

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

TO: Board of Trustees
FROM: Board of Trustees Budget Committee
REVIEWED BY: Bruce Baron, Chancellor
PREPARED BY: Jose F. Torres, Vice Chancellor, Fiscal Services
DATE: March 9, 2017
SUBJECT: Consideration of Approval to Task the Board of Trustees Budget Committee (BBC) to Prepare a Strategic Financial Plan for the FCC Incentive Auction Proceeds

RECOMMENDATION

It is recommended that the Board of Trustees task the Board of Trustees Budget Committee (BBC) to prepare a strategic financial plan using the proceeds from the FCC incentive auction.

OVERVIEW

In order to meet the ever-increasing demand for wireless networks, the FCC has embarked on a first-of-its-kind Broadcast Incentive Auction. The intent of the auction is to “re-appropriate spectrum” in the 600 MHz Band (currently occupied by UHF television stations like KVCR-DT) in order to make room for wireless carriers. In exchange, current licensee holders can share in the proceeds from the auctioned-off spectrum.

As owner of the broadcast license used by KVCR-DT, the San Bernardino Community College District expects to receive \$157 million as a result of its voluntary participation in this auction.

ANALYSIS

As a standing committee of the SBCCD Board of Trustees, the BBC recommends that it be tasked to develop a strategic financial plan for the FCC incentive auction proceeds, keeping the following in mind.

- The educational mission of KVCR still relies on public and federal support, which is critically important in meeting its ongoing operating expenses.
- Our students are our core mission and we will focus our resources on their success.
- We need to continue providing high quality, effective and accountable educational programs and services to the students and communities we serve.
- Auction proceeds should be invested in a manner that serves the region for years to come and supports SBCCD initiatives.

- Revenue generated from the investment of auction proceeds will help maintain educational access for SBCCD students.
- SBCCD will use approximately \$5 million to invest in KVCR for transition costs.
- SBCCD will be reimbursed for all costs related to the FCC auction.
- In order to develop the strategic financial plan it will be necessary for SBCCD to consult with tax, financial, and legal advisors.
- Explore use of funds for efficiency of District operations and resources.

It is anticipated that the BBC would continue to report regularly to the Board of Trustees on this subject.

BOARD IMPERATIVE

III. Resource Management For Efficiency, Effectiveness, and Excellence

FINANCIAL IMPLICATIONS

Any costs related to developing a strategic financial plan will be paid for by the FCC incentive auction proceeds.