

**SAN DIEGO COUNTY BOARD OF EDUCATION  
RESOLUTION #2013-09**

**Resolution to Approve the Proposed Uses of the  
Education Protection Account (EPA) Funds for Fiscal Year 2012-13**

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 30<sup>th</sup> 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 for school and community college districts. The California Department of Education has determined that expenditures by county office of educations for certain administrative activities they are required to perform on behalf of the school districts are not administrative costs for the purposes of Proposition 30; therefore, may be used for salaries or benefits for administrators or any other administrative cost under these activities;

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;

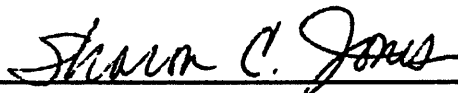
WHEREAS, expenses incurred by community college districts, county offices of education, school districts and charter schools to comply with the additional audit requirements of Article XIII, Section 36 may be paid with funding from the Education Protection Act and shall not be considered administrative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

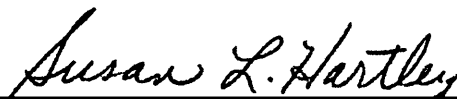
THEREFORE, BE IT RESOLVED, that the monies received from the Education Protection Account shall be spent as required by Article XIII, Section 36 and the spending determinations on how the money will be spent shall be made in open session of a public meeting of the governing board of the San Diego County Office of Education;

In compliance with Article XIII, Section 36(e), with the California Constitution, the governing board of the San Diego County Office of Education has determined to spend the monies received from the Education Protection Act as attached.

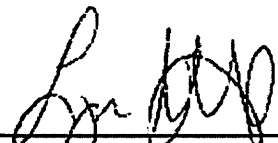
PASSED AND ADOPTED this 8<sup>th</sup> day of May, 2013, at the regular meeting of the San Diego County Board of Education by unanimous vote.

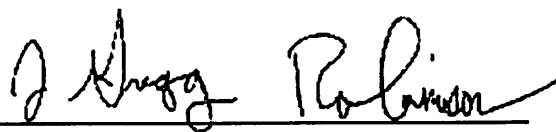
SAN DIEGO COUNTY BOARD OF EDUCATION


  
Sharon C. Jones, President

  
Susan L. Hartley, Vice President

  
Mark C. Anderson, Member

  
Lynn Meylon, Member

  
J. Gregg Robinson, Member

  
Randolph E. Ward  
County Superintendent of Schools

SECRETARY'S CERTIFICATION

I, Randolph E. Ward, Secretary of the San Diego County Board of Education, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted by said Board at a regularly called and conducted meeting held on May 8, 2013.

Dated: May 9, 2013



---

Randolph E. Ward, Ed.D.  
San Diego County Superintendent of Schools  
Secretary, San Diego County Board of Education

San Diego County Office of Education  
 2012-13 Education Protection Account (EPA)  
 Program by Resource Report  
 Expenditures by Function - Detail  
 Expenditures through June 30, 2013

Attachment A

For Fund 03, Resource 1400 Education Protection Account

Description	Object Codes	Amount
<b>AMOUNT AVAILABLE FOR THIS FISCAL YEAR</b>		
Adjusted Beginning Fund Balance	9791-9795	0.00
Revenue Limit Sources	8010-8099	672,012.00
Federal Revenue	8100-8299	0.00
Other State Revenue	8300-8599	0.00
Other Local Revenue	8600-8799	0.00
All Other Financing Sources and Contributions	8900-8999	0.00
Deferred Revenue	9650	0.00
<b>TOTAL AVAILABLE</b>		<b>672,012.00</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
<b>(Objects 1000-7999)</b>		
Instruction	1000-1999	0.00
Instruction-Related Services		
Instructional Supervision and Administration	2100-2150	0.00
AU of a Multidistrict SELPA	2200	0.00
Instructional Library, Media, and Technology	2420	0.00
Other Instructional Resources	2490-2495	0.00
School Administration	2700	0.00
Pupil Services		
Guidance and Counseling Services	3110	0.00
Psychological Services	3120	0.00
Attendance and Social Work Services	3130	0.00
Health Services	3140	0.00
Speech Pathology and Audiology Services	3150	0.00
Pupil Testing Services	3160	0.00
Pupil Transportation	3600	0.00
Food Services	3700	0.00
Other Pupil Services	3900	0.00
Ancillary Services	4000-4999	0.00
Community Services	5000-5999	0.00
Enterprise	6000-6999	0.00
General Administration	7000-7999	672,012.00
Plant Services	8000-8999	0.00
Other Outgo	9000-9999	0.00
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>		<b>672,012.00</b>
<b>BALANCE (Total Available minus Total Expenditures and Other Financing Uses)</b>		<b>0.00</b>

