

Revenue Limits

What Are Revenue Limits?

Public school districts receive funding from a variety of local, state, and federal sources. Some of the funds are earmarked for specific purposes, such as Special Education and K-3 Class Size Reduction, while the rest are for general purposes. The amount of general purpose funding a school district receives per student (using ADA-average daily attendance) is called its "revenue limit." It is a combination of local property taxes and state taxes. Each of the nearly 1,000 school districts in California has its own revenue limit based on its type (elementary, high, or unified), size (small or large), historical spending patterns, and a multitude of other variables, which together make for a complicated and lengthy formula.

The Bucket Analogy

State and local funds are combined to make up a district's revenue limit funding. A simple analogy can help illustrate this. Imagine a bucket. Each district has a different-sized bucket, representing its individualized revenue limit. Revenues raised through local property taxes are dumped into the district's bucket, and if the bucket is not filled all the way, the state comes by and tops it off with state tax revenues.

If the bucket is completely filled by local property tax revenues, the state has no need to "top off" the bucket. If the bucket overflows with local property taxes, the district gets to keep the overage. Districts whose buckets are filled by local property taxes are called "basic aid" or "excess revenue" districts.



Basic Aid District Funding

In the past, the state also gave these districts with high property tax revenues an additional \$120 per ADA (or \$2,400 per district-whichever was greater). The California Constitution says that the state should contribute this additional money to fulfill its constitutional guarantee to provide all public schools with "basic aid." However, because of budget constraints in 2002-03, lawmakers decided to eliminate the \$120, saying that the state met its constitutional obligation to these districts with other state funding from categorical programs.

Based on local property tax revenues, each year there have been from about 60 to 80 "basic aid" districts out of a total of almost 1,000 districts. Because local property tax revenues and enrollments fluctuate from year to year, some districts are basic aid one year but not the next. At the time of the second principal apportionment (which is made in June), the California Department of Education officially certifies which districts are basic aid for the school year that is ending.

Also of Interest

For a list of "basic aid" districts, see the California Department of Education's [Office of Principal Apportionment and Special Education](#) web page. They maintain a listing for supplemental tax allocations that includes basic aid districts. Click on the fiscal year you are interested in. Under the heading "Other Fiscal Information," click on the "Advance Average Daily Attendance for Section 75.70 of the Revenue and Taxation Code Allocation of Supplemental Taxes" link and open the "Advance Average Daily Attendance" Excel spreadsheet file. The basic aid districts are identified in column "E."

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