

BOARD OF TRUSTEES	ACTION
Santa Monica Community College District	August 1, 2017

MAJOR ITEMS OF BUSINESS

RECOMMENDATION NO. 1

SUBJECT: **PUBLIC HEARING AND ADOPTION OF EDUCATION PROTECTION ACCOUNT (EPA-PROP 55, AN EXTENSION OF PROP 30) FUNDING AND EXPENDITURES – TO REFLECT THE REVISED AMOUNT IDENTIFIED IN THE SECOND PRINCIPAL APPORTIONMENT (P2)**

SUBMITTED BY: Vice-President, Business and Administration

REQUESTED ACTION: It is recommended that the Board of Trustees conduct a public hearing to receive comments on the Santa Monica Community College District’s Education Protection Account (Proposition 55, an extension of Proposition 30) Funding and Expenditures and to approve the plan to expend the Education Protection Account (EPA) funds of \$16,063,696 on instructional salaries.

SUMMARY: Proposition 55, *The California Children’s Education and Health Care Protection Act of 2016* is an extension of Proposition 30. This proposition temporarily raises the income tax rate for upper-income-earners (over \$250,000 for single filers, over \$500,000 for joint filers, and over \$340,000 for heads of households) through 2030-31 but does not extend the sales and use tax which expired on January 1, 2017, to provide continuing funding for local school districts and community colleges. 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.

This recommendation is submitted to comply with the Proposition 55 provision requiring the governing board to make the spending determination in an open session of a public meeting of the governing board. Per the Second Principal Apportionment (P2), the estimated EPA that our District will receive for 2016-2017 had decreased from \$16,508,349 to \$15,951,192. The P2 also revised the actual EPA funds for 2015-16 from \$16,715,978 to \$16,828,482 or an increase of \$112,504. The entire amount for 2016-17 and adjustment for 2015-16 will be spent on instructional salaries. The EPA funds are **NOT** additional funds but rather are components of the “computational revenue” calculations.

PUBLIC HEARING

Public Hearing Opened: 7:55 p.m.
Motion Made By: Nancy Greenstein
Seconded By: Rob Rader
Student Advisory: Aye
Ayes: 7
Noes: 0

Public Comments: None

Public Hearing Closed : 7:56 p.m.
Motion Made By: Rob Rader
Seconded By: Barry Snell
Student Advisory: Aye
Ayes: 7
Noes: 0

MOTION MADE BY: Rob Rader
SECONDED BY: Louise Jaffe
STUDENT ADVISORY: Aye
AYES: 7
NOES: 0

CALIFORNIA COMMUNITY COLLEGES

Details of Education Protection Account

Annual Financial and Budget Report

For Actual Year: 2016-2017

District ID: 780

Name: SANTA MONICA

EPA Revenue	16,063,696
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	16,063,696	0	0	16,063,696
TOTAL		16,063,696	0	0	16,063,696