The San Diego County Office of Education is using the EPA funding for salaries and benefits for Business Advisory Services staff that provide technical assistance and oversight for school districts on fiscal issues. The staff provide AB 1200 fiscal oversight, including reviewing each district's adopted budget, interim budget reports, unaudited actual report, audit resolution process, proposed collective bargaining agreements and assistance on various topics such as property taxes, special education funding and categorical funding.

California Department of Education (<http://www.cde.ca.gov/fg/ac/ac/sacsfaq.asp>)

## Frequently Asked Questions - SACS

Frequently asked questions regarding standardized account code structure (SACS) financial reporting.

---

### Education Protection Account

1. Have unique account codes been established for the Proposition 30 Education Protection Account (EPA) entitlement?
2. When will the EPA code combinations be available in the SACS tables of valid code combinations?
3. How should the adjustment of the EPA entitlement from P-2 to Annual be recorded?
4. How should LEAs record EPA expenditures? Since the EPA entitlement merely replaces state aid funds that have always been reported in Resource 0000, is it appropriate to accumulate the costs in Resource 0000 and then make a direct cost transfer from Resource 0000 to Resource 1400?
5. Must expenditures of EPA funds be charged directly to the EPA resource at the time of expenditure, or may periodic or annual adjusting entries be made between another resource and Resource 1400?
6. Can EPA funds be transferred to other resources?
7. Can contributions from other resources (funding sources) be made to Resource 1400?
8. Can EPA funds be carried over into the following year?
9. Must the EPA entitlement be allocated proportionately to the programs whose ADA generates the LEA's revenue limit funding?
10. Proposition 30 specifies that LEAs may not use EPA funds for salaries or benefits of administrators or any other administrative costs. What is the definition of administrative costs?
11. Specifically, for what types of activities may EPA funds be used?
12. May EPA funds be used for indirect costs?
13. Will the CDE provide a template that LEAs can use for reporting EPA revenues and expenditures?
14. Proposition 30 requires that the use of EPA funds be determined by the governing board at an open public meeting. Does this meeting need to be a separate meeting only for the discussion of EPA funding?
15. When should the open public meeting for discussing the use of 2012–13 EPA Funding be held?
16. Will the CDE provide guidance or sample language for a governing board's approval of the use of EPA funds at an open public meeting?
17. What are some example journal entries?
18. Can the charter school 1% supervisory oversight fee be charged on EPA funds?
19. Has the CDE provided any additional EPA information?

- 
1. **Have unique account codes been established for the Proposition 30 Education Protection Account (EPA) entitlement?**

Yes, standardized account code structure (SACS) Resource 1400, Education Protection Account, and revenue Object 8012, Education Protection Account Entitlement, have been established. These codes are required to be used by all local educational agencies, including charter schools, receiving EPA funds.

Charter schools reporting financial data via the Alternative Form, which does not contain resource codes, should use Object 8012 to record the EPA entitlement.

2. **When will the EPA code combinations be available in the SACS tables of valid code combinations?**

The EPA code combinations will be available the beginning of April 2013, which is after the second interim reporting due date. This is because in the SACS software for fiscal year 2012–13, there is no line in the interim reporting fund forms into which the amount reported in Object 8012 could extract.

