



District Budget Committee (DBC)

To: Board of Trustees Budget Committee (BBC)

Date: 4/27/2017

From: Jose Torres, District Budget Committee (DBC) Chair

Re: DBC Recommendation 2017-07 – Guiding Principles for FCC Auction Proceeds Strategic Financial Plan

At its April 20, 2017 meeting, the District Budget Committee discussed the BBC request for input on guiding principles for the strategic financial plan being prepared in anticipation of the FCC auction proceeds. The following principles are a result of that discussion and have been approved by the DBC at its May 11, 2017 meeting.

One-Time Guiding Principles

1. SBCCCD 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.
2. SBCCCD will be reimbursed for all costs related to the FCC auction.
3. Fund balance should be restore to 15%.
4. With the exception of items 1-3 above, one-time expenditures should follow the approved program review and facilities master plan.

Principal Investment Guiding Principles

5. Our students are our core mission and we will focus our resources on their success.
6. We need to continue providing high quality, effective and accountable educational programs and services to the students and communities we serve.
7. Proceeds should be invested in a manner that serves the region for years to come and supports districtwide initiatives. Use of principal amount should be minimized as a resource for ongoing expenditures.
8. Revenue generated from the investment of proceeds should help the colleges meet their strategic goals as established in the educational master plan. However, colleges should not

supplant this for current activities (e.g. growth shortfalls, budget shortfalls, new hires, etc.).

9. Revenue generated from the investment of proceeds should help KVCR meet its financial sustainability goals and not be assessed to the colleges.
10. Investment portfolio should include real estate.
11. Investment Rate of Return goal should be set at 5%.

Revenue Generated from Investment Guiding Principles

12. Revenue generated from the investment of proceeds should help the colleges fund Student Success Programs such as Valley Bound and Left Lane (Promise Program).
13. Annual revenue amount should be subject to annual allocation and shall follow existing collegial consultation process as follows:
 - a. Annual allocation amount shall be determined by Chancellor's Cabinet and forwarded to District Budget Committee.
 - b. District Budget Committee will recommend annual allocation by site to Chancellor's Cabinet.
 - c. Chancellor's Cabinet will forward final recommendation to the Board of Trustees for approval.