

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of June 24, 2014

ITEM TITLE:

Education Protection Account Funding and Expenditures (Proposition 30, Schools and Local Public Safety Act of 2012).

SPECIFIC BOARD ACTION REQUESTED:

It is recommended that the Board of Trustees approve the use of the estimated \$13,285,340 of Education Protection Account proceeds resulting from the passage of Proposition 30 to partially fund instructional salaries and benefits.

ITEM SUMMARY: (PLEASE *DISCUSS THIS ITEM*)

Proposition 30, The Schools and Local Public Safety Protection Act of 2012 (the Act) passed in November 2012. This proposition temporarily raises the sales and use tax by .25 cents for four years and raises the income tax rate for high income earners (\$250,000 for individuals and \$500,000 for couples) for seven years to provide continuing funding for local school districts and community colleges. The Educational Protection Account (EPA) is created in the General Fund to receive and disburse these temporary tax revenues.

Districts have sole authority to determine how the moneys received from the EPA are spent, provided that the governing board makes these spending determinations in open session of a public meeting of the governing board. Each entity receiving funds must annually publish on its Internet web site an accounting of how much money was received from the EPA and how that money was spent. Additionally, the annual independent financial and compliance audit required of community colleges shall ascertain and verify whether the funds provided from the EPA have been properly disbursed and expended as required by law. Expenses incurred to comply with these additional audit requirements may be paid from the EPA.

EPA expenditures should be recorded annually on the CCFS-311 (Prop 30 EPA expenditure report, copy attached), which can also be used as a template for districts to publish their EPA expenditures on their website.

Revenue for EPA funds are unrestricted and should be recorded in object code 8630. The Act specifically prohibits the expenditure of EPA funds for administrative salaries and benefits or any other administrative costs. We are confident that colleges will incur a sufficient level of non-administrative costs (e.g., instruction and student support costs) to easily ensure that EPA funds are not used for administrative costs. Consistent with the Budget and Accounting Manual, administrative costs include:

- General administration: district-wide administrative activities including governing board, chancellor, and district-level fiscal and personnel services.
- Campus administration: activities concerned with directing and managing the operation of a particular campus.
- Instructional administration: activities for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for students.

The estimated EPA funds that Peralta will receive are \$13,285,340 and the entire amount will be spent on instructional salaries and benefits. The EPA funds are not additional funds but rather a component of computational revenue for the general fund.

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

N/A

BACKGROUND/ANALYSIS:

The form below is the required State form to be used to communicate to the State Chancellor’s Office on how the District intends to spend the Prop. 30 funds.

CALIFORNIA COMMUNITY COLLEGES
Annual Financial and Budget Report
SUPPLEMENTAL DATA

Schools and Local Public Safety Protection Act
 Prop 30 EPA Expenditure Report

For Actual 2013-14 Budget Year: 2014-15 District ID: 032 Name: Peralta CCD
 Year:

Activity Classification	Activity Code	Unrestricted			
EPA Proceeds:	8630	13,285,340			
Activity Classification	Activity Code	Salaries and Benefits (1000 - 3000)	Operating Expenses (4000 - 5000)	Capital Outlay (6000)	Total
Instructional Activities	0100-5900	13,285,340			
Other Support Activities (list below)	6XXX				
Total Expenditures for EPA*		13,285,340	0	0	13,285,340
Revenues less Expenditures					0
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

DELIVERABLES/SCOPE OF WORK:

ANTICIPATED COMPLETION DATE:

ALTERNATIVES/OPTIONS:

Not applicable

EVALUATION AND RECOMMENDED ACTION:

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):

YES _____ NO X

COMMENTS:

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?

Interim Vice Chancellor Rinne

(*****Board contract approval is subject to negotiation and execution by the Chancellor.)

DOCUMENT PREPARED BY:

Prepared by: Susan Rinne Date: 6/11/14
Susan Rinne, Interim Vice Chancellor for Finance & Administration

DOCUMENT PRESENTED AND APPROVED BY:

Presented and approved by: Susan Rinne Date: 6/11/14
Susan Rinne, Interim Vice Chancellor for Finance & Administration

FINANCE DEPARTMENT REVIEW

Finance review required Finance review *not* required

If Finance review is required, determination is: Approved Not Approved

If not approved, please give reason: _____

Signature: Susan Rinne Date: 6/11/14
Susan Rinne, Interim Vice Chancellor for Finance & Administration

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

Legal review required Legal review *not* required

If Legal review is required, determination is: Approved Not Approved

Signature: _____ Date: _____
Thuy T. Nguyen, General Counsel

CHANCELLOR'S OFFICE APPROVAL

Approved, and Place on Agenda Not Approved, but Place on Agenda

Signature: José M. Ortiz Date: 6/19/14
José M. Ortiz, Chancellor