As a workaround, LEAs that wish to report EPA revenue for second interim can include EPA revenue temporarily in Object 8011, Revenue Limit State Aid – Current Year, and then reclassify the EPA revenue to Resource 1400, Object 8012 during year-end closing.

3. **How should the adjustment of the EPA entitlement from P-2 to Annual be recorded?**

Any amount received in the current year that was not accrued in the prior year should be recorded to Resource 1400 using Object 8019, Revenue Limit State Aid – Prior Years.

Charter schools reporting financial data via the Alternative Form should use Object 8019.

4. **How should LEAs record EPA expenditures? Since the EPA entitlement merely replaces state aid funds that have always been reported in Resource 0000, is it appropriate to accumulate the costs in Resource 0000 and then make a direct cost transfer from Resource 0000 to Resource 1400?**

EPA expenditures should be reported in Resource 1400 using the actual expenditure account lines where feasible, and not lump-sum transferred using Object 5710, Transfers of Direct Costs. The intention of the EPA reporting requirement is transparency. Reporting actual expenditure items achieves this better than a lump-sum transfer. The use of a unique resource code facilitates this transparency in the LEA's accounting records.

**5. Must expenditures of EPA funds be charged directly to the EPA resource at the time of expenditure, or may periodic or annual adjusting entries be made between another resource and Resource 1400?**

It is appropriate to record periodic adjusting entries between another resource and Resource 1400. However, as mentioned previously, the entries should be made using the actual expenditure account lines and not as a lump-sum direct cost transfer.

[Back to top](#)

**6. Can EPA funds be transferred to other resources?**

Allowable expenditures should be recorded directly to EPA Resource 1400 to the extent possible. The CDE expects that school districts and charter schools incur sufficient unrestricted educational expenditures that should allow for easily identifying amounts to be reported in Resource 1400.

However, due to the unique characteristics of county offices of education (COEs) in that their principal instructional programs are typically reported as restricted and they may operate many other programs on a fee for service model, it may be necessary for COEs to transfer EPA funds to other resources in order to keep program accounting intact.

One example is a COE whose only instructional program is a community school that is reported using Resource 2400, Juvenile Court/County Community Schools. In order to avoid splitting community school expenditures between two resource codes, especially when the program revenue has historically been a revenue limit transfer from Resource 0000 and where now reporting the related EPA revenues and expenditures separately would be inconsistent with past practice, this COE might transfer EPA funds to this revenue limit funded program using Object 8091, Revenue Limit Transfers – Current Year.

Another example is an excess tax COE that historically has operated a program on behalf of school districts on a fee for service basis. This COE may decide to use its new minimum \$200 per ADA EPA entitlement towards the cost of running the program, thus enabling them to charge less to participating school districts. Although the program is partially funded with unrestricted revenues, the COE may want to keep expenditures together in order to determine the charges for services.

**7. Can contributions from other resources (funding sources) be made to Resource 1400?**

No. Because LEAs have a legal requirement to report the receipt and use of EPA funds, contributions to Resource 1400 from other resources would distort EPA expenditures and not result in the intended reporting transparency. Also note that the EPA is not a "program," in the sense that it is not "a group of related activities that operate together to accomplish specific purposes or objectives." The normal reason for recording a contribution to a program is to keep program expenditures together, which does not apply in this context. Therefore, contributions from other funding sources should not be made to Resource 1400.

**8. Can EPA funds be carried over into the following year?**

Proposition 30 does not restrict the amount of EPA funds that may be carried over. As a practical matter, though, most EPA funds probably will be expended each year.

**9. Must the EPA entitlement be allocated proportionately to the programs whose ADA generates the LEA's revenue limit funding?**

No. LEAs may allocate the EPA entitlement entirely to one program for expenditure. For example, a school district may allocate it entirely to the regular education program, and county offices of education may allocate it entirely to the Juvenile Court School program.

