



**SFUSD Summary of State Aid vs. Property Taxes
Local Control Funding Formula (and Revenue Limits)
Prepared for: California Assembly Committee on Revenue and Taxation
Informational Hearing on Proposition 13
July 10, 2015**

Background and Summary

SFUSD, like most California school districts, receives most of its Local Control Funding Formula revenues through a combination of local property taxes and State aid. Through the LCFF, the State determines each year for each district a State-guaranteed minimum funding amount for each unit of Average Daily Attendance (ADA) based on the number of students in each grade and the number and concentration (i.e., percentages) of low-income, English Learner, and/or foster youth served.

Prior to FY13-14, when the LCFF first took effect, the State distributed baseline funding to most school districts through the Revenue Limit, which also established a per-ADA funding level for each district.

Under both Revenue Limit and LCFF funding mechanisms, to the extent local property taxes falls short of the minimum per-student funding level set for the district, State aid makes up the difference. As local property taxes come closer to the district’s minimum funding level, State aid is reduced. If local property taxes exceed the minimum funding level, no State aid is necessary aside from a modest flat dollar amount (\$120) of state funding per ADA. The district retains its share of local property taxes, and its funding is higher than the State-determined minimum amount. Such districts are now known as Community-Funded districts (previously they were called “Basic Aid” districts).

Illustration 1: Historical and Currently Projected Split Between State Aid and Property Taxes

The chart and table below indicate SFUSD’s total Revenue Limit (through FY2012-13) and LCFF funding (FY2013-14 and beyond) and the distribution between State aid and local property taxes. Actual figures are included for FY2010-11 through FY13-14, and estimated or projected figures are included for FY2014-15 through FY2017-18. All figures are expressed in millions of dollars.

(Note that when the LCFF was established, several previously restricted (i.e., “categorical”) funding sources that had not previously been included in the Revenue Limit were incorporated into the LCFF. For this reason, total funding levels are not comparable across years in which the Revenue Limit was in effect rather than the LCFF.)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net State Aid	10	17	11	106	122	165	172	175
Property Taxes	248	243	250	269	297	310	325	340
Total Revenue Limit/LCFF	\$ 258	\$ 260	\$ 261	\$ 375	\$ 418	\$ 476	\$ 497	\$ 514

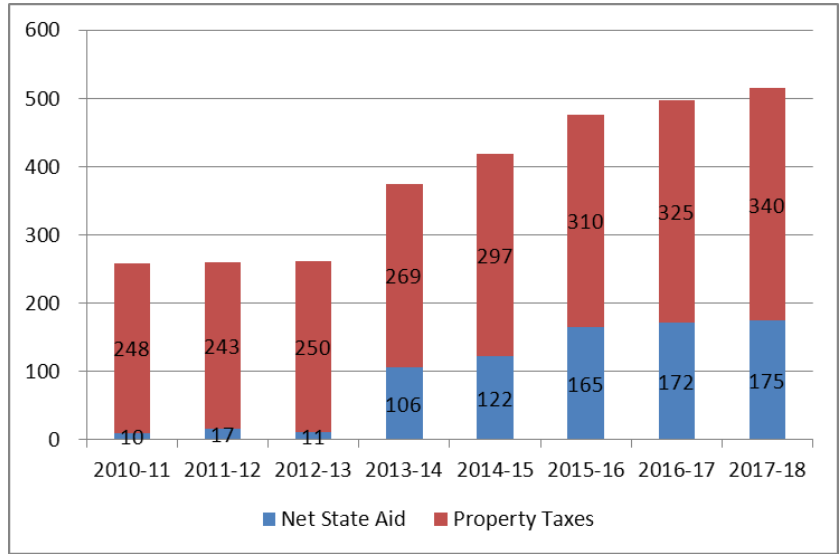


Illustration 2: \$50 Million Increase in Local Property Taxes Beginning in FY16-17

The chart and table below depict the effect of a hypothetical \$50 million “re-benching”-type increase in local property taxes beginning in FY16-17. Total funding is identical to Illustration 1, assuming no change in the minimum funding guaranteed by the State; however, State aid is reduced by \$50 million in FY16-17. In the following year, proportional growth in local property taxes is assumed to apply to the larger base from the prior year, allowing State aid to decrease slightly further.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net State Aid	10	17	11	106	122	165	122	122
Property Taxes	248	243	250	269	297	310	375	392
Total Revenue Limit/LCFF	\$ 258	\$ 260	\$ 261	\$ 375	\$ 418	\$ 476	\$ 497	\$ 514

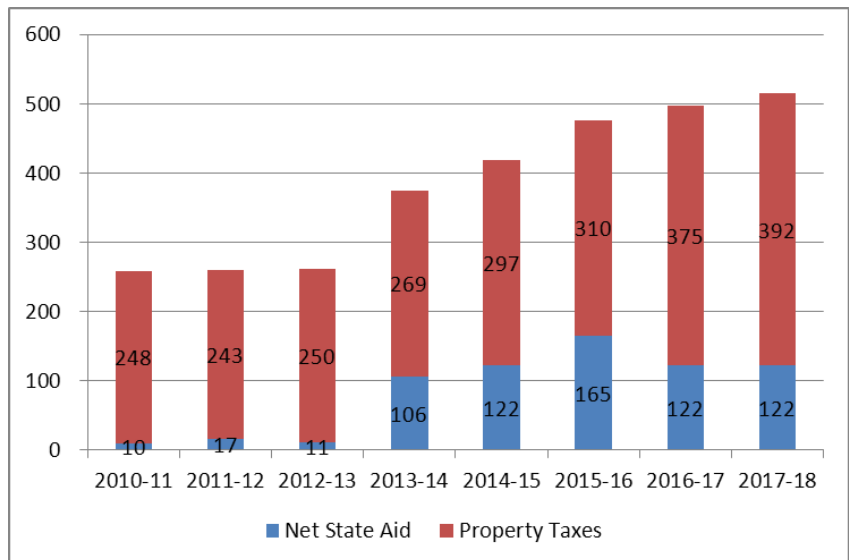


Illustration 3: \$180 Million Increase in Local Property Taxes Beginning in FY16-17

The chart and table below depict the effect of a much larger, \$180 million hypothetical “re-benching”-type increase in local property taxes beginning in FY16-17. In this scenario, total funding exceeds the minimum funding guaranteed by the State in that year and the following year. As a result, State aid is eliminated, aside from the modest per-pupil amount (\$120) that even Community-Funded districts are entitled to, and the district retains its share of the significantly higher local property taxes. (Note: The allocation of \$120 per ADA for Community-Funded districts is not reflected in the figures below.)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net State Aid	10	17	11	106	122	165	0	0
Property Taxes	248	243	250	269	297	310	505	528
Total Revenue Limit/LCFF	\$ 258	\$ 260	\$ 261	\$ 375	\$ 418	\$ 476	\$ 505	\$ 528

