

**Burbank Unified School District  
Administrative Services**

**REPORT TO THE BOARD**

TO: Members of the Board of Education

FROM: David Jaynes, Assistant Superintendent, Administrative Services

PREPARED BY: Lina Sola, Supervisor of Budget and Finance

SUBMITTED BY: Ruthie DiFonzo, Senior Administrative Assistant

DATE: June 21, 2018

SUBJECT: Adoption of Resolution 40 Regarding the Education Protection Account  
2018-2019

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**Background:**

Proposition 30, The Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012 temporarily increases the states 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). EPA funds are based on the proportionate share of the statewide revenue limit amount. A corresponding reduction is made to the local education agency's (LEA's) Local Control Funding Formula (LCFF) equal to the amount of their EPA entitlement.

California School District funding is now comprised of three funding sources: State Aid, EPA and Property Taxes. The addition of a new funding source does not increase the amount of LCFF due to the District. The state aid portion is decreased accordingly.

**Discussion/Issues:**

At the beginning of each year, the Department of Finance will estimate the amount that will be transferred into the EPA. The 2017-2018 estimate of the EPA is the funds will be distributed in equal payments quarterly during the last 10 days of September, December, March and June.

EPA revenue funds will be deposited into a new restricted resource 1400, using revenue object code 8012.

Along with the new funding source came additional reporting requirements:

- 1) Each year the Board of Education must approve a spending plan for the EPA money (LACOE is requesting approval in the form of a board resolution).
- 2) The EPA funds cannot be used for the salaries or benefits of administrators or administrative costs.
- 3) The District must publish on its website the amount of EPA money received and how it was spent.
- 4) An annual audit will be required to verify that EPA funds were spent in accordance with the requirements of Proposition 30. The cost of this audit can be paid with EPA funds.
- 5) For fiscal years 2013-14 through 2018-19 the spending plan must be approved at the time the budget is adopted.

It is unclear what requirements will change due to the passing of Prop 55, which extended the income taxes for the next 12 years.

**Spending Plan:**

The District's LCFF State Aid entitlement will be reduced by the amount of the EPA, which will be paid from the Education Protection Act funds. The District plans to use 100% of the EPA funding for certificated teacher salaries and related benefits. The estimated EPA for fiscal year 2017-2018 is \$18,831,108.

**Financial Impact:**

None

**Recommendations:**

David Jaynes, Assistant Superintendent, Administrative Services, recommends that the Board of Education adopt Resolution 40 Regarding the Education Protection Account 2018-2019 for the portion of the state aid (Local Control Funding Formula (LCFF) funds) identified as the Education Protection Act (EPA) funding, which is 15% of the Districts total state funding, and proposes the funds be spent on the current costs of certificated teacher salaries and benefits, as presented.



**RESOLUTION NO. 40**  
**RESOLUTION OF THE BOARD OF EDUCATION OF THE BURBANK**  
**UNIFIED SCHOOL DISTRICT REGARDING THE EDUCATION**  
**PROTECTION ACCOUNT – 2018-2019**

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**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;

**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**, be it resolved, determined and ordered by the Board of Education of the Burbank Unified School District as follows:

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 Burbank Unified School District;
2. In compliance with Article XIII, Section 36(e), with the California Constitution, the governing board of the Burbank Unified School District has determined to spend the monies received from the Education Protection Act on certificated teacher salaries and benefits.

**PASSED AND ADOPTED** this day, June 21, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

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President of the Board of Education of the  
Burbank Unified School District

Attest:

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Clerk of the Board of Education of the  
Burbank Unified School District