

**BOARD TRANSMITTAL FORM
DENAIR UNIFIED SCHOOL DISTRICT**

BOARD MEETING DATE: September 14, 2017

EXHIBIT NO. 028

TO: Board of Education
PREPARED BY: Linda Covello, Chief Business Officer
PRESENTED BY: Linda Covello, Chief Business Officer

AGENDA TITLE: 2016-17 EDUCATION PROTECTION ACCOUNT SPENDING DETERMINATIONS

AGENDA SECTION:

- | | |
|--|---|
| <input type="checkbox"/> Closed Session | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Study Session | <input checked="" type="checkbox"/> Discussion/Public Comment/Action* |
| <input type="checkbox"/> Public Comment | <input type="checkbox"/> Bids/Public Comment /Action* |
| <input type="checkbox"/> Scheduled Communication | <input type="checkbox"/> Consent Action* |
| <input type="checkbox"/> Superintendent/Board Report | <input type="checkbox"/> Administrative Panel |
| <input type="checkbox"/> Staff Report | Recommendations* |
| <input type="checkbox"/> Minutes* | <input type="checkbox"/> Roll Call |
| <input type="checkbox"/> Public Hearing | |

**Scheduled for Action*

PROGRAM DESCRIPTION / DETAILS:

Per Article XIII, Section 36 of the California Constitution, school districts shall have sole authority to determine how the moneys received from the Education Protection Account (EPA) are spent within its jurisdiction, provided, however, that the spending determinations (estimated expenditures) are made at an open session of a public meeting of the governing board, and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or any other administrative costs.

Enclosed are the 2016-17 spending determinations, which illustrate the amount of funds received and spent. In addition, the spending determinations illustrate that the Education Protection Account funds will only be spent on instructional salaries and associated benefits in accordance with Resolution 062713R-28 that was passed by the Board of Trustees on June 27, 2013.

RECOMMENDED ACTION:

Superintendent recommends approval.

FINANCIAL IMPACT:

The District anticipates receiving (district-wide) approximately \$1.19 million for 2016-17 fiscal year that will be spent on instructional salaries and associated benefits. Amounts associated with the Education Protection Account are not additional funds; rather, EPA funds are one component of the total Local Control Funding Formula revenues.

Education Protection Account

As approved by the voters on November 6, 2012, The Schools and Local Public Safety Protection Act of 2012 (Proposition 30) temporarily increased the State's sales tax rate and the personal income tax rates for taxpayers in high tax brackets.

Revenues generated from Proposition 30 are deposited into a newly created State account called the Education Protection Account (EPA). The District will receive funds from the EPA based on its proportionate share of statewide general purpose funds. A corresponding reduction is made to its general purpose funds.

The creation of the EPA by Proposition 30 provides that a portion of K-14 general purpose funds must be utilized for instructional purposes. 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 (as determined through the account code structure)
- 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

Further, the annual financial audit includes verification that the EPA funds were used as specified by Proposition 30. If EPA funds are not expended in accordance with the requirements of Proposition 30, civil or criminal penalties could be incurred.

Illustrated below is how the District's EPA funds are appropriated for the 2016-2017 school year. Amounts will be revised throughout the year based on information received from the State.

Education Protection Account (EPA)				
<i>Fiscal Year Ending June 30, 2017</i>				
	Denair Unified School District	Denair Elementary Charter Academy	Denair Charter Academy	Total
REVENUES:				
<i>General Purpose Funds</i>	\$4,907,338	\$4,395,551	\$2,238,150	\$11,541,039
<i>EPA Factor</i>	15%	2%	16%	10%
<i>EPA Funds</i>	\$724,675	\$102,134	\$359,127	\$1,185,936
EXPENDITURES (includes carryovers):				
<i>Certificated Instructional Salaries</i>	\$496,836.84	\$72,071.04	\$314,205.81	\$883,113.69
<i>Certificated Instructional Benefits</i>	\$121,437.27	\$17,520.99	\$75,941.32	\$214,899.58
	\$618,274.11	\$89,592.03	\$390,147.13	\$1,098,013.27