[Back to top](#)

**10. Proposition 30 specifies that LEAs may not use EPA funds for salaries or benefits of administrators or any other administrative costs. What is the definition of administrative costs?**

The CDE has interpreted that administrative costs, as used in Proposition 30, means anything defined as administration in the *California School Administration Manual*. Administrative costs include general administration, school administration, and instructional administration:

- General administration refers to agency-wide administrative activities including governing board, superintendent, and district-level fiscal, personnel, and central support services.
- School administration refers to activities concerned with directing and managing the operation of a particular school.
- Instructional administration refers to activities for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for students.

The CDE has determined that expenditures by county offices of education for certain administrative activities they are required to perform on behalf of the school districts within the county are not administrative costs for purposes of Proposition 30. These expenditures are separately identifiable within the county office's financial reports.

The CDE believes that defining administration at the functional level, rather than by specific items of expenditure, will make it easier for LEAs to identify costs that may be charged to EPA. Furthermore, the CDE is confident that LEAs incur a sufficient level of non-administrative costs, e.g., instruction and pupil services, to easily meet the intent of Proposition 30 to not use EPA funding for administrative costs.

[Back to top](#)

**11. Specifically, for what types of activities may EPA funds be used?**

Except as provided below for COEs, the following tables of SACS functions show the activities for which EPA funds may and may not be used:

**1000–1999 INSTRUCTION**

SACS Function	Chargeable to EPA?
1000 Instruction	Yes
1110 Special Education: Separate Classes	Yes
1120 Special Education: Resource Specialist Instruction	Yes
1130 Special Education: Supplemental Aids and Services in Regular Classrooms	Yes
1180 Special Education: Nonpublic Agencies/Schools	Yes
1190 Special Education: Other Specialized Instructional Services	Yes

**2000–2999 INSTRUCTION-RELATED SERVICES**

SACS Function	Chargeable to EPA?
2100 Instructional Supervision and Administration	No
2110 Instructional Supervision (optional)	No
2120 Instructional Research (optional)	No
2130 Curriculum Development (optional)	No
2140 In-house Instructional Staff Development (optional)	No
2150 Instructional Administration of Special Projects (optional)	No
2200 Administrative Unit (AU) of a Multidistrict SELPA	No
2420 Instructional Library, Media, and Technology	Yes
2490 Other Instructional Resources	Yes
2495 Parent Participation (optional)	Yes
2700 School Administration	No

**3000–3999 PUPIL SERVICES**

SACS Function	Chargeable to EPA?
3110 Guidance and Counseling Services	Yes
3120 Psychological Services	Yes
3130 Attendance and Social Work Services	Yes
3140 Health Services	Yes
3150 Speech Pathology and Audiology Services	Yes
3160 Pupil Testing Services	Yes
3600 Pupil Transportation	Yes
3700 Food Services	Yes
3900 Other Pupil Services	Yes

**4000–4999 ANCILLARY SERVICES**

SACS Function	Chargeable to EPA?
4000 Ancillary Services	Yes
4100 School-Sponsored Co-curricular (optional)	Yes
4200 School-Sponsored Athletics (optional)	Yes
4900 Other Ancillary Services (optional)	Yes

**5000–5999 COMMUNITY SERVICES**

SACS Function	Chargeable to EPA?
5000 Community Services	Yes
5100 Community Recreation (optional)	Yes
5400 Civic Services (optional)	Yes

