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NOVATO UNIFIED SCHOOL DISTRICT  
*Business Services*

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TO: Board of Trustees

FROM: Karen Maloney, Chief Financial Officer

DATE: May 21, 2013

RE: Discussion/Action: Approval of Resolution No. 15-2012/2013;  
Expenditure of 2012-2013 Funds Received in the  
Education Protection Account (EPA) as Required  
by Article XIII, Section 36 of the California State  
Constitution

**Objective**

To approve Resolution No. 15-2012/2013; expenditure of 2012-2013 funds received in the Education Protection Account (EPA) as required by Article XIII, Section 36 of the California State Constitution.

**Background**

Proposition 30, the Schools and Local Public Safety Protection Act of 2012, was approved by California voters on November 6, 2012. It temporarily increases the State Sales Tax rate for all taxpayers as well as personal income tax rates for upper-income taxpayers. Proposition 30 added Article XIII, Section 36(e) to the California State Constitution, creating an Education Projection Account (EPA) within the State General Fund to receive and disburse revenues derived from incremental increases in taxes as imposed by Article XIII, Section 36(f) of the California State Constitution.

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, including 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. For the 2012-2013 fiscal year, schools will receive one payment in June 2013; payments will be received quarterly thereafter.

Proposition 30 EPA funds are treated like property taxes for revenue limit districts; State Aid will be reduced by the amount of EPA funds received. It is estimated that Novato Unified School District will receive \$8,373,300 for the 2012-2013 year.

## **2012-2013 Education Protection Act**

The Proposition 30 initiative was intended to minimize deeper cuts to school agencies and other state-supported programs in California. In addition, Proposition 30 prohibits the Initiative's tax revenues allocated to K-12 agencies from being used for administrative costs. While all revenues raised by Proposition 30 are distributed to school districts, a significant share of those resources simply reduce the amount of other state funding that schools receive.

As required, NUSD's estimated deposits and expenditures from the Education Protection Account (EPA) are shown below:

Estimated 2012-2013 EPA Entitlement	\$8,373,300
Estimated Expenditures	(\$8,373,300)
- Instructional Teacher Salaries and Related Payroll Costs	

**NOTE:** As per Article XIII, Section 36 of the California Constitution, the District will post an accounting of the actual EPA funds as they are received and expended.

### **Funding Source/Cost**

Education Protection Account \$8,373,300 (estimate)

### **Recommendation**

The Superintendent and staff recommend approval of Resolution No. 15-2012/2013; expenditure of 2012-2013 funds received in the Education Protection Account (EPA) as required by Article XIII, Section 36 of the California State Constitution.

# NOVATO UNIFIED SCHOOL DISTRICT

## RESOLUTION No. 15-2012/2013

### APPROVAL OF THE EDUCATION PROTECTION ACCOUNT

**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 AS FOLLOWS:**

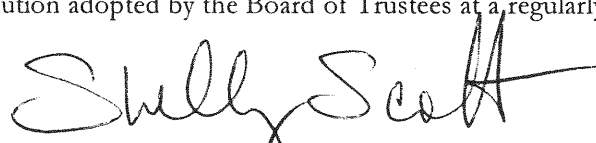
1. The monies received from the Education Protection Account shall be spent as required by Article XIII, Section 36 and the spending determinations on how the money will be spent shall be made in open session of a public meeting of the governing board of the Novato Unified School District;
2. In compliance with Article XIII, Section 36(e), with the California Constitution, the governing board of the Novato Unified School District has determined to spend the monies received from the Education Protection Act on:
  - Teachers' Salaries and Related Payroll Costs

PASSED AND ADOPTED this 21st of May 2013, by the following vote to wit:

AYES:          7    
NOES:          0    
ABSTAIN:            
ABSENT:           

State of California,  
County of Marin

I, Shelly Scott, Secretary/Clerk of the Novato Unified School District Board of Trustees, do hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Trustees at a regularly called and conducted meeting held on said date.

  
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Secretary/Clerk of Board of Trustees