

Frequently Asked Questions

Frequently asked questions regarding the Education Protection Account.

Education Protection Account

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1. **What is Proposition 30?**

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 revenue generated by the measure’s temporary tax increases is included

in the calculations of the Proposition 98 minimum guarantee—raising the guarantee by billions of dollars each year. A portion of the new revenues therefore would be used to support increased school funding, with the remainder helping to balance the state budget.

More information on [Proposition 30](http://www.sos.ca.gov/) [http://www.sos.ca.gov/].

2. What is the Education Protection Account (EPA)?

The new revenues generated from Proposition 30 are deposited into a newly created state account called the Education Protection Account (EPA). Of the funds in the account, 89 percent is provided to K–12 education and 11 percent to community colleges.

Source: Article XIII, Section 36, Subdivision (e), Paragraph (3) of the California Constitution
[http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS§ionNum=SEC.36.&article=XIII]

3. Are EPA funds appropriated through the annual Budget Act?

No, the funds are continuously appropriated and are not contingent on the passage of the State budget by the constitutional deadline.

Source: Article XIII, Section 36, Subdivision (e), Paragraph (3) and Paragraph (4) of the California Constitution
[http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS§ionNum=SEC.36.&article=XIII]

4. What entities will receive a share of the K–12 EPA funds?

Local Educational Agencies (LEAs), including school districts, county offices of education (COE), and charter schools will receive funds from the EPA.

Source: Article XIII, Section 36, Subdivision (e), Paragraph (3), Subparagraph (B) of the California Constitution
[http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS§ionNum=SEC.36.&article=XIII]

5. Does an LEA need to submit an application to the state to receive EPA funds?


No, EPA funds provide general purpose funding to LEAs and will flow automatically from the state.

6. How is EPA funding calculated?

With the enactment of the Local Control Funding Formula (LCFF) in fiscal year 2013–14, EPA will continue to be calculated based on an LEA's adjusted revenue limit or charter school general purpose entitlement in

accordance with Proposition 30. These funding elements continue as components of the LCFF.

LEAs receive funds from the EPA based on their proportionate share of the statewide revenue limit amount, which includes the allowance for necessary small schools, and charter school general purpose funding. An LEA's EPA entitlement is reduced so that funding from local property taxes and EPA combined does not exceed an LEA's revenue limit or charter school general purpose entitlement, provided that at a minimum, each LEA receives at least \$200 per unit of average daily attendance (ADA) in EPA funds. **A corresponding reduction is made to an LEA's state aid under the principal apportionment equal to the amount of the EPA entitlement.** For most non excess tax LEAs, the EPA entitlement will directly offset the state aid, resulting in no net difference.

Source: Article XIII, Section 36, Subdivision (e), Paragraph (3), Subparagraph (B) of the California Constitution
[\[http://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS§ionNum=SEC.36.&article=XIII\]](http://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS§ionNum=SEC.36.&article=XIII) 

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7. Will the EPA proportionate share percentage for a fiscal year change over the course of the year?

Yes, for each fiscal year cycle the EPA proportionate share percentage will be recalculated four times.

Effective with the 2013–14 fiscal year, before the start of each fiscal year (June 30), the California Department of Finance (DOF) will provide an EPA revenue estimate. In the fourth quarter of each fiscal year, the DOF will provide an updated EPA revenue estimate of statewide receipts for the current fiscal year. These EPA revenue estimates as well as the statewide revenue limit and charter school general purpose funding totals as of the Advance, First Principal Apportionment (P-1), Second Principal Apportionment (P-2), and Annual certification periods will be used to determine an LEA's EPA proportionate share entitlement, relevant to each certification period.

The chart below illustrates the data elements and timing of each calculation of the EPA proportionate share percentage.

