

**MERCED COLLEGE
Office of the President**

BOARD AGENDA BACKUP

**PRESENTED TO THE BOARD OF TRUSTEES OF THE
MERCED COMMUNITY COLLEGE DISTRICT
AT THE SEPTEMBER 15, 2015 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 \$8,557,671, per the estimated 2015-16 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:

<u>Instructional Activities</u>	<u>Program (TOPS) Code</u>	<u>Allocated Budget</u>
Agriculture & Natural Resources	0100	\$433,412
Environmental Sciences & Technologies	0300	35,231
Biological Sciences	0400	795,732
Business & Management	0500	461,112
Media & Communications	0600	21,899
Information Technology	0700	227,408
Education	0800	572,863
Engineering & Industrial Technologies	0900	565,999
Fine & Applied Arts	1000	438,834
Foreign Language	1100	271,736
Health	1200	943,998
Family & Consumer Sciences	1300	467,389
Humanities	1500	2,710,775
Mathematics	1700	1,354,827
Physical Sciences	1900	750,644
Psychology	2000	345,880
Public & Protective Services	2100	314,796
Social Sciences	2200	913,921
Interdisciplinary Studies	4900	104,976
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		\$11,731,432 <hr/>

Recommendation:

Administration recommends that the Board of Trustees approve the 2015-16 Prop 30 Education Protection Act spending plan as presented.