Deputy Director, City & Community Partnerships

Department of Children, Youth and Their Families  
1390 Market Street Suite 900 \* San Francisco, CA 94102 \* 628-652-7100 \* [www.dcyf.org](http://www.dcyf.org)

## Recommendations and Responses

For each recommendation, the responsible agency should indicate in the column labeled *Agency Response* whether it concurs, does not concur, or partially concurs and provide a brief explanation. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

Recommendation	Agency Response	CSA Use Only Status Determination*
The Department of Children, Youth and Their Families (DCYF) should:		
1. Require City College to submit a methodology for review before approving additional staff allocation expenses. DCYF must better define and approve the methodology for allocating staff time to the Free City College Program. Implement a timesheet reporting system, conduct a time-and-motion study, or conduct lookback reviews of time allocations to include staff verification of time reported.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur  DCYF and City College have worked together and agreed upon the documentation City College needs to submit to DCYF for staff time and admin costs. City College is working on the methodology and process flow for approving staff allocation expenses. The methodology and documentation will be implemented for Academic Year 2021-22 and on.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested
2. Ensure the Oversight Committee meetings occur every three months, as required by the memorandum of understanding.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur  The required number of meetings were met for Academic Year 2022-23. DCYF has begun to schedule meetings for Academic Year 2023-24.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested

**Department Response to Nonaudit Procedures**

Nonaudit Procedure	Agency Response
<p><b>Nonaudit Procedure 1</b> – Prepare a cost analysis for the following City fiscal year and provide recommendations to help program sustainability. Determine how federal/state aid is being leveraged in conjunction with the Free Tuition Program.</p>	<p>DCYF concurs with the results of this procedure. DCYF is working with the Controller’s Office in monitoring the fund balance and the committee has been in discussion on how to appropriate the fund balance.</p>
<p><b>Nonaudit Procedure 2</b> – Calculate the percentage of the total budget that is used for tuition and what percentage is used to distribute grants to students.</p>	<p>DCYF concurs with the results of this nonaudit procedure.</p>
<p><b>Nonaudit Procedure 3</b> – Assess DCYF’s management and monitoring of the memorandum of understanding and make recommendations for improvement.</p>	<p>DCYF had begun working with City College on establishing better oversight procedures, particularly for approvals of administrative and IT support expenses and one-time costs.</p>
<p><b>Nonaudit Procedure 4</b> – Determine how much revenue the Free City College Program generates for City College.</p>	<p>DCYF concurs with the results of this nonaudit procedure.</p>

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**City College of San Francisco**



**Office of the Vice Chancellor, Finance and Administration**

May 3, 2023

Mark de la Rosa, Director of Audits  
Office of the Controller, City Service Auditor  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place #306  
San Francisco, CA 94102

Subject: City College of San Francisco's response to the Free City College Program Revised Audit Report

Dear Mr. de la Rosa:

City College of San Francisco (CCSF) has completed its review of the revised *Performance Audit of Free City College Program Fund: August 1, 2020, through July 31, 2021*. We have no suggested changes to the draft.

If you have any questions, please feel free to contact me at [jalamin@ccsf.edu](mailto:jalamin@ccsf.edu).

Sincerely,

A handwritten signature in black ink that reads "John al-Amin".

John al-Amin, Ph.D.  
Vice Chancellor of Finance & Administration  
City College of San Francisco  
50 Frida Kahlo  
San Francisco CA 94112

cc: David Martin  
Winnie Woo