

BOARD OF TRUSTEES	ACTION
Santa Monica Community College District	August 7, 2018

MAJOR ITEMS OF BUSINESS

RECOMMENDATION NO. 1

SUBJECT: **ADOPTION OF EDUCATION PROTECTION ACCOUNT (EPA-PROP 55, AN EXTENSION OF PROP 30) EXPENDITURE PLAN**

SUBMITTED BY: Interim Executive Vice-President

REQUESTED ACTION: It is recommended that the Board of Trustees approve the plan to expend the 2017-2018 Education Protection Account (EPA) funds of \$17,855,457 on instructional salaries.

SUMMARY: Proposition 55, *The California Children’s Education and Health Care Protection Act of 2016*, which was an extension of Proposition 30, 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 to fund the State’s Educational Protection Account which provides funding for local school districts and community colleges.

Under Proposition 55, 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 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 by the EPA have been properly disbursed and expended as required by law.

This recommendation is submitted to comply with Proposition 55 provisions requiring the governing board to make the spending determination in an open session of a public meeting of the governing board. The estimated EPA that our District will receive for 2017-2018, as of P2, is \$17,177,447. Accordingly, the amount of EPA funds as of the recalculation of apportionment for 2016-17 increased from the P2 amount of \$15,951,192 to \$16,628,549 or an increase of \$ 677,357. Furthermore, the amount of EPA funds as of the recalculation of apportionment for 2015-16 increased from \$16,828,482 to \$16,829,135; these changes to 2015-2016 and 2016-2017 EPA funds equates to a total prior year EPA adjustment to be recognized in 2017-18 of \$678,010. The entire amount for 2017-18 and increases in fiscal years 2015-16 and 2016-17 will be spent on instructional salaries. The EPA funds are NOT additional funds but rather are components of the “computational revenue” calculations and will be offset by a decrease in apportionment funding received by the State.

MOTION MADE BY: Susan Aminoff
 SECONDED BY: Louise Jaffe
 STUDENT ADVISORY: Aye
 AYES: 6
 NOES: 0
 ABSENT: 1 (Rob Rader)

Annual Financial and Budget Report

For Actual Year: 2017-2018

District ID: 780

Name: SANTA MONICA

EPA Revenue	17,855,457
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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	17,855,457	0	0	17,855,457
TOTAL		17,855,457	0	0	17,855,457