

**MERCED COLLEGE  
Office of the President**

**BOARD AGENDA BACKUP**

**PRESENTED TO THE BOARD OF TRUSTEES OF THE  
MERCED COMMUNITY COLLEGE DISTRICT  
AT THE AUGUST 19, 2014 MEETING OF THE BOARD**

**Item:** Approval of the Prop 30 Education Protection Act (EPA)  
Spending Plan

**Presented By:** Joanne Schultz

**For:**                    **Information** \_\_\_\_\_                    **Action**                      **X**  

**Background Information :**

Proposition 30, the Schools and Local Public Safety Protection Act of 2012, 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. Article XIII, Section 36 of the California Constitution created the Education Protection Account (EPA) in the State General Fund to receive and disburse these temporary tax revenues.

Even though the revenue from EPA fund is unrestricted, it cannot be spent on administrative salaries, benefits or any other administrative costs. Except for that caveat, districts have sole authority to determine how the funds received from EPA are spent provided that the these spending determinations are made in an open session of a publicly noticed meeting of the governing board.

There are two additional requirement of the Article. The first requirement is that any district accepting funds must publish on their web site an accounting of how much money was received from the EPA to include how the money was spent. The Annual Budget and Financial Report (CCFS-311) now contains a page for EPA revenue and expenditure reporting. This page is published on the District's website for the 2012-13 fiscal year and subsequent reporting years will be added as well.

The second requirement is the funds must be included in the annual independent financials and a compliance audit is required to verify whether the funds provided from the EPA have been properly disbursed and expended as required by law. There is an allowance in the Article that permits expenses incurred to comply with these additional audit requirements to be paid from the EPA funds. However as a District, we are opting to use the funds solely for instructional activities.

The current estimate of funds the District will receive from the EPA account is \$7,887,646, per the 2014-15 Advance Principal Apportionment provided by the Chancellor's Office. Since the EPA amount is an estimate and may be more or less than currently indicated, the District has chosen to include more options. The EPA funds will be applied in the order listed:

| <b><u>Instructional Activities</u></b> | <b><u>Program (TOPS) Code</u></b> | <b><u>Allocated Budget</u></b> |
|--|-----------------------------------|--------------------------------|
| Agriculture & Natural Resources        | 0100                              | \$440,561                      |
| Environmental Sciences & Technologies  | 0300                              | 35,231                         |
| Biological Sciences                    | 0400                              | 675,583                        |
| Business & Management                  | 0500                              | 441,781                        |
| Media & Communications                 | 0600                              | 46,767                         |
| Information Technology                 | 0700                              | 251,029                        |
| Education                              | 0800                              | 562,694                        |
| Engineering & Industrial Technologies  | 0900                              | 514,435                        |
| Fine & Applied Arts                    | 1000                              | 421,105                        |
| Foreign Language                       | 1100                              | 272,568                        |
| Health                                 | 1200                              | 918,159                        |
| Family & Consumer Sciences             | 1300                              | 375,136                        |
| Humanities                             | 1500                              | 2,458,129                      |
| Mathematics                            | 1700                              | 1,410,780                      |
| Physical Sciences                      | 1900                              | 707,165                        |
| Psychology                             | 2000                              | 343,147                        |
| Public & Protective Services           | 2100                              | 247,455                        |
| Social Sciences                        | 2200                              | 787,515                        |
| Interdisciplinary Studies              | 4900                              | 121,780                        |
|  |                                   | <hr/>                          |
|  |                                   | \$11,031,020                   |

**Recommendation:**

Administration recommends that the Board of Trustees approve the 2014-15 Prop 30 Education Protection Act spending plan as presented.