



Del Mar Union School District

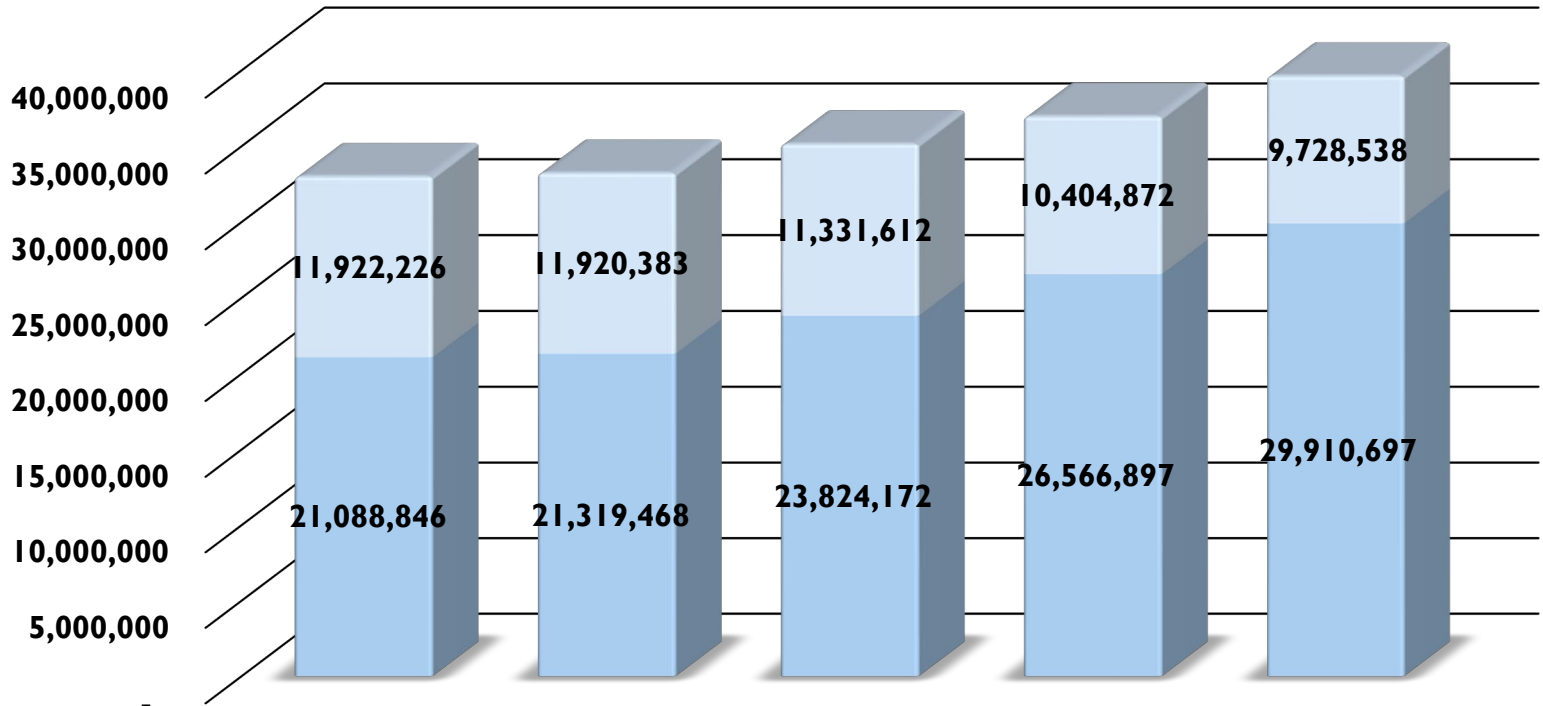
A Community Funded School District

State Aid vs. Basic Aid

- Most California school districts are funded by a mixture of property taxes and state aid
 - The State targets a funding goal and the State makes good on shortfalls in property tax revenue
 - Increased property taxes reduce the State's share of the obligation
- When property taxes exceed the target established for state aid, the district keeps the excess property taxes
 - These districts are called basic aid, community funded or locally funded school districts

DMUSD State Formula vs DMUSD Property Taxes

Note: The State formula for DMUSD is substantially low (due to the District's demographics)



	Revenue Limit		LCFF		
	11-12	12-13	13-14	14-15	15-16
Property Tax Total	33,011,072	33,239,851	35,155,784	36,971,769	39,639,235

■ LCFF/Revenue Limit ■ Basic Aid

Categorical Funds

- Prior to the State's current funding model all districts received categorical funds from the State to be used for specific reasons and for specific students
 - DMUSD received approximately \$3.6 million
 - For example-Instructional Materials, School and Library Improvement, Class Size Reduction
- During the recession beginning in 2008, categorical funds for all districts were made flexible and were reduced significantly

“Fair Share”

- In 2009-2010 the State’s final budget included Basic Aid “Fair Share” reductions
- Basic Aid districts’ categorical funds were reduced in proportion to the cuts made to state funded district revenue limits
- Del Mar Union School District Fair Share Reductions:
 - 2009-2010 \$1,023,076
 - 2010-2011 \$1,476,642
 - 2011-2012 \$2,295,052
 - 2012-2013 \$2,541,881

“Fair Share”

- The hold harmless provision in the new Local Control Funding Formula capped the district’s categorical program revenue at 2012-2013 level and is also referred to as Minimum State Aid (MSA)
- DMUSD receives \$1,170,350 in MSA
- The States Fair Share reduction has become a permanent funding reduction in DMUSD
- This is a permanent \$2.5 million annual loss to the District

Difference Between Basic Aid and State Aid: ADA and Property Taxes

State Aid

- Average Daily Attendance (ADA) drives funding received under Local Control Funding Formula (LCFF)
- Demographics drive the supplemental and concentration grants
- ADA increases, result in increased total revenue
- For total revenue- ADA matters, increase or decrease in property tax revenue does not influence total revenue received

Basic Aid

- Average Daily Attendance (ADA) drives funding for Special Education and one-time funding
- Changes in property tax revenue affects the total District revenue
- Increase in ADA does not result in increases to the District's overall revenue
- For total revenue- Property taxes matter

Benefits of Basic Aid

- The district is funded above its computed state aid level (as shown on slide 3)
- Loss in ADA does not hurt unrestricted revenues (except for restricted funding-special education)
- Growth in property taxes yield meaningful increases in revenue

Risk of Basic Aid

- Property tax collections can vary from year to year

Historical Percentage Change in Property Tax Revenue			
2008-2009	8%	2012-2013	1%
2009-2010	2%	2013-2014	5.8%
2010-2011	-2%	2014-2015	5.2%
2011-2012	2%	2015-2016	7.2%

Risk of Basic Aid

- Relies upon local economic conditions
- Sales of commercial, industrial and residential property can result in higher value parcels and reassessments or downward reassessments during down markets
- During bad economic times- excess property taxes are at risk



Thank you