

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**  
**DISTRICT OFFICE - BUSINESS OPERATIONS/FISCAL SERVICES**

To:	Board of Trustees	Date: May 6, 2013
Re:	Request for Public Hearing and Adoption of Education Protection Account Funding and Expenditures	
Action:	Request for Approval	

**BACKGROUND**

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. The Education 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 auditors 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 auditing requirements may be paid from the EPA.

**ANALYSIS**

The revised 2012-13 First Principal Apportionment Exhibit C (P1) dated March 8, 2013 estimates the amount of \$21,147,689 will be received by the district in June as EPA funds. These are not additional new funds to the district, rather it is a component of the state “computational revenue” allocation to be accounted for and audited separately. The entire amount will be accounted for as instructional salaries and benefits in compliance with the EPA. The attached form will be posted on the district website and will be updated at year-end with actual figures when known.

**RECOMMENDATION**

The administration recommends approval of scheduling a public hearing for May 20. After the public hearing, the administration recommends approval of the use of the estimated \$21,147,689 of Education Protection Account proceeds resulting from the passage of Proposition 30 to be accounted for as instructional salaries and benefits as presented.

Fiscal Impact:	No additional impact	Board Date: May 6, 2013
Prepared by:	Adam M. O’Connor, Assistant Vice Chancellor, Fiscal Services	
Submitted by:	Peter J. Hardash, Vice Chancellor, Business Operations/Fiscal Services	
Recommended by:	Raúl Rodríguez, Ph.D., Chancellor	



**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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## Memorandum

**April 3, 2013**

**TO:** Chief Business Officers

**FROM:** Frederick E. Harris, Assistant Vice Chancellor  
College Finance and Facilities Planning

**SUBJECT:** Accounting Advisory: Proposition 30 Education Protection Account guidelines

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. The Education Protection Account (EPA) is created in the General Fund to receive and disburse these temporary tax revenues.

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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:

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

**Contact:** If you have any questions, please contact Michael Yarber at (916) 327-6818 or via e-mail at [myarber@cccoco.edu](mailto:myarber@cccoco.edu).

Enclosure