

# Federal Communications Commission (FCC) Proceeds Update

Board of Trustees Strategy Session  
January 23, 2025

# Background



- The FCC launched a first-of-its-kind Broadcast Incentive Auction to meet the nation's demand for wireless networks.
- Purpose: Reallocate spectrum in the 600 MHz band for wireless carriers.
- Licensees like KVCR-DT received auction proceeds in exchange for their spectrum.

# Background



## Options for Television Stations:

1. Not participate, risking involuntary relocation to a new RF channel.
2. Forfeit FCC license and stop broadcasting for financial compensation.
3. Agree to channel-share with another station post-auction.
4. Move from the UHF Band to High or Low VHF Band for financial compensation.

# Background



## SBCCCD BOT Decision:

- SBCCCD elected Option 4: Relocate KVCR-DT from RF Channel 24 in the UHF Band to a channel in the Low VHF Band.
- FCC accepted SBCCCD's offer and will provide financial compensation.
- Total Compensation: \$157,113,171.

# Background



## Board Finance Committee:

- On March 2017 the Board of Trustees tasked the Board of Trustees Budget Committee (BBC) to draft the Guiding Principles for the FCC Proceeds.

# Initial Guiding Principles

First Read: August 2017

Final Read: September 2017

## Guiding Principles for the FCC Auction Proceeds Strategic Financial Plan

### Overarching

1. Our students are our core mission and we will focus our resources on their success.
2. All FCC auction proceeds activity **should shall** be transparent.

### One-Time Expenditures

3. SBCCD will use the proceeds as a one-time investment in KVCR for the mandatory transition costs from UHF to VHF over-the-air and current broadcast standards.
4. SBCCD will be reimbursed for all costs related to the FCC auction.
5. One-time fund proceeds should help KVCR reach financial sustainability within a specified, board-approved timeframe.
6. The district unrestricted general fund balance **should shall** be restored to a range of 12-15%.
7. With the exception of items 3-6 above, one-time expenditures **should shall** support the approved program review, and educational and facilities master plans.

### Principal Investment

8. Proceeds **should shall** be invested in a manner that serves SBCCD for years to come.
9. Principal amount **should shall** not be used as a resource for ongoing expenditures unless approved by the Board of Trustees.
10. Investments should include real estate and a diversified portfolio.

### Revenue Generated from Investments

11. Revenue generated from the investment of proceeds **should shall** help SBCCD meet its strategic goals as established in the comprehensive master plan.
12. Annual revenue amount **should shall** be subject to annual allocation and follow existing collegial consultation and established budget processes.

# Background



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## Final Approved Allocation

- On January 2019 the Board of Trustees Approved the Final Allocation of the FCC Auction Proceeds.

# \$157 Million Approved Allocation

Allocation	Amount	Notes
Long-Term (\$117 Million):		
Pension Rate Stabilization Trust	41,000,000	Endowment to offset General Fund
KVCR	21,000,000	Endowment to offset KVCR
Media Academy	9,000,000	Quasi-Endowment to offset Media Academy
Commercial Buildings Purchase	46,000,000	Board Approved Purposes
One-Time Allocations (\$40 Million):		
SBVC	6,971,000	Discretionary
CHC	3,029,000	Discretionary
DSO & FCC Expenses	3,000,000	Discretionary & Reimbursement for FCC Related Expenses
Media Academy Start Up	2,000,000	Implementation Investment
KVCR Mandated Transition	16,000,000	Technology & Facilities Investment
KVCR Deficits	5,000,000	To Cover 3-Years Operational Deficits
SBCCD Promise	4,000,000	First Year Implementation



# Existing Guiding Principles



Board Reaffirmation:  
February 8, 2024



## Guiding Principles for the FCC Auction Proceeds

Board Affirmed February 9, 2023

Submitted for Board Review and Reaffirmation February 8, 2024

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### Overarching

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### Revenue Generated from Investments

