

TO: Acting Assistant Superintendent/Vice President, Instructional Services, Justin Smiley

FROM: Interim Director, Fiscal Services, Ping Lee x3661

CC: Interim Vice President of Finance & Administrative Services, Chris Yatooma
Budget and Payroll Manager, Brandi Taveuveu
Accounting Manager, Patrice Nya

SUBJECT: Updated 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.

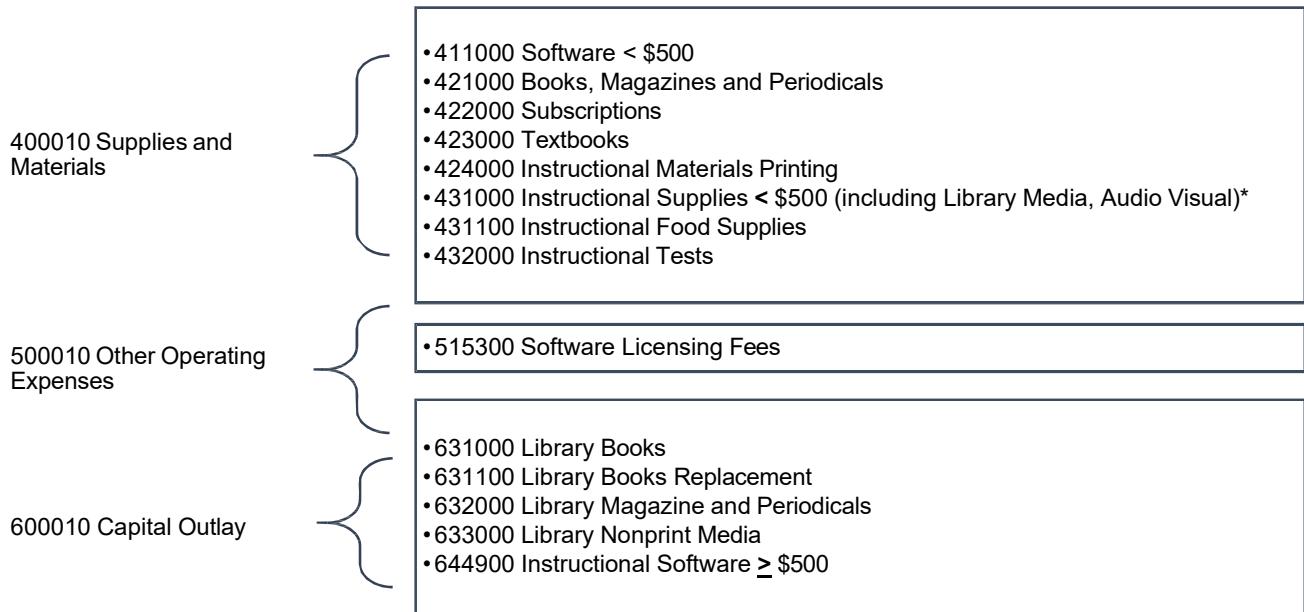
... (m)(1) **“Technology-based materials”** means basic or supplemental instructional materials that are designed for use by pupils and teachers as learning resources and that require the availability of electronic equipment in order to be used as a learning resource. Technology-based materials include, 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](#) and clarification to 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. 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 Palomar Account 431000. Equipment exceeding a unit cost of \$500 is not eligible.

- **Senate Bill 820** expands and clarifies the definition of “instructional materials” in Government Code section 8880.4.1(b), which specifies that instructional materials “include, but are not limited to, laptop computers and devices that provide internet access for use by pupils, students, teachers, and faculty as learning resources”
- **Assembly Bill 2884** (Chapter 294/Statutes of 2020) expands the uses of funds to include housing and food assistance for community college students. Housing and food assistance could include, but is not limited to, grants to students, housing vouchers, direct payments or reimbursements for housing, efforts to increase enrollment in CalFresh, and provision of food pantries or free meals. Colleges are encouraged to work with the Financial Aid Office to ensure that direct aid is included in the students’ financial aid package and that all aid received does not exceed the cost of attendance.
- No funds shall be spent for acquisition of real property, construction of facilities, financing of research, or any other noninstructional purpose” (Gov. Code § 8880.5). Amounts expended from lottery revenues are excluded from the calculation of the Current Expense of Education for the purposes of determining compliance with the Fifty Percent Law (Ed. Code, § 84362 and 5 C.C.R. § 59200 et seq.)

- Examples of Allowability of Lottery Funds. What are allowable expenditures?
 1. Instructional materials: materials used by pupils and their teachers as a learning resource and help pupils acquire facts, skills, or opinions to develop cognitive processes.
 2. Laptops and hotspots for students, teachers, and faculty as a learning resource.
 3. May be printed or non-printed, textbooks, technology-based materials, other educational materials, and tests.
 4. Basic instructional materials: materials that are designed to be used as a principal learning resource and meet the basic requirements of the intended course.
 5. Technology based materials: basic or supplemental instructional materials 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, including but not limited to software programs, video disks, compact disks, optical disks, video and audiotapes, lesson plans, and databases.
 6. Supplies and Materials: software, books, magazines and periodicals, subscriptions, textbooks, Instructional materials printing.
 7. Instructional supplies including Library Media, Audio Visual, Instructional food supplies, Instructional tests, Other operating expenses, Software licensing fees, Capital Outlay Expenditures, Library books, Library books replacement, Library Magazine and Periodicals, Library Nonprint media, or Instructional software.

***** Marketing Materials such as T-shirts, keychains, hats, jerseys typically are not considered supplies as learning resources, therefore, do not qualify for Lottery Fund usage.

- The Chancellor's Office shared a memo FS 20-11 Expansion of Allowable Uses on November 13, 2020. Based on statutory language, the legislative intent is to provide authority for lottery funds to be used for basic needs, specifically housing and food insecurities.
- Housing and food assistance includes grants to students, housing vouchers, direct payments or reimbursements for housing, efforts to increase enrollment in CalFresh, and provision of food pantries/meal programs or free meals.
- Under Assembly Bill 2884 (Chapter 294/Statutes of 2020), funds can support housing, food assistance, and meal programs. Documentation is required to demonstrate the need and proper use of funds. If student-athletes are experiencing food insecurity. Documentation must show food need and appropriate use of the funds. Testing fees can be covered under Palomar's Account 431000 for instructional supplies, as they are part of the required materials for courses.