

# *The* FISCAL REPORT *an informational update*

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## **Ask SSC . . . How Do We Comply With the EPA Reporting Requirements?**

*Q.* I understand that we are supposed to take something to the board about the Education Protection Account (EPA). What is the format and when do we need to do this?

*A.* The creation of the EPA by Proposition 30 not only impacts cash flow patterns but also has an accountability component. Proposition 30 provides that all K-14 local agencies have the sole authority to determine how the funds received from the EPA are spent, but with these provisos:

- 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

In addition, there will now be a requirement for the annual financial audit to include verification that the EPA funds were used as specified by Proposition 30, and the additional cost of the audit would be an allowable expense from the EPA. If EPA funds are not expended in accordance with the requirements of Proposition 30, civil or criminal penalties could be incurred.

No specific format for taking the EPA expenditure plan to the board has been identified by Proposition 30, so it is up to local agencies to design the board item. However, each local agency should present to its board the expenditure plan for 2012-13 as soon as possible so that the expenditures can be appropriately applied to the EPA on the local agency's financial system before the end of the year.

- For 2013-14 through 2017-18, the rest of the years that Proposition 30 will be effective, the EPA spending plan should be approved by the board at the time the budget for each year is adopted.

—*Sheila G. Vickers*

posted 03/20/2013

California Department of Education (<http://www.cde.ca.gov/fg/aa/pa/prop30impact12p1.asp>)  
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## Proposition 30 Impact to State Aid

Details of Proposition 30 (Education Protection Account) impact to state aid.

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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). School districts, county offices of education, and charter schools (LEAs) will receive funds from the EPA based on their proportionate share of the statewide revenue limit amount, which includes charter school general purpose funding. A corresponding reduction is made to an LEA's revenue limit or charter school general purpose state aid equal to the amount of their EPA entitlement. LEAs will receive EPA payments quarterly beginning with the 2013-14 Fiscal Year.

### 2012-13 Fiscal Year Implementation – Education Code (EC) 14041 Reduction In-Lieu of EPA

To allow time for the State to collect the increased tax revenues, EPA entitlements cannot be calculated for the 2012-13 Fiscal Year until June 2013. LEAs will receive their 2012-13 Fiscal Year EPA entitlement in one lump sum payment at the end of June.

As mentioned above, each LEA's revenue limit or charter school general purpose state aid is reduced by its EPA entitlement. To approximate the effect on state aid as a result of the EPA entitlement reduction, for 2012-13, pursuant to EC 14041(a)(9)(A), for the months of July 2012 through May 2013, CDE is required to reduce revenue limit or charter school general purpose state aid by a total of \$6.9 billion. This reduction serves as a proxy for EPA entitlements that will be allocated in June. Each LEA's proportionate share of this \$6.9 billion is shown as a EC Section 14041 reduction in the respective First Principal (P-1) Apportionment exhibits available on CDE's Web site.

### Revised 2012-13 EPA Estimate

For the 2012-13 Second Principal (P-2) Apportionment certification the actual EPA entitlement paid in June 2013 will be used as the reduction to the P-2 revenue limit or charter school general purpose state aid. The latest estimates of EPA revenues for the current fiscal year, per the 2013-14 Governor's Budget, is \$6.7 billion. Using statewide entitlements for revenue limits and charter school general purpose entitlements from the 2012-13 P-1 Apportionment, CDE estimates each LEA's 2012-13 EPA entitlement will be approximately 20 percent of their total revenue limit (deficit) or their charter school general purpose entitlement (this is slightly lower than the 21.2004 percent estimate that was used for the 2012-13 Advance and P-1 apportionments). However, an LEA's EPA entitlement will be reduced so that funding from local property taxes and EPA does not exceed an LEA's revenue limit or charter school general purpose entitlement, except that the reduction will not decrease an LEA's EPA entitlement to less than \$200 per ADA (for most non excess tax LEAs, the EPA entitlement will directly offset the state aid, resulting in no net difference).

For more information on the 2012-13 P-1 EPA adjustments, go to the [Calculations to Determine 2012-13 P-1](#) posted on our Web site.

By mid-March a tool will be published on CDE's Web site to help LEAs estimate their 2012-13 EPA entitlement and the impact on P-2 revenue limit or charter school general purpose state aid. Once the tool is made available, an e-mail message will be sent out through the PASE Listserv.

**Questions: Office of Principal Apportionment and Special Education | 916-324-4541**  
**Office of Charter Apportionments and District Reorganization | 916-324-4541**

Last Reviewed: Friday, February 22, 2013

## 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 is available at <http://www.sos.ca.gov/>.<sup>1</sup>

#### 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*.<sup>2</sup>

#### 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*.<sup>3</sup>

#### 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*.<sup>4</sup>

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?

