

**MERCED COLLEGE
Office of the President**

BOARD AGENDA BACKUP

**PRESENTED TO THE BOARD OF TRUSTEES OF THE
MERCED COMMUNITY COLLEGE DISTRICT
AT THE SEPTEMBER 12, 2023 MEETING OF THE BOARD**

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

Presented By: Joe Allison

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 raised the sales and use tax by .25 cents for four years and raised 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.

The sales and use tax component expired on December 31, 2016, and the income tax component was scheduled to begin phasing out in 2018. However, in November 2016, voters approved Proposition 55 to extend the higher income tax rates through 2030.

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 requirements of the Article. The first requirement is that any district accepting funds must publish on their website 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 was published on the District's website for the 2012-13 fiscal year and subsequent reporting years have been added as well.

The second requirement is that the annual independent financials and a compliance audit required of the District must ascertain and 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 \$16,686,835 per the estimated 2023-24 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:

<u>Instructional Activities</u>	<u>Program (TOPS Code)</u>	<u>Allocated Budget</u>
Agriculture & Natural Resources	0100	755,515
Biological Sciences	0400	1,580,711
Business & Management	0500	786,176
Media & Communications	0600	92,057
Information Technology	0700	527,383
Education	0800	932,112
Engineering & Industrial Technologies	0900	1,308,157
Fine & Applied Arts	1000	543,042
Foreign Language	1100	452,810
Health	1200	1,567,748
Family & Consumer Sciences	1300	847,508
Humanities	1500	3,524,727
Mathematics	1700	1,476,260
Physical Sciences	1900	1,329,744
Psychology	2000	710,706
Public & Protective Services	2100	536,456
Social Sciences	2200	1,693,375
Interdisciplinary Studies	4900	159,659
		<u>\$ 18,824,146</u>

Recommendation:

Administration recommends that the Board of Trustees approve the 2023-24 Prop 30 Education Protection Act spending plan as presented.