Education Protection Account Proportionate Share Percentage Calculations

Statewide Revenue Limit and Charter School General Purpose Entitlement Total as of...	Calculation	DOF's EPA Revenue Estimate	Calculation	EPA Proportionate Share Percentage for...
Advance	Divided by	Pre-Fiscal Year Estimate (June 30)	Equals	1 st Quarter (September) and 2 nd Quarter (December)

P-1	Divided by	Pre-Fiscal Year Estimate (June 30)	Equals	3 rd Quarter (March)
P-2	Divided by	Updated Estimate (4 th Quarter)	Equals	4 th Quarter (June)
Annual	Divided by	Updated Estimate (4 th Quarter)	Equals	Prior Year Adjustment

8. When will EPA entitlements be allocated?

For the 2012–13 fiscal year, the first year of EPA, an LEA received one lump sum payment in June 2013. Beginning in the 2013–14 fiscal year, EPA funds are allocated on a quarterly basis in September, December, March and June of each year.

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9. Revenue limit or charter school general purpose funding changes at each Principal Apportionment certification as a result of ADA, property tax, and other adjustments. Does this mean the EPA entitlement will change also?

Yes. An LEA's EPA entitlement will be determined at each of the Advance, P-1, P-2, and Annual Apportionment certification periods. An LEA's EPA entitlement will not change after the Annual certification even if the LEA's revenue limit or charter school general purpose entitlement changes at the Annual R1, R2, or R3 certifications. CDE will compare the final EPA entitlement at Annual to the EPA entitlement calculated as of P-2 and any adjustment (positive or negative) will be applied against an LEA's current year EPA apportionment.

With the enactment of the Local Control Funding Formula (LCFF) in fiscal year 2013–14, EPA will continue to be calculated based on an LEA's adjusted revenue limit or charter school general purpose entitlement in accordance with Proposition 30. These funding elements continue as components of the LCFF.

10. **The EPA amount received is a reduction to state aid made under the principal apportionment. When will the state apply these reductions?**

Except for excess tax LEAs, every dollar an LEA receives in EPA funding is a reduction to their state aid funding under the principal apportionment. The reductions will be applied at each Principal Apportionment certification.

11. **How much will an excess tax district or COE receive?**

An excess tax district or COE will receive the minimum EPA funding at a rate of \$200 per ADA.

12. **How will an EPA entitlement for a charter school fully funded through in-lieu taxes be calculated?**

A charter school fully funded through in-lieu taxes will receive the minimum EPA funding at a rate of \$200 minimum per ADA.

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13. **What ADA will be used to calculate the minimum funding amount?**

The following charts provide the source location for each LEA type to determine an LEA's total ADA for the EPA minimum calculation.

ADA To Determine Minimum EPA Entitlements for fiscal year 2012–13 (pre-LCFF)

<p>School Districts</p>	<p>The sum of the following:</p> <ul style="list-style-type: none"> • Total District ADA (Line E-1) minus ADA Funded through the Block Grant [EC 47633] Unified District – Resident [EC 47660] (Line A-21) from the <i>School District ADA</i> exhibit • P-2 ADA (Line A-4) from the <i>Basic Aid Court Ordered Voluntary Pupil Transfer</i> exhibit (credited to the district of attendance) • P-2 ADA (Line A-4) from the <i>Basic Aid Choice</i> exhibit (credited to the district of attendance) • P-2 ADA (Line A-4) from the <i>Basic Aid Open Enrollment</i> exhibit (credited to the district of attendance)
	<p>The sum of the following:</p>

County Office of Education	<ul style="list-style-type: none"> Juvenile Court School ADA (Line A-4) + Community Schools Annual ADA (Line A-9) + Community School Students Expelled ADA (Line A-17) + Homeless Children ADA (Line A-20) + Opportunity Elementary ADA (Line B-4) + Opportunity High ADA (Line B-8) + Technical, Agricultural, and Natural Resource Conservation Schools ADA (Line B-15) + Adults in Correctional Facilities ADA (Line C-1) from the <i>County Special School and Classes</i> exhibit Funded Community Day School ADA (Line A-20) from the <i>County Revenue Limit</i> exhibit
Charter Schools	<ul style="list-style-type: none"> Grades K–12 Charter ADA (Line A-1) from the <i>Charter School Categorical Block Grant Funding Unified, EHS, COE, or SBC</i> exhibit

