

Sister Cities Educational Youth Exchange Budget and Refund Policy

Adopted November 10, 2010

1) Trip coordinators shall submit to the Sister Cities Advisory Board via its treasurer an estimated budget during the fall of each year for each upcoming youth trip exchange. The proposed budget shall include estimated receipts and expenditures for the upcoming youth exchange to the sister city including hosting the associated sister city youth in Lawrence. The proposed budget should estimate both direct (trip fees, sister city stipend support) and indirect sources (assistance from GAPP, KUEA, friend groups, or other ancillary sources).

The budget should provide a best judgment estimate for the number of students and the proposed charges per student participating for the program. It should include estimates of airfares and other expenditures based on historical data from previous trips. Because airfares and actual numbers of students are difficult to estimate in the future, it is understood that a conservative estimates may be utilized, which may result in fees collected exceeding actual final expenses. For this purpose, this policy is to provide guidance in a) establishing a prudent reserve account for the exchange and b) establishing a policy of when reimbursements should be made.

2) The board shall maintain on behalf of each youth exchange program a prudent reserve account for the purpose of working capital and for extraordinary, unforeseen, or emergency expenditures. The prudent reserve account should be maintained in an amount specified by the board.. Prudent reserve account balances should normally not be required or utilized for anticipated exchange expenditures. Upon a motion of the board approved by 2/3 vote, expenditures may be made from a prudent reserve account to address unforeseen or extraordinary expenses of an exchange trip, or other emergency expenditures. Amounts exceeding prudent the established prudent reserve balance shall be available for trip coordinators to budget and expend for future youth exchanges.

3) The ideal prudent reserve account for Eutin exchanges shall be \$3,000. The ideal prudent reserve account for Hiratsuka exchanges shall be \$5,000.

4) Within 60 days of the conclusion of any trip exchange, the trip coordinators shall have submitted all final bills to the City of Lawrence for payment. A reconciliation of all actual expenses compared to the approved trip budget shall be submitted to the Board treasurer by the trip coordinator, and provided in writing to the Board at the next appropriate meeting.

4) Definitions:

a) **Total Trip Fees** means the actual exchange trip fee charged times the actual number of students participating in the exchange (not netting collections for scholarships)

b) **Total Amount Available** means **Total Trip Fees** plus any amount of “**city stipend support**” provided by city appropriated funds by the board for that trip for that year.

c) **Total Trip Expenditures** means the actual regular direct expenditures of the trip, including expenditures during hosting in Lawrence. This amount does not include indirect expenditures supported by third party groups and individuals.

5) The treasurer shall determine the amounts in paragraph 4.

- a) If **Total Trip Fees** exceeds **Total Trip Expenditures**, ***refunds shall be provided*** if the excess amount collected exceeds \$50 per student/family. If the **Prudent Reserve** balance is less than the ideal amount, the first \$25 of excess amount per household shall instead be transferred to the prudent reserve.
- b) If **Total Trip Fees** are less than **Total Trip Expenditures**, and **Total Amount Available** exceeds **Total Trip Expenditures**, then no refunds shall be provided. If the **Prudent Reserve** is less than the ideal amount, excess city stipend shall be transferred to the **Prudent Reserve**. If the **Prudent Reserve** is fully funded, the excess city stipend shall be available for use by the Board for any appropriate use.
- 6) If refunds are indicated, the treasurer working with the trip coordinator shall make a recommendation of actual refunds which recognizes scholarship support and any other extraordinary circumstances on a family by family basis.

Attached: Copy of graphic demonstrating policy
Copy of June 7, 2010 memorandum to SC Advisory Board

MEMORANDUM

TO: Lawrence Sister Cities Advisory Board

FROM: Ad Hoc Committee on Trip Refunds

DATE: June 7, 2009

RE: Committee Report and Recommendations

Background:

It is recognized that the planning of budgets for educational youth trips is a difficult exercise, especially as the estimation of the largest expenditure, that for air fare, must be made months in advance of the actual trip. Trip coordinators must work between being too conservative in their estimates for airfare, which can create a later crisis by increasing the price for a trip, or over-estimating fare costs which results in trip fees collections which are higher than necessary.

Most recently, trip collections for both the Eutin and Hiratsuka trips resulted in collections which were significantly greater than the trip costs. Because of discussions which occurred during consideration of refunds for both trips, the board recommended a committee of the board be appointed to develop a more formal refund policy. Herndon, Ground and Josserand were appointed.

In discussing the matter of creating a refund policy, the committee quickly realized that the problem of identifying trip expenses and trip collections is intertwined with the issues of “trip stipend support” and “trip reserves.”

- For some years this board has maintained the policy of allocating a portion of its annual appropriation for direct support for student trips. That amount currently is \$3,000 (\$1,500 x 2 trips). The recommended policy acknowledges this practice and recognizes these dollars are different in character than fees actually paid for by students and families. Although these amounts are not technically used as a stipend, they are commonly referred to as “stipend support” or “city stipend” by members of the board.
- Through the most recent experience of considering refunds for the 2009, the board impliedly adopting the practice that a “prudent reserve” fund should be maintained for each of the trips.

