



# San Benito County Office of Education

Krystal Lomanto, County Superintendent of Schools

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## Memorandum

To: Southside School District Board of Trustees  
John Schilling, Superintendent/Principal

From: Shannon Hansen, Assistant Superintendent, Business Services

Re: 2017/2018 GANN Limit Resolution

Type: Action

Date: September 6, 2017

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In 1979, Paul Gann—co-author of Proposition 13/1978 continued the spirit of the “taxpayer’s revolt” with his own initiative designed to limit growth in government spending. This initiative, enacted as Proposition 4 in 1979, did not require cuts in government spending, but rather limited the growth in government spending to be no faster than the growth in population and inflation.

This limit on government spending, which became known as Gann Appropriation Limits or simply Gann Limits, applies not only to the state of California, but also to cities, counties, and special districts, as well as to school districts and county offices of education (ref. Article XIII B of the State Constitution).

The base year for Gann Limit calculations was 1978/79, the fiscal year before Proposition 4 was enacted. In each year since then, a school agency’s Gann Limit is increased for both inflation and population. Inflation for these purposes is currently the annual percentage change in California per capita personal income. (It should be noted that this inflation increase is the same as the “Test 2” inflation factor used in Proposition 98 calculations, and is unrelated to the K-12 statutory COLA index.) And for school agencies, change in ADA is used as a measurement of the change in population.

The starting point for the 2017/2018 Gann Limit calculation is the agency’s 2016/2017 Gann Limit, and then this is adjusted by both this year’s Gann Limit inflation factor of 1.0396—that is, an increase of 3.96% in per capita personal income—and by the district’s percentage increase or decrease in ADA to arrive at the 2016/2017 Gann Limit. This calculation, however, determines only one side of the equation, namely the amount of the current year’s limit.

A second calculation is made to determine those revenues that are subject to the limit to ensure that a school agency is not over its limit. It is important to understand that not all revenue sources count against your district’s Gann Limit. Gann Limits only constrain the appropriations from state and local tax sources,

and so federal aid is excluded, as well as nontax income, such as revenues from cafeteria sales or adult education fees. Fortunately, state law simplifies the calculation of what is subject to the local Gann Limit.

Perhaps the easiest way to understand this calculation is to envision the dollar amount of your district's Gann Limit as a box. For example, if your current year Gann Limit is \$50 million, picture a box that can hold \$50 million. First, put into this box local property taxes that count toward your revenue limit, as well as an appropriate portion of your district's interest income. Next, pour all of the district's unrestricted state aid into this box. Under state law, the amount of state aid that fills up the box counts toward your district's Gann Limit, while the amount that overflows the box counts toward the state's Gann Limit (ref. Government Code Section 7906). In addition, all state aid for categorical programs always counts toward the state's Gann Limit.

Through this process, as much state aid as possible counts toward school agency Gann Limits. By reducing the amount of state aid that counts toward the state's Gann Limit in this manner, this process helped the state avoid being over its Gann Limit, starting in the late 1980s.

It is by virtue of this calculation that nearly every school district and county office of education is exactly at its Gann Limit. Furthermore, if any school agency should, for any reason, find itself over its Gann Limit, that agency may adopt a Governing Board resolution increasing its Gann Limit by the amount needed and then inform the Director of the State Department of Finance, who shall then reduce the state's Gann Limit by an equal dollar amount (ref. Government Code Section 7902.1).

# RESOLUTION FOR THE GANN AMENDMENT

(Proposition 4, 1979)

Resolution # 01-17-18

WHEREAS, in November of 1979, the California electorate did adopt Proposition 4, commonly called the Gann Amendment, which added Article XIII-B to the California Constitution; and,

WHEREAS, the provisions of that Article establish maximum appropriation limitations, commonly called "Gann Limits," for public agencies, including school districts; and,

WHEREAS, the Southside School District must establish a revised Gann limit for the 2016-17 fiscal year and a projected Gann Limit for the 2017-18 fiscal year in accordance with the provisions of Article XIII-B and applicable statutory law;

NOW, THEREFORE, BE IT RESOLVED that this Governing Board does provide public notice that the attached calculations and documentation of the Gann limits for the 2016-17 and 2017-18 fiscal years are made in accord with applicable constitutional and statutory law;

AND BE IT FURTHER RESOLVED that this Governing Board does hereby declare that the appropriations in the Budget for the 2016-17 and 2017-18 fiscal years do not exceed the limitations imposed by Proposition 4;

AND BE IT FURTHER RESOLVED that the Superintendent provides copies of this resolution along with the appropriate attachments to interested citizens of this District.

