



District Budget Committee (DBC)

To: Board of Trustees Budget Committee (BBC)

Date: 5/23/2017

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 and May 18, 2017 meetings, the DBC discussed the BBC’s request for input on guiding principles for the strategic financial plan being prepared in anticipation of the FCC auction proceeds. As a result of those discussions, the following principles are being recommended.

Overarching Plan Guiding Principles

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

One-Time Guiding Principles

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 assuring that its ongoing operation is not assessed to the colleges.
6. Fund balance should be restored to 15%.
7. With the exception of items 3-6 above, one-time expenditures should support the approved program review, and educational and facilities master plans.

Principal Investment Guiding Principles

8. Proceeds should be invested in a manner that serves the region for years

to come and supports the colleges’ initiatives.

9. Use of principal amount should be minimized as a resource for ongoing expenditures.
10. Investment portfolio should include real estate and should also be diversified enough to allow for some liquidity.

Revenue Generated from Investment Guiding Principles

11. Revenue generated from the investment of proceeds should help the colleges meet their strategic goals as established in the educational master plan.
12. Revenue generated from the investment of proceeds should help the colleges serve students.
13. Annual revenue amount should be subject to annual allocation and follow existing collegial consultation and established budget processes:
 - a. District Budget Committee will recommend annual allocation by site to Chancellor’s Cabinet.
 - b. Chancellor’s Cabinet will forward final recommendation to the Board of Trustees for approval.