5900 Other Community Services (optional)	Yes
--	-----

**6000-6999 ENTERPRISE**

SACS Function	Chargeable to EPA?
6000 Enterprise	No

**7000-7999 GENERAL ADMINISTRATION**

SACS Function	Chargeable to EPA?
7100 Board and Superintendent	No
7110 Board	No
7120 Staff Relations and Negotiations (optional)	No
7150 Superintendent (optional)	No
7180 Public Information (optional)	No
7190 External Financial Audit—Single Audit	No
7191 External Financial Audit—Other	No
7200 Other General Administration	No
7210 Indirect Cost Transfers	No
7300 Fiscal Services (optional)	No
7310 Budgeting (optional)	No
7320 Accounts Receivable (optional)	No
7330 Accounts Payable (optional)	No
7340 Payroll (optional)	No
7350 Financial Accounting (optional)	No
7360 Project-Specific Accounting (optional)	No
7370 Internal Auditing (optional)	No
7380 Property Accounting (optional)	No
7390 Other Fiscal Services (optional)	No
7400 Personnel/Human Resources Services (optional)	No
7410 Staff Development (optional)	No
7430 Credentials (optional)	No
7490 Other Personnel/Human Resources Services (optional)	No
7500 Central Support (optional)	No
7510 Planning, Research, Development, and Evaluation (optional)	No
7530 Purchasing (optional)	No
7540 Warehousing and Distribution (optional)	No
7550 Printing, Publishing, and Duplicating (optional)	No
7600 All Other General Administration (optional)	No
7700 Centralized Data Processing	No

**8000-8999 PLANT SERVICES**

SACS Function	Chargeable to EPA?
8100 Plant Maintenance and Operations	Yes
8110 Maintenance (optional)	Yes
8200 Operations (optional)	Yes
8300 Security (optional)	Yes
8400 Other Plant Maintenance and Operations (optional)	Yes
8500 Facilities Acquisition and Construction	Yes
8700 Facilities Rents and Leases	Yes

**9000-9999 OTHER OUTGO**

SACS Function	Chargeable to EPA?
9100 Debt Service	Yes
9200 Transfers Between Agencies	Yes

**County Office of Education only**

SACS Goal	Chargeable to EPA?



8600 County Services to Districts (without regard to function)	Yes
--	-----

[Back to top](#)

**12. May EPA funds be used for indirect costs?**

Indirect costs are not an allowable use of EPA funds because they are primarily administrative costs.

**13. Will the CDE provide a template that LEAs can use for reporting EPA revenues and expenditures?**

Proposition 30 did not prescribe a format for LEAs to report their receipt and expenditure of EPA funds, nor did it require the CDE to develop a format. Therefore, the CDE will not be providing a template. It will be at an LEA's discretion to determine the format for reporting its EPA revenue and expenditures on its Web site.

**14. Proposition 30 requires that the use of EPA funds be determined by the governing board at an open public meeting. Does this meeting need to be a separate meeting only for the discussion of EPA funding?**

Proposition 30 language does not specify that the open public meeting has to be a separately held meeting. Therefore, this requirement may be satisfied at a regularly scheduled meeting, which the CDE believes could be the annual budget adoption meeting.

**15. When should the open public meeting for discussing the use of 2012-13 EPA Funding be held?**

Most likely this will be the meeting at which the second interim report is presented, although it could be at any open public meeting before expenditures are recorded for 2012-13.

**16. Will the CDE provide guidance or sample language for a governing board's approval of the use of EPA funds at an open public meeting?**

No. Proposition 30 did not prescribe the format that the governing board's approval of the use of EPA funding must take, and did not require the CDE to develop a format. Therefore, it will be at an LEA's discretion to determine the appropriate approval format, based on local governing board policies.

[Back to top](#)

**17. What are some example journal entries?**

a. The local educational agency (LEA) records receipt of its 2012-13 EPA entitlement in June 2013.

Debit (Dr)/ Credit (Cr)	Fund	Resource	Project Year	Goal	Function	Object	Amount
Cr	01	1400	0	0000	0000	8012	\$10,000

b. For 2012-13, the school district reclassifies \$10,000 of instructional expenditures (teacher salaries and benefits) originally accumulated in Resource 0000 to Resource 1400, according to the spending determination made by the governing board.