THE FOREGOING RESOLUTION was adopted by the Governing Board of Southside School District of San Benito County, State of California on the 6<sup>th</sup> day of September 2017 by the following vote:

AYES:

NOES:

ABSENT:

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Authorized Signature

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Date



	2016-17 Calculations			2017-18 Calculations		
	Extracted Data	Adjustments*	Entered Data/Totals	Extracted Data	Adjustments*	Entered Data/Totals
<b>A. PRIOR YEAR DATA</b>	<b>2015-16 Actual</b>			<b>2016-17 Actual</b>		
2016 Actual Appropriations Limit and Gann ADA from district's prior year Gann data reported to the CDE						
1. FINAL PRIOR YEAR APPROPRIATIONS LIMIT (Preload/Line D11, PY column)	2,395,389.00		2,395,389.00			2,327,652.53
2. PRIOR YEAR GANN ADA (Preload/Line B3, PY column)	228.79		228.79			211.00
<b>ADJUSTMENTS TO PRIOR YEAR LIMIT</b>	<b>Adjustments to 2015-16</b>			<b>Adjustments to 2016-17</b>		
3. District Lapses, Reorganizations and Other Transfers						
4. Temporary Voter Approved Increases						
5. Less: Lapses of Voter Approved Increases						
6. TOTAL ADJUSTMENTS TO PRIOR YEAR LIMIT (Lines A3 plus A4 minus A5)			0.00			0.00
7. ADJUSTMENTS TO PRIOR YEAR ADA (Only for district lapses, reorganizations and other transfers, and only if adjustments to the appropriations limit are entered in Line A3 above)						
<b>B. CURRENT YEAR GANN ADA</b>	<b>2016-17 P2 Report</b>			<b>2017-18 P2 Estimate</b>		
(2016-17 data should tie to Principal Apportionment Software Attendance reports and include ADA for charter schools reporting with the district)						
1. Total K-12 ADA (Form A, Line A6)	211.00		211.00	211.00		211.00
2. Total Charter Schools ADA (Form A, Line C9)	0.00		0.00	0.00		0.00
3. TOTAL CURRENT YEAR P2 ADA (Line B1 plus B2)			211.00			211.00
<b>C. LOCAL PROCEEDS OF TAXES/STATE AID RECEIVED TAXES AND SUBVENTIONS (Funds 01, 09, and 62)</b>	<b>2016-17 Actual</b>			<b>2017-18 Budget</b>		
1. Homeowners' Exemption (Object 8021)	4,843.78		4,843.78	4,720.00		4,720.00
2. Timber Yield Tax (Object 8022)	0.00		0.00	0.00		0.00
3. Other Subventions/In-Lieu Taxes (Object 8029)	0.00		0.00	0.00		0.00
4. Secured Roll Taxes (Object 8041)	577,657.94		577,657.94	575,993.00		575,993.00
5. Unsecured Roll Taxes (Object 8042)	32,437.49		32,437.49	34,297.00		34,297.00
for Years' Taxes (Object 8043)	507.11		507.11	0.00		0.00
Supplemental Taxes (Object 8044)	23,947.63		23,947.63	23,271.00		23,271.00
8. Ed. Rev. Augmentation Fund (ERAF) (Object 8045)	11,117.62		11,117.62	9,119.00		9,119.00
9. Penalties and Int. from Delinquent Taxes (Object 8048)	0.00		0.00	0.00		0.00
10. Other In-Lieu Taxes (Object 8082)	0.00		0.00	0.00		0.00
11. Comm. Redevelopment Funds (objects 8047 & 8625)	0.00		0.00	0.00		0.00
12. Parcel Taxes (Object 8621)	0.00		0.00	0.00		0.00
13. Other Non-Ad Valorem Taxes (Object 8622) (Taxes only)	0.00		0.00	0.00		0.00
14. Penalties and Int. from Delinquent Non-LCFF Taxes (Object 8629) (Only those for the above taxes)	0.00		0.00	0.00		0.00
15. Transfers to Charter Schools in Lieu of Property Taxes (Object 8096)						
16. TOTAL TAXES AND SUBVENTIONS (Lines C1 through C15)	650,511.57	0.00	650,511.57	647,400.00	0.00	647,400.00
<b>OTHER LOCAL REVENUES (Funds 01, 09, and 62)</b>						
17. To General Fund from Bond Interest and Redemption Fund (Excess debt service taxes) (Object 8914)	0.00		0.00	0.00		0.00
18. TOTAL LOCAL PROCEEDS OF TAXES (Lines C16 plus C17)	650,511.57	0.00	650,511.57	647,400.00	0.00	647,400.00

