

## Hamilton Unified School District's

### 2012-13 Education Protection Account (EPA) Budget and Spending Plan

#### Background:

Proposition 30, *The Schools and Local Public Safety Protection Act of 2012*, approved by the voters on November 6, 2012, temporarily increases the state sales tax rate for all taxpayers and the personal income tax rates for upper-income taxpayers.

#### Implementation:

- These new state revenues will be deposited into a state account called the *Education Protection Account (EPA)*.
- School districts will receive funds from the EPA based on their proportionate share of the statewide revenue limit amount. Then, a **corresponding reduction is made to the school district's revenue limit equal to the amount of their EPA revenues.**
- The district's 2012-13 EPA entitlement will be received in one lump sum at the end of June 2013.
- Beginning in 2013-14 the entitlement will be made quarterly.

#### Further Reporting Requirements:

- Each year, a spending plan must be approved by the governing board during a public meeting.
- EPA funds cannot be used for salaries or benefits of administrators or any other administrative costs.
- Each year, the district must publish on its website an accounting of how much money was received from the EPA and how the funds were expended.
- There will be a requirement for the annual financial audit to include verification that the EPA funds were used as specified by Proposition 30.
- The EPA entitlement and expenditures will be recorded in Resource Code 1400.

#### District Spending Plan:

As specified by Proposition 30, it is the district's intent to spend the EPA funds on "instructional activities"; primarily teacher salaries and benefits as detailed below.

The current year budget projects a reserve. In light of the entitlement being an "estimated" amount, and only being apportioned quarterly, this reserve will help preserve some cash flow in the general fund.

<u>Teacher Salaries</u>	<u>STRS</u>	<u>Medicare</u>	<u>Unemployment</u>	<u>Work Comp</u>	<u>H&amp;W</u>	<u>Total</u>
471,503	33,792	6,837	7,591	11,092	93,462	624,277
				EPA Entitlement		<u>849,967</u>
				EPA Reserve		225,690