

Education Protection Account

As approved by the voters on November 6, 2012, The Schools and Local Public Safety Protection Act of 2012 (Proposition 30) temporarily increased the State’s sales tax rate and the personal income tax rates for taxpayers in high tax brackets.

Proposition 30 provides that a portion of K-14 general purpose funds must be utilized for instructional purposes. Revenues generated from Proposition 30 are deposited into an account called the Education Protection Account (EPA). The district receives funds from the EPA based on its proportionate share of statewide general purpose funds. A corresponding reduction is made to its state aid funds.

Subsequently, on November 8, 2016, the voters approved the California Children’s Education and Health Care Protection Act (Proposition 55) that maintains increased personal income tax rates for taxpayers in high tax brackets through 2030. Proposition 55 did not extend the sales tax increase; therefore, the temporary sales tax increase expired at the end of calendar year 2016.

K-14 local agencies have the sole authority to determine how the funds received from the EPA are spent, but with these provisions:

- 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

Further, the annual financial audit includes verification that the EPA funds were used as specified by Proposition 30. If EPA funds are not expended in accordance with the requirements of Proposition 30, civil or criminal penalties could be incurred.

Illustrated below is Harvest Ridge Cooperative Charter School’s EPA funds budgeted for 2024-25. The amounts will be revised throughout the year based on information received from the State.

Education Protection Account (EPA) Budget	
2024-25 Fiscal Year	
Description	Amount
BEGINNING BALANCE	\$0
BUDGETED EPA REVENUES:	
<i>Estimated EPA Funds</i>	\$1,222,551
BUDGETED EPA EXPENDITURES:	
<i>Certificated Instructional Salaries and Benefits</i>	\$1,162,943
	\$0
TOTAL	\$1,162,943
ENDING BALANCE	\$59,608