	2016-17 Calculations			2017-18 Calculations		
	Extracted Data	Adjustments*	Entered Data/Totals	Extracted Data	Adjustments*	Entered Data/Totals
<b>EXCLUDED APPROPRIATIONS</b>						
19. Medicare (Enter federally mandated amounts only from objs. 3301 & 3302; do not include negotiated amounts)			14,647.40			14,824.00
<b>OTHER EXCLUSIONS</b>						
20. Americans with Disabilities Act						
21. Unreimbursed Court Mandated Desegregation Costs						
22. Other Unfunded Court-ordered or Federal Mandates						
23. TOTAL EXCLUSIONS (Lines C19 through C22)			14,647.40			14,824.00
<b>STATE AID RECEIVED (Funds 01, 09, and 62)</b>						
24. LCFF - CY (objects 8011 and 8012)	1,074,485.00		1,074,485.00	1,020,352.00		1,020,352.00
25. LCFF/Revenue Limit State Aid - Prior Years (Object 8019)	(2,361.00)		(2,361.00)	0.00		0.00
26. TOTAL STATE AID RECEIVED (Lines C24 plus C25)	1,072,124.00	0.00	1,072,124.00	1,020,352.00	0.00	1,020,352.00
<b>DATA FOR INTEREST CALCULATION</b>						
27. Total Revenues (Funds 01, 09 & 62; objects 8000-8799)	2,158,441.54		2,158,441.54	1,969,722.00		1,969,722.00
28. Total Interest and Return on Investments (Funds 01, 09, and 62; objects 8660 and 8662)	2,687.43		2,687.43	1,200.00		1,200.00
<b>APPROPRIATIONS LIMIT CALCULATIONS</b>						
<b>D. PRELIMINARY APPROPRIATIONS LIMIT</b>						
1. Revised Prior Year Program Limit (Lines A1 plus A6)			2,395,389.00			2,327,652.53
2. Inflation Adjustment			1.0537			1.0369
3. Program Population Adjustment (Lines B3 divided by [A2 plus A7]) (Round to four decimal places)			0.9222			1.0000
4. PRELIMINARY APPROPRIATIONS LIMIT (Lines D1 times D2 times D3)			2,327,652.53			2,413,542.91
<b>APPROPRIATIONS SUBJECT TO THE LIMIT</b>						
5. Local Revenues Excluding Interest (Line C18)			650,511.57			647,400.00
6. Preliminary State Aid Calculation						
a. Minimum State Aid in Local Limit (Greater of \$120 times Line B3 or \$2,400; but not greater than Line C26 or less than zero)			25,320.00			25,320.00
b. Maximum State Aid in Local Limit (Lesser of Line C26 or Lines D4 minus D5 plus C23; but not less than zero)			1,072,124.00			1,020,352.00
c. Preliminary State Aid in Local Limit (Greater of Lines D6a or D6b)			1,072,124.00			1,020,352.00
7. Local Revenues in Proceeds of Taxes						
a. Interest Counting in Local Limit (Line C28 divided by [Lines C27 minus C28] times [Lines D5 plus D6c])			2,147.49			1,016.65
b. Total Local Proceeds of Taxes (Lines D5 plus D7a)			652,659.06			648,416.65
8. State Aid in Proceeds of Taxes (Greater of Line D6a, or Lines D4 minus D7b plus C23; but not greater than Line C26 or less than zero)			1,072,124.00			1,020,352.00
9. Total Appropriations Subject to the Limit						
a. Local Revenues (Line D7b)			652,659.06			
b. State Subventions (Line D8)			1,072,124.00			
c. Less: Excluded Appropriations (Line C23)			14,647.40			
d. TOTAL APPROPRIATIONS SUBJECT TO THE LIMIT (Lines D9a plus D9b minus D9c)			1,710,135.66			