ADA to Determine Minimum EPA Entitlements for fiscal years 2013–14, and thereafter under the LCFF


School Districts	<p>The sum of the following:</p> <ul style="list-style-type: none"> Total District ADA (Line H-5) from the <i>School District ADA</i> exhibit Total ADA (Line G-5) from the <i>School District Basic Aid Court-Ordered Voluntary Pupil Transfer Calculation</i> exhibit (credited to the district of attendance) Total ADA (Line G-5) from the <i>School District Basic Aid Choice Calculation</i> exhibit (credited to the district of attendance) Total ADA (Line G-5) from the <i>School District Basic Aid Open Enrollment Calculation</i> exhibit (credited to the district of attendance)
County Office of Education	<ul style="list-style-type: none"> Total County Funded Non-Juvenile Court Schools ADA, Line B-5 + Total Juvenile Court Schools ADA, Line B-8 from the <i>County LCFF Transition</i> exhibit
Charter Schools	<ul style="list-style-type: none"> Attendance Charter School – Funded ADA, Total Funded ADA, Line E-5 and Attendance Charter Funded County Programs – Funded ADA, Line J-5 of the <i>Charter School ADA</i> exhibit.

14. Is the \$200 per ADA EPA minimum funding in addition to the \$120 ADA constitutional guarantee?

Yes, each are separate constitutional guarantees.

15. Does a school district meet the definition of “basic aid” or “excess tax” as defined in the Revenue and Taxation Code or EC, if as a result of the EPA calculation all the state aid the district would have received as revenue limit state aid pursuant to EC Section 42238 is now received through the EPA?

No. The determination of whether a school district is “basic aid” or “excess tax” is made prior to the consideration of EPA revenue pursuant to [EC Section 42238.02\(m\)](#)

[http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=EDC&division=3.&title=2.&part=24.&chapter=7.&article=2.] .

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16. Where can I find information on EPA entitlements and apportionments?

[EPA entitlement and apportionment](#) [<http://www.cde.ca.gov/fg/aa/pa/epa.asp>] information is available on CDE’s Web site.

17. Is there a schedule of the specific dates when EPA payments for the 2014–15 fiscal year will be made?

The State Controller's Office has provided the following payment dates:

- Quarter 1 – September 24, 2014
- Quarter 2 – December 24 2014
- Quarter 3 – March 24, 2015
- Quarter 4 – June 26, 2015

Note: The above dates are estimates and may change.

18. 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.

19. Are there reporting requirements?

Proposition 30 requires all districts, counties, and charter schools to report on their Web sites an accounting of

how much money was received from the EPA and how that money was spent.

20. 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 each LEA's discretion to determine the format for reporting its EPA revenue and expenditures on its Web site.

21. 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.

22. When should the open public meeting for discussing the use of EPA Funding be held?

Proposition 30 language does not specify that the open public meeting has to be a separately held meeting only for the discussion of EPA funding. Therefore, this requirement may be satisfied at a regularly scheduled meeting, which the CDE believes could be the annual budget adoption meeting, although it could be at any open public meeting before expenditures are recorded for each applicable fiscal year.

23. Are there any restrictions on the use of EPA funds?

Yes, specific information on the use of funds [<http://www.cde.ca.gov/fg/ac/ac/sacsfaq.asp>] is available on CDE's Web site.

24. Has the CDE issued accounting guidance on how to account for EPA funds?

Yes, accounting guidance [<http://www.cde.ca.gov/fg/ac/ac/sacsfaq.asp>] is available on CDE's Web site.

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