

March 15, 2013

To: CBO's and Business Managers

From: Mary Barlow, Assistant Superintendent, Administration, Finance & Accountability

**Re: Education Protection Account (EPA) Requirements**

Pursuant to Article XIII, Section 36 of the California Constitution, school districts, county offices of education, and community college districts are required to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided that the governing board makes the spending determinations in an open session of a public meeting. The language in the constitutional amendment requires that funds shall not be used for the salaries and benefits of administrators or any other administrative costs. We have enclosed a sample resolution that your district may utilize to fulfill the spending determinations requirement. There is also a requirement that districts must annually post on their website an accounting of how much money was received from EPA and how that money was spent.

For your convenience, enclosed with the sample resolution is a sample exhibit that districts may use for both the spending determinations and website posting requirements. However, districts are not required to use this format. The sample exhibit mirrors the Program by Resource Report from the CDE's Standardized Account Code Structure (SACS) software. Please note that in the sample exhibit, expenditures are displayed by function code and not by object code.

Due to the annual requirement for board action and the fact that EPA apportionments will not be certified until late in the 2012-13 fiscal year, districts must estimate EPA revenue. The EPA revenue can be estimated by multiplying total 2012-13 deficated revenue limit by 20%. If the result of that calculation is greater than revenue limit state aid, it is recommended that the district reduce EPA revenue down to the amount of revenue limit state aid. Basic aid school districts, may estimate EPA to be \$200 per 2012-13 second principal average daily attendance.

If you have any questions or concerns about EPA reporting requirements, please call Steve Mattern at (661) 636-4691, or your fiscal advisor.

Enclosures

c: Superintendents