LEAs will receive funds from the EPA based on their proportionate share of the statewide revenue limit amount, which includes charter school general purpose funding. However, an LEA's EPA entitlement will be 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. At a minimum, each LEA will receive \$200 per unit of average daily attendance (ADA) in EPA funds. **A corresponding reduction is made to an LEA's revenue limit or charter school general purpose state aid 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 <sup>23</sup>.

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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 <sup>st</sup> Quarter (September) and 2 <sup>nd</sup> Quarter (December)
P-1	Divided by	Pre-Fiscal Year Estimate (June 30)	Equals	3 <sup>rd</sup> Quarter (March)
P-2	Divided by	Updated Estimate (4 <sup>th</sup> Quarter)	Equals	4 <sup>th</sup> Quarter (June)
Annual	Divided by	Updated Estimate (4 <sup>th</sup> Quarter)	Equals	Prior Year Adjustment (March)

8. When will EPA entitlements be allocated?

For the 2012–13 fiscal year, the first year of EPA, an LEA will receive one lump sum payment in June 2013. Beginning in the 2013–14 fiscal year, EPA funds will be allocated on a quarterly basis beginning in September 2013.

9. If EPA is not allocated until June 2013, why was state aid reduced in the 2012–13 Advance and P-1 Apportionment certifications?

To approximate the effect on state aid as a result of the EPA entitlement reduction for 2012–13, pursuant to *Education Code* (EC) 14041(a)(9)(A), for the months of July 2012 through May 2013, the California Department of Education (CDE) was required to reduce revenue limit or charter school general purpose state aid by a total of \$6.9 billion. This reduction serves as a proxy for EPA entitlements that will be calculated and allocated in June. Each LEA's proportionate share of this \$6.9 billion is shown as an "EC Section 14041 Reduction" in the respective P-1 Apportionment exhibits available on CDE's Web site. LEAs should use CDE's [EPA Entitlement and Second Principal Apportionment \(P-2\) Payment Calculator](#) (XLS; 7MB) to estimate their 2012–13 EPA entitlement.

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10. 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.

11. The EPA amount received is a reduction to state aid for revenue limits or charter school general purpose funding. 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 revenue limit or charter school general purpose state aid funding. The reductions will be applied at each Principal Apportionment certification.

## 12. 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.

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

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

ADA To Determine Minimum EPA Entitlement	
School Districts	<p>The sum of the following:</p> <ul style="list-style-type: none"> <li>• Total District ADA (Line E-1) <b>minus</b> ADA Funded through the Block Grant [EC 47633] Unified District – Resident [EC 47660] (Line A-21) from the <i>School District ADA</i> exhibit</li> <li>• P-2 ADA (Line A-4) from the <i>Basic Aid Court Ordered Voluntary Pupil Transfer</i> exhibit (credited to the district of attendance)</li> <li>• P-2 ADA (Line A-4) from the <i>Basic Aid Choice</i> exhibit (credited to the district of attendance)</li> <li>• P-2 ADA (Line A-4) from the <i>Basic Aid Open Enrollment</i> exhibit (credited to the district of attendance)</li> </ul>
County Office of Education	<p>The sum of the following:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Funded Community Day School ADA (Line A-20) from the <i>County Revenue Limit</i> exhibit</li> </ul>
Charter Schools	<ul style="list-style-type: none"> <li>• Grades K–12 Charter ADA (Line A-1) from the <i>Charter School Categorical Block Grant Funding Unified, EHS, COE, or SBC</i> exhibit</li> </ul>

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

Yes, each are separate constitutional guarantees.

## 16. 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 based on a school district's Gross State Aid, Line E-4 on the School District Revenue Limit funding exhibit. If this amount is greater than zero, the district is not considered “basic aid” or “excess tax” even if the Net State Aid, Line G-2 (after EPA adjustment) is zero.

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

[EPA entitlement and apportionment](http://www.cde.ca.gov/fg/aa/pa/epa.asp) [http://www.cde.ca.gov/fg/aa/pa/epa.asp] information is available on CDE's Web site. CDE's [EPA Entitlement and Second Principal Apportionment \(P-2\) Payment Calculator](#) (XLS; 7MB) will help LEA's estimate their 2012–13 EPA entitlement.

## 18. Is there a schedule of the specific dates when EPA payments for the 2013–14 fiscal year will be made?

Specific dates are not yet known. Proposition 30 requires funds to be allocated on a quarterly basis.

## 19. 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.

## 20. 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.

## 21. 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.

22. **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.

23. **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.

24. **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.

25. **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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**Questions: Office of Principal Apportionment and Special Education | 916-324-4541  
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Last Reviewed: Wednesday, March 20, 2013

## Frequently Asked Questions - SACS

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

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### 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. What are some example journal entries?
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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.

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**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.

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**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 Accounting 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.



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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?
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6000 Enterprise	No
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**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

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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.

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**16. 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.

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**Questions: Financial Accountability & Information Services | [sacsinfo@cde.ca.gov](mailto:sacsinfo@cde.ca.gov) | 916-322-1770**

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