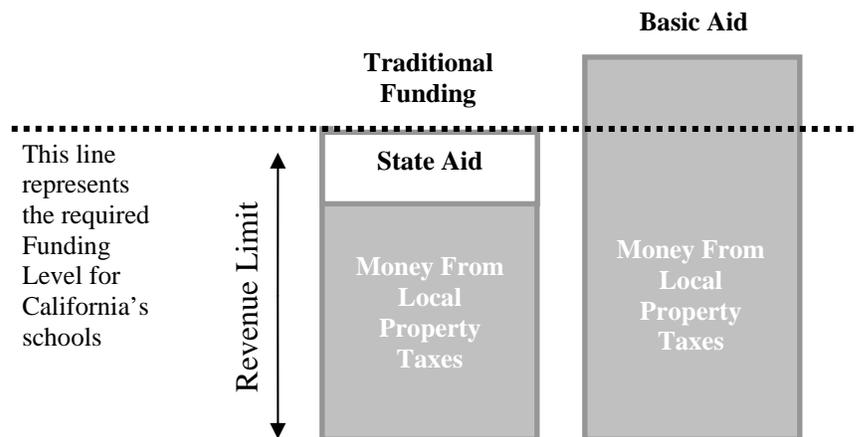


TAMALPAIS UNION HIGH SCHOOL DISTRICT
Office of the Superintendent

FACTS ABOUT BASIC AID SCHOOL FUNDING

Revenue Limits and Property Taxes



How are school districts usually funded?

School districts get funding from local, state and federal sources, and a lot of it is tied to specific programs or needs. (For example, construction dollars must be spent to build or modernize facilities.) For now, however, let's just talk about the unrestricted, general purpose funding that school districts receive from the state.

Since the early 1970s, most school districts have received their general purpose funding under the so-called "Revenue Limit" formula. The Revenue Limit is essentially calculated by taking a set amount of dollars per student – as determined by the state of California – and multiplying that figure by each district's Average Daily Attendance (ADA). To keep pace with rising costs, the per-pupil figure is usually increased from one year to the next based on the state-calculated Cost of Living Adjustment (COLA). This year, however, school districts are seeing a decrease in per-student spending.

To recap, the Revenue Limit is the pot of unrestricted, general purpose funding that pays for teachers, other staff members and supplies. And this amount is funded from a combination of local property tax revenue and state aid.

What is Basic Aid?

Basic Aid, also known as "local funding," essentially occurs when the local property tax revenue in a district exceeds the total general purpose funding that the state would have

provided. In other words, there's no need to factor in any state aid because the property taxes alone surpass the minimum funding level established by the state.

This doesn't have any impact on taxpayers or specific programs, but it changes the way that dollars are routed, as well as the amount. By definition, Basic Aid districts receive funding above and beyond their calculated Revenue Limit.

What percentage of districts are funded under the Basic Aid formula?

About 100 of California's 1,000 school districts are Basic Aid districts, or roughly 10 percent.

What are the advantages of being a Basic Aid district?

The upside to Basic Aid is that a district can receive funding in excess of its state-calculated Revenue Limit, and growing property taxes generally translate into more revenue.

What is the downside to becoming a Basic Aid district?

The downside is that property taxes don't always go up, so a Basic Aid district might see its revenues flatten out or drop while its neighbors are getting Cost of Living increases from the state. And, unlike their Revenue Limit counterparts, there are no safeguards in place to limit the potential drop from one year to the next, so it's critical to operate with higher reserves.

In addition, long-term forecasts are unreliable for Basic Aid districts, which by definition don't receive any additional unrestricted funding when enrollment increases.

Does TUHSD have the choice to operate under the Revenue Limit formula, or can it remain as a Basic Aid district?

Districts are automatically funded under the Basic Aid model when their property taxes surpass the amount of unrestricted dollars that the state would have provided. While there is no choice in the matter, remember that school districts qualify for whichever formula funds at a higher rate.