Guiding Principles

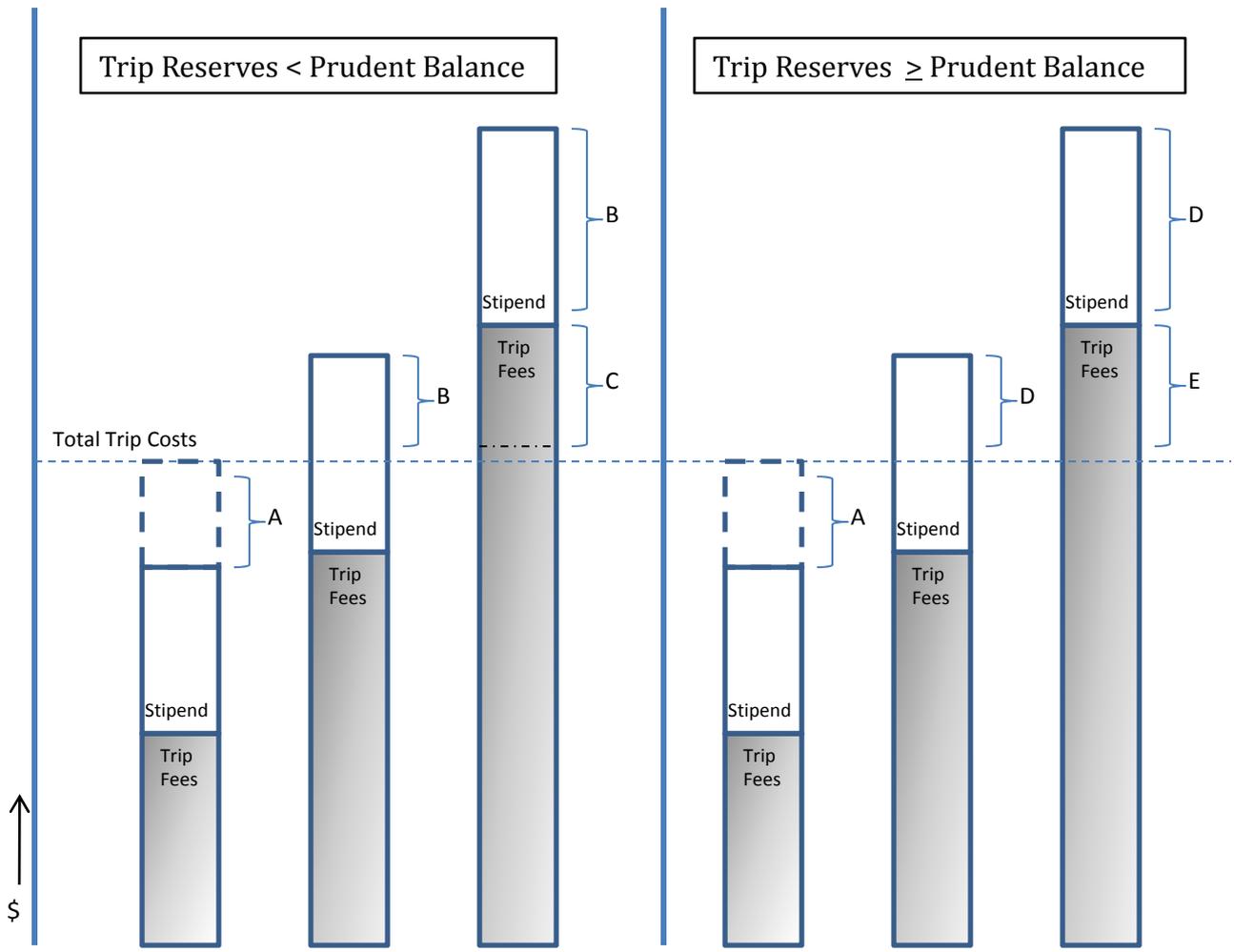
- A “**prudent reserve**” amount, which is an amount identified by board policy should be maintained for each youth educational exchange. If this reserve is underfunded, collections exceeding revenues should first fund this reserve. This recommendation suggests \$3,000 for the Eutin exchange and \$5,000 for the Hiratsuka exchange as amounts for the board to consider.
- Recommends that “**city stipend support**” monies should not be a source for refunds to families and students. To the extent that stipend support remains after trip expenditures are paid, it should be available to fund the “prudent reserve” funds, or remain in board accounts for sister cities purposes.
- Refunds for small amounts (less than \$50 per household) are not recommended. This amount is an arbitrary amount and could be changed.

Graphic Depiction

The policy recommends that at the conclusion of each trip, trip collections and trip expenditures should be accounted for. The chart enclosed with this memo shows graphically how the policy would be applied.

Trip Reserves < Prudent Balance

Trip Reserves ≥ Prudent Balance



Legend:

- A – Extraordinary circumstances requiring trip reserve funds. 2/3 vote needed.
- B- Transfer balance to Trip Reserve.
- C- If individual refunds amount to > \$50 per families, first \$25 to Trip Reserve, remainder is refunded. Otherwise, residuals to Trip Reserve.
- D- Returned to Advisory Board
- E - If individual refunds amount to > \$50 per family, refunds provided. Otherwise residuals to Trip Reserve.