

## FISCAL MEMORANDUM FAS 19-02

February 20, 2019

TO: Dr. Jack Kahn, Assistant Superintendent/Vice President, Instructional Services

FROM: Carmen M. Coniglio, Senior Director, Fiscal Services

cc: Ron Perez, Assistant Superintendent/Vice President, Finance & Administrative Services  
Brandi Y. Taveuveu, Budget and Payroll Manager  
Ping Lee, Interim Accounting Manager

SUBJECT: Guidelines for Prop 20 Lottery Funding for Instructional Materials

### Instructional Materials Expenditures

Proposition 20 states that Lottery funds are “for the purchase of instructional materials” and does not define instructional materials any further. However, definitions for instructional materials and technology based materials may be found in Education Code sections [60010\(h\)](#) and [60010\(m\)\(1\)](#).

#### California Education Code Sections [60010\(h\)](#) and [60010\(m\)\(1\)](#):

(a) "**Basic instructional materials**" means instructional materials that are designed for use by pupils as a principal learning resource and that meet in organization and content the basic requirements of the intended course.

... (h) "**Instructional materials**" means all materials that are designed for use by pupils and their teachers as a learning resource and help pupils to acquire facts, skills, or opinions or to develop cognitive processes.

Instructional materials may be printed or non-printed, and may include textbooks, technology-based materials, other educational materials, and tests.

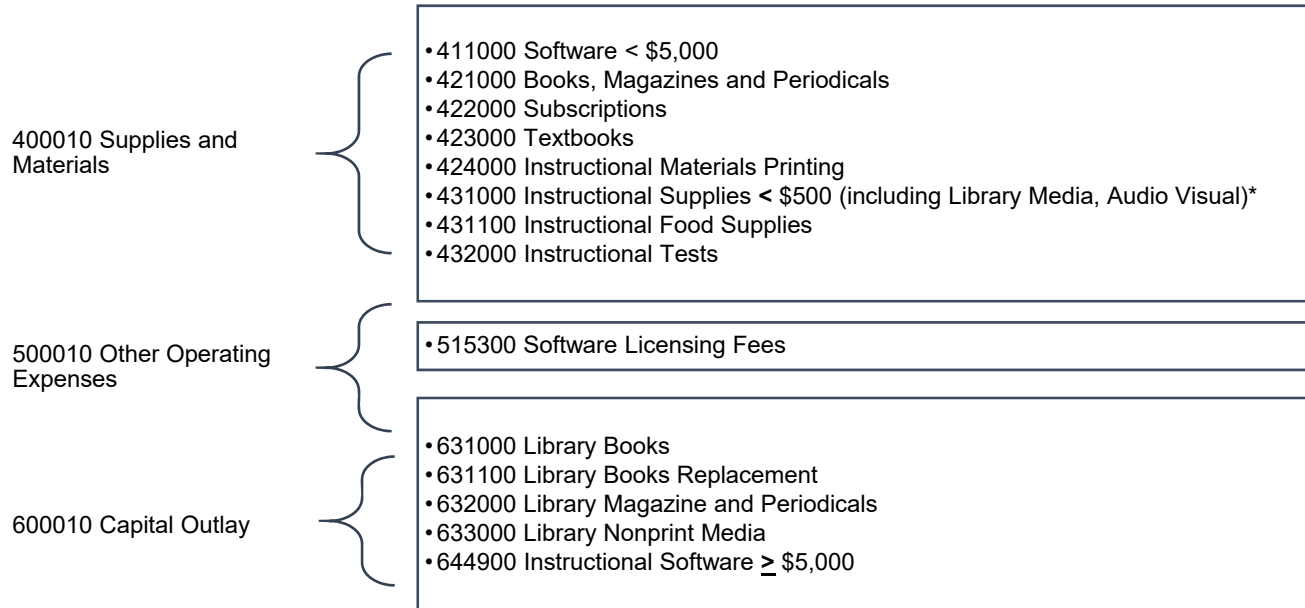
... (m)(1) "**Technology-based materials**" means basic or supplemental instructional materials that are designed for use by pupils and teachers as learning resources and that require the availability of electronic equipment in order to be used as a learning resource. Technology-based materials include, but are not limited to, software programs, video disks, compact disks, optical disks, video and audiotapes, lesson plans, and databases.

The California Department of Education provides broad guidelines on lottery (see CDE [memo](#)); however, it does not provide advice on specific expenditures.

#### Palomar Community College District follows the Accounting Advisory No. [2000-01](#) issued by the State Chancellor's Office and further defines appropriate use of Lottery funds as follows:

- Supplies and materials are for instructional use. These are items of expendable nature, which are constantly being consumed and replaced without increasing the value of the physical properties of the district. Technology-based materials could fall into the category of supplies if they have a low unit cost and have a relatively short service life (less than one year)
- Students directly engage with the instructional material/software during course- or lab-work
- Instructional materials/software must be used to teach students skills or provide experience within the curriculum.
- Prop 20 lottery expenses must have supporting documentation to show the payment for the activity is supported by the instructional experience

- Prop 20 lottery allocations must stay within Fund 12 Restricted Fund and may not be moved to another project
- All expenditures must have a program (activity/TOP) code within the range 01000 through 49999, 61100 Learning Center, and 61200 Library
- The Office of the Vice President of Instruction may allocate funds to the appropriate budget pool accounts, based on the following allowable subsidiary accounts:



- **\*Equipment vs. Supplies/Materials**

Expenditures must meet already established guidelines for distinguishing between supplies and equipment ([BAM appendix D](#)), which include determinations of useful life, contribution to the value of the district, cost, etc. The District has established a capital outlay threshold of \$500.00. Equipment costing less than \$500 per unit and/or having a service life less than 1 year is Prop 20 lottery eligible and should be recorded in account 431000. Equipment exceeding a unit cost of \$500 is not eligible.

**Action/Date Requested:**

1. Please distribute this information as necessary.
2. For Tentative Budget, your estimated lottery revenue for **FY 2019-20** is **\$820,297**. This is calculated based on the 17,197 FTES reported on the CCFS-320 P-1 report x \$53/FTES x 90%. The funding rate of \$53/FTES is based on the latest projected level of lottery sales and resulting apportionment revenues estimated by the California State Lottery Commission. This allocation will be placed in the Vice President Contingency Account: 799010-12-311100-79200-10-1612025. Fiscal Services will place the 10% or \$91,144 of the Prop 20 apportionment revenue in the Institutional Contingency Account to cover any potential adjustments in funding level and where possible, offset eligible expenses in the general fund.
3. Allocate your Contingency Account to the instructional programs based on your established criteria. Submit your Tentative Budget allocations to the Budget Office by **March 31, 2019**.
4. Review your **FY 2018-19** Restricted Prop 20 Lottery Actuals Reports (Attachments in PDF and Excel formats). Any unspent 2018-19 allocations will carry forward to 2019-20 at year-end closing (August). Send a list of PRP budgets to carry forward to the following year by **August 1, 2019**. Any excess amount will be placed in the Vice President Contingency Account: 799010-12-311100-79200-10-1612025 and may be reallocated as needed.

Contact Brandi Taveuveu, Budget Manager, at extension 2880 for assistance if you have any questions.