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Dr	01	1400	0	1110	1000	1100	\$7,000
Dr	01	1400	0	1110	1000	3101	\$1,000
Dr	01	1400	0	1110	1000	3401	\$ 700
Dr	01	1400	0	1110	1000	3501	\$ 600
Dr	01	1400	0	1110	1000	3601	\$ 400
Dr	01	1400	0	1110	1000	3801	\$ 300
Cr	01	0000	0	1110	1000	1100	\$7,000
Cr	01	0000	0	1110	1000	3101	\$1,000
Cr	01	0000	0	1110	1000	3401	\$ 700
Cr	01	0000	0	1110	1000	3501	\$ 600
Cr	01	0000	0	1110	1000	3601	\$ 400
Cr	01	0000	0	1110	1000	3801	\$ 300

c. The LEA records receipt of its 2013-14 EPA entitlement.

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Cr	01	1400	0	0000	0000	8012	\$9,000

d. The LEA records receipt of its 2012-13 EPA entitlement adjustment, based on 2012-13 Annual apportionment (assumes the amount was not accrued in 2012-13).

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Cr	01	1400	0	0000	0000	8019	\$2,000

e. For 2013-14, the school district reclassifies \$11,000 of instructional expenditures (teacher salaries and benefits) originally accumulated in Resource 0000 to Resource 1400, according to the spending determination made by the governing board. (Note that an LEA could instead charge expenditures directly to EPA from the beginning.)

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Dr	01	1400	0	1110	1000	1100	\$7,000
Dr	01	1400	0	1110	1000	3101	\$1,000
Dr	01	1400	0	1110	1000	3401	\$ 700
Dr	01	1400	0	1110	1000	3501	\$ 600
Dr	01	1400	0	1110	1000	3601	\$ 400
Dr	01	1400	0	1110	1000	3801	\$ 300
Cr	01	0000	0	1110	1000	1100	\$7,000
Cr	01	0000	0	1110	1000	3101	\$1,000
Cr	01	0000	0	1110	1000	3401	\$ 700
Cr	01	0000	0	1110	1000	3501	\$ 600
Cr	01	0000	0	1110	1000	3601	\$ 400
Cr	01	0000	0	1110	1000	3801	\$ 300

**Examples specific to county offices of education (COEs)**

f. The COE determines that it will use its EPA entitlement for the instructional expenditures of its community schools program. EPA funds are transferred to the Juvenile Court/County Community Schools resource.

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Dr	01	1400	0	0000	0000	8091	\$15,000
Cr	01	2400	0	0000	0000	8091	\$15,000

g. An excess tax COE determines that it will use its EPA entitlement to fund some of the costs of a program that it operates on a fee-for-service basis on behalf of school districts. The program incurs costs that are allowed to be charged to EPA. In this case, the program is funded with unrestricted revenues. Therefore, EPA funds are transferred to the unrestricted resource.

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Dr	01	1400	0	0000	0000	8091	\$15,000
Cr	01	0000	0	0000	0000	8091	\$15,000

NOTE: If EPA funds are transferred out of Resource 1400 then the LEA should keep local accounting records to document that the EPA funds have been spent for non-administrative costs for purposes of the reporting requirement and the annual audit.

**18. Can the charter school 1% supervisory oversight fee be charged on EPA funds?**

Yes. Pursuant to *Education Code (EC)* sections 47613 and 47632, the amount that can be charged for the charter supervisory oversight fee is based on revenues which, for purposes of calculating the oversight fee, is defined as general-purpose entitlement and categorical block grant funding. Proposition 30 did not change the definition of those revenues or the calculation for the general purpose entitlement; rather, it changed where the funds for general purpose entitlement will come from. Specifically, part will come from the EPA and part will come from state aid (*EC* Section 47633).

For information on whether EPA funds may be used to pay the supervisory oversight fee, see question 10.

**19. Has the CDE provided any additional EPA information?**

Yes, [additional EPA information](http://www.cde.ca.gov/fg/aa/pa/epa.asp) [http://www.cde.ca.gov/fg/aa/pa/epa.asp] is available on the CDE Web site.

[Back to top](#)