

DISCOVERY CHARTER SCHOOL
BOARD OF DIRECTORS
BOARD MEETING AGENDA ITEM

Date:	June 9, 2026
Agenda Item #:	VIII.B – <i>Exhibit A</i>
Resource Code:	1400 — Education Protection Account (EPA)
Legal Authority:	California Education Code §42238.03; Proposition 30 (2022)

SUBJECT:

Annual Public Determination of Expenditures from the
Education Protection Account (EPA) — Resource 1400

1. BACKGROUND AND LEGAL REQUIREMENT

The Education Protection Account (EPA), Resource 1400, was established by California voters through Proposition 30 (2012), extended by Proposition 55 (2016), and further extended through 2030 by Proposition 30 (2022). The EPA is funded by an income tax surcharge on California residents earning more than \$250,000 annually. Revenue is deposited into a dedicated state account — separate from the General Fund — and allocated directly to schools and community colleges.

Pursuant to Education Code §42238.03, the governing board of each local educational agency that receives EPA funds is required to:

- Hold an annual public meeting to determine how EPA funds will be spent;
- Provide the public an opportunity to comment prior to adoption of the spending determination;
- Restrict EPA expenditures exclusively to certificated and classified employee salaries (services); and
- Post the board's spending determination and the amount received on the school's public website.

This agenda item fulfills the annual public meeting and board determination requirement for the current fiscal year.

2. LEGAL RESTRICTIONS ON EPA FUNDS

The Board and administration should note the following statutory restrictions, which are non-negotiable:

#	Restriction	Detail
1	Permitted Uses Only	EPA funds may only be used for certificated and classified employee compensation (salaries and benefits). They may not be applied to materials, supplies, equipment, or overhead.
2	No Administrative Use	EPA funds are explicitly prohibited from funding the salary of the Superintendent or any district-level administrative position. Funds must flow to classroom-level services.
3	Public Accountability	The dollar amount received and the board's spending determination must be posted on the school's website following adoption of this resolution.
4	Annual Requirement	This determination must be made annually by the governing board in a public meeting. Staff cannot make this determination independently.

3. PROPOSED USE OF EPA FUNDS — CURRENT FISCAL YEAR

Discovery Charter School proposes to apply EPA Resource 1400 funds as an offset to certificated employee (teacher) salaries, consistent with prior years and in full compliance with statutory requirements. EPA revenue appears in the general ledger as a revenue source that directly offsets teacher salary costs — representing each school's proportionate share of the higher-income tax surcharge collected statewide.

4. EPA WORKSHEET — RESOURCE 1400

The following worksheet documents the Board's annual spending determination. Amounts should be confirmed with the 2026-27 allocation notice from the California Department of Education (CDE).

Description	
Total EPA Allocation Received (Resource 1400)	\$1,885,689.00
Proposed Use: Certificated Salaries (Object 1000)	\$1,885,689.00
Proposed Use: Classified Salaries (Object 2000)	\$0
Total Proposed EPA Expenditures	\$1,885,689.00

Description	
Remaining Balance (must be \$0 or carry to next year per CDE guidance)	\$0
Funds Used for Superintendent or Admin Salaries?	NO

Note: Any unspent EPA funds must be carried over in compliance with CDE guidance and disclosed in the following year's determination.

5. PUBLIC COMMENT OPPORTUNITY

As required by Education Code §42238.03, the public must be provided an opportunity to comment on the proposed EPA expenditure determination prior to Board action.

6. PROPOSED RESOLUTION

A RESOLUTION OF THE BOARD OF DIRECTORS OF DISCOVERY CHARTER SCHOOL MAKING THE ANNUAL DETERMINATION REGARDING EXPENDITURE OF EDUCATION PROTECTION ACCOUNT (EPA) FUNDS PURSUANT TO EDUCATION CODE §42238.03

WHEREAS, California voters approved Proposition 30 (2012), Proposition 55 (2016), and Proposition 30 (2022), establishing and extending the Education Protection Account (EPA) to provide dedicated funding to local educational agencies through 2030; and

WHEREAS, Education Code §42238.03 requires the governing board of each local educational agency receiving EPA funds to annually determine, in a public meeting, how those funds shall be spent; and

WHEREAS, EPA funds are restricted by law to expenditures for certificated and classified employee salaries and may not be used for the compensation of the Superintendent or any administrator serving in a district office administrative role; and

WHEREAS, the Board has provided the public with an opportunity to comment on this proposed expenditure determination at today's meeting;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of DISCOVERY CHARTER SCHOOL hereby determines as follows:

1. The EPA funds allocated to Discovery Charter School for the current fiscal year shall be expended exclusively on certificated and classified employee salaries (teacher and staff compensation), in compliance with Education Code §42238.03.

2. No EPA funds shall be used for the salary of the Superintendent or any administrator in a district office administrative role.
3. The annual EPA allocation amount and this spending determination shall be posted on each school's public website following adoption of this Resolution.
4. Staff is directed to record the EPA expenditures under Resource 1400 in the general ledger consistent with this determination and to complete all required CDE reporting.

PASSED AND ADOPTED by the Board of Directors of Discovery Charter School at a duly noticed public meeting held on June 9, 2026.

This agenda item was prepared in compliance with Education Code §42238.03 and is intended to satisfy the annual public meeting and spending determination requirement for the Education Protection Account.