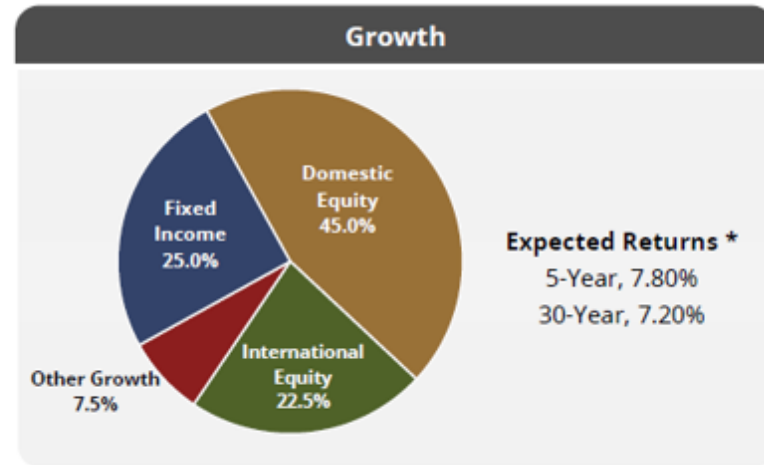
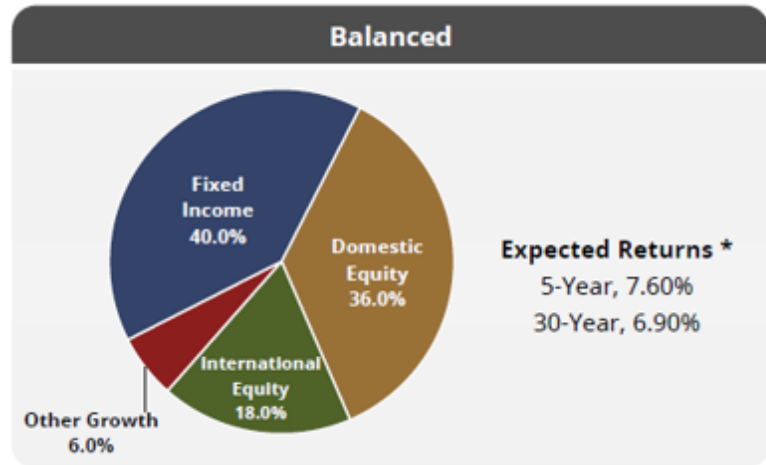
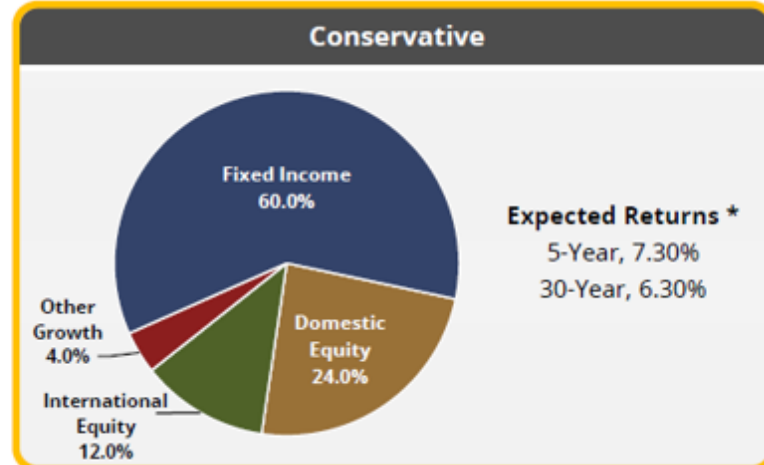
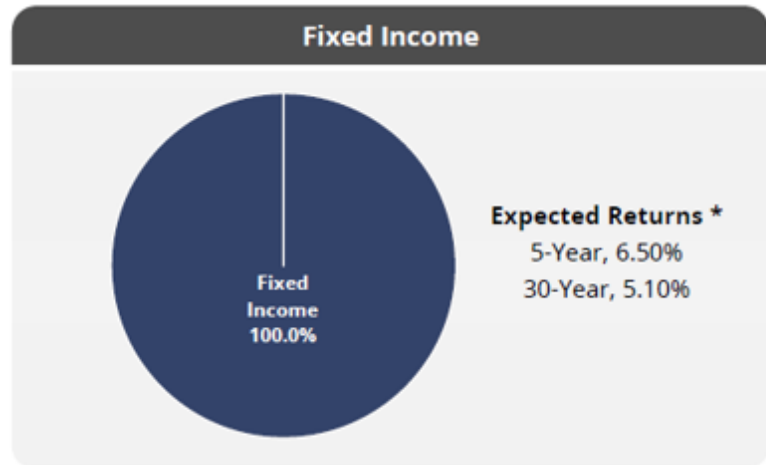
6. Revenue generated from the investment of proceeds shall help SBCCD meet the goals outlined in the strategic plan.
7. Annual revenue amount shall be subject to annual allocation and follow existing collegial consultation and established budget processes.  
strategic goals as established in the comprehensive master plan.
12. Annual revenue amount ~~should~~ shall be subject to annual allocation and follow existing collegial consultation and established budget processes.

# Current Balances as of November 30, 2024

Allocation	Original Amount	Current Amount	Distributions	Investment Vehicle
Long-Term:				
Pension Rate Stabilization Trust	41,000,000	51,672,444*	12,300,000	PARS
KVCR	21,000,000	22,955,003	5,950,000	PARS
Media Academy	9,000,000	7,681,736	3,507,946	PARS
Commercial Buildings Purchase	46,000,000	93.70% Occupied	879,000	Physical Buildings
One-Time Allocations:				
SBVC	6,971,000	5,392,882	1,535,000	PARS
CHC	3,029,000	3,315,538	130,000	PARS
DSO & FCC Expenses	3,000,000	3,339,012	0	PARS
Media Academy Start Up	2,000,000	0	2,000,000	N/A
KVCR Mandated Transition	16,000,000	0	16,000,000	N/A
KVCR Deficits	5,000,000	0	5,000,000	N/A
SBCCD Promise	4,000,000	0	4,000,000	N/A

\* Includes \$5 million contribution from the General Fund

# PARS Investment Strategies



# Regular Updates

- PARS Monthly balances updates
- PARS bi-annual presentations
- Commercial Properties bi-annual presentations
- Guiding Principles Reaffirmed annually



# Comments