



Board Agenda Item #	V E: Action Item
Date:	June 23, 2022
To:	Magnolia Public Schools - Board of Directors
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Steve Budhrajia Ed.D., Chief Financial Officer
RE:	Approval of 2022-23 EPA Spending Resolution for MPS

Proposed Board Recommendation

I move for the board to approve the Resolution for the Education Protection Act (EPA) for the 2022-2023 year.

Background

The Education Protection Account (EPA) is the way for collecting and distributing funds which are generated by the tax increases that began in 2012-13, to personal income and sales tax as authorized by Proposition 30. Similar to local property taxes, local education agencies' (LEAs) State Aid is reduced by one dollar for each dollar received from the EPA. California Education Code requires that LEAs adopt an EPA resolution annually as part of receipt for Local Control Formula Funding

Implications

All projected EPA funding is included in the 2022-23 Adopted Budget in accordance with the California Education Code

Exhibits (Attachments):

Resolution for the Education Protection Act for the 22/23 year



RESOLUTION REGARDING THE EDUCATION PROTECTION ACCOUNT (EPA)

WHEREAS,the voters approved Proposition 30 on November 6,2012;

WHEREAS, Proposition 30 added Article XIII, Section 36 to the California Constitution effective November 7,2012;

WHEREAS,the provisions of Article XIII,Section 36(e) create in the state General Fund an Education Protection Account to receive and disburse the revenues derived from the Incremental increases in taxes imposed by Article XIII, Section 36(f);

WHEREAS,before June 30¹ h of each year,the Director of Finance shall estimate the total amount of additional revenues less refunds that will be derived from the incremental increases in tax rates made pursuant to Article XIII,Section 36(f) that will be available for transfer into the Education Protection Account during the next fiscal year;

WHEREAS,if the sum determined by the State Controller is positive, the State Controller shall transfer the amount calculated into the Education Protection Account within ten days preceding the end of the fiscal year;

WHEREAS,all monies in the Education Protection Account are hereby continuously appropriated for the support of school districts, county offices of education, charter schools and community college districts;

WHEREAS,monies deposited in the Education Protection Account shall not be used to pay any costs incurred by the Legislature, the Governor or any agency of state government;

WHEREAS, a community college district, county office of education, school district, or charter school shall have the sole authority to determine how the monies received from the Education Protection Account are spent in the school or schools within its jurisdiction;

WHEREAS, the governing board of the district shall make the spending determinations with respect to monies received from the Education Protection Account in open session of a public meeting of the governing board;

WHEREAS, the monies received from the Education Protection Account shall not be used for salaries or benefits for administrators or any other administrative cost;

WHEREAS, each community college district, county office of education, school district and charter school shall annually publish on its internet website an accounting of how much money was received from the Education Protection Account and how that money was spent;

WHEREAS, the annual independent financial and compliance audit required of community college districts, county offices of education, school districts and charter schools shall ascertain and *verify* whether the funds provided from the Education Protection Account have been properly disbursed and expended as required by Article XIII, Section 36 of the California Constitution;

WHEREAS, expenses incurred by community college districts, county offices of education, school districts and charter schools to comply with the additional audit requirements of Article XIII, Section 36 may be paid with funding from the Education Protection Act and shall not be considered administrative costs for purposes of Article XIII, Section 36.

NOW; THEREFORE, IT IS HEREBY RESOLVED;

1. The monies received from the Education Protection Account shall be spent as required by Article XIII, Section 36 and the spending determinations on how the money will be spent shall be made in open session of a public meeting of the governing board of Magnolia Public Schools.
2. In compliance with Article XIII, Section 36(e), with the California Constitution, the governing board of the Magnolia Public Schools has determined to spend the monies received from the Education Protection Act as attached.

Board President

Date

Magnolia Public Schools

2022-23 Education Protection Account (EPA) Spending Plan

Proposition 30, The Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012, temporarily increases the state's sales tax rate for all taxpayers and the personal income tax rates for upper-income taxpayers.

The new revenues generated from Proposition 30 are deposited into a newly created state account called the Education Protection Account (EPA). School districts, county offices of education, and charter schools (LEAs) will receive funds from the EPA based on their proportionate share of the statewide revenue limit amount. A corresponding reduction is made to an LEA's revenue limit EPA entitlement. LEAs will receive EPA payments quarterly beginning with the 2013-2014 Fiscal Year.

Proposition 30 provides that all K-14 local agencies have the sole authority to determine how the funds received from the EPA are spent, but with these provisions:

- The spending plan must be approved by the governing board during a public meeting.
- EPA funds cannot be used for the salaries or benefits of administrators or any other administrative costs. (Refer to the attached list of functions for which EPA funds may be used.)
- Each year, the local agency must publish on its website an accounting of how much money was received from the EPA and how the funds were expended.

EDUCATION PROTECTION ACCOUNT - EXPENDITURE SUMMARY

State law requires that our charter school make a specific determination of how Education Protection Account monies are received and spent. These funds may not be expended on administrative costs. Our practice is to expend 100% of all Education Protection Account monies on teacher salaries, to ensure that 100% of spending is instructionally-related and is not spent for administrative uses.

The table on the following page shows the historical and projected revenues and expenditures of Education Protection Account dollars, from the most recent audited fiscal year through the upcoming budget year.

This document shall be approved by the School's Governing Board as part of the approval of the annual budget in June, and a copy of the approved document shall be posted on the School's website.

Below is the actual law relating to this requirement:

Article XIII, Section 36, Subdivision (e), Paragraph (6) of the California Constitution:

(6) A community college district, county office of education, school district, or charter school shall have sole authority to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided, however, that the appropriate governing board or body shall make these spending determinations in open session of a public meeting of the governing board or body and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or any other administrative costs. Each community college district, county office of education, school district, and charter school shall annually publish on its Internet Web site an accounting of how much money was received from the Education Protection Account and how that money was spent.

