

SAN LUIS OBISPO COUNTY BOARD OF EDUCATION
3350 EDUCATION DRIVE
SAN LUIS OBISPO, CA 93405

RESOLUTION NO. 21-16

RESOLUTION REGARDING THE EDUCATION PROTECTION ACCOUNT

WHEREAS, the voters approved Proposition 30 on November 6, 2012;

WHEREAS, Proposition 30 added Article XIII, Section 36 to the California Constitution effective November 7, 2012;

WHEREAS, the provisions of Article XIII, Section 36(e) create in the State General Fund an Education Protection Account to receive and disburse the revenues derived from the incremental increases in taxes imposed by Article XIII, Section 36(f);

WHEREAS, before June 30 of each year, the Director of Finance shall estimate the total amount of additional revenues, less refunds that will be derived from the incremental increases in tax rates made pursuant to Article XIII, Section 36(f) that will be available for transfer into the Education Protection Account during the next fiscal year;

WHEREAS, if the sum determined by the State Controller is positive, the State Controller shall transfer the amount calculated into the Education Protection Account within ten days preceding the end of the fiscal year;

WHEREAS, all monies in the Education Protection Account are hereby continuously appropriated for the support of school districts, county offices of education, charter schools and community college districts;

WHEREAS, monies deposited in the Education Protection Account shall not be used to pay any costs incurred by the Legislature, the Governor or any agency of state government;

WHEREAS, a community college district, county office of education, school district, or charter school shall have the sole authority to determine how the monies received from the Education Protection Account are spent in the school or schools within its jurisdiction;

WHEREAS, the County Board of Education shall approve the spending determinations with respect to monies received from the Education Protection Account in open session of a public meeting of the County Board of Education;

WHEREAS, the monies received from the Education Protection Account shall not be used for salaries or benefits for administrators or any other administrative cost;

WHEREAS, each community college district, county office of education, school district and charter school shall annually publish on its Internet website an accounting of how much money was received from the Education Protection Account and how that money was spent;

WHEREAS, the annual independent financial and compliance audit required of community college districts, county offices of education, school districts and charter schools shall ascertain and verify whether the funds provided from the Education Protection Account have been properly disbursed and expended as required by Article XIII, Section 36 of the California Constitution;

WHEREAS, expenses incurred by community college districts, county offices of education, school districts and charter schools to comply with the additional audit requirements of Article XIII, Section 36 may be paid with funding from the Education Protection Act and shall not be considered administrative costs for purposes of Article XIII, Section 36.

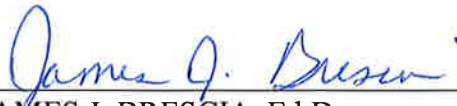
NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. The monies received from the Education Protection Account were spent as required by Article XIII, Section 36 and the spending determinations on how the money was to be spent was made in open session of a public meeting of the County Board of Education;

2. In compliance with Article XIII, Section 36(e), with the California Constitution, the San Luis Obispo County Office of Education is reporting actual expenditures of monies received from the Education Protection Act as attached.

On motion of Board GALVAN, seconded by Board Member OLIVARRIA, the foregoing resolution is hereby adopted by the following roll call vote:

GALVAN: YES
MADONNA: YES
OLIVARRIA: YES
PETERSON: YES
WARD: YES



JAMES J. BRESCIA, Ed.D
County Superintendent of Schools and
Secretary to the County Board of Education

Date: October 7, 2021

	2020-21 Calculations			2021-22 Calculations		
	Extracted Data	Adjustments*	Entered Data/ Totals	Extracted Data	Adjustments*	Entered Data/ Totals
A. PRIOR YEAR DATA	2019-20 Actual			2020-21 Actual		
(2019-20 Actual Appropriations Limit and Gann ADA are from county's prior year Gann data reported to the CDE. LCFF data are from the 2019 annual LCFF Target Entitlement Exhibit.)						
PRIOR YEAR APPROPRIATIONS LIMIT						
1. Program Portion of Prior Year Appropriations Limit (A3 times [A6 divided by (A6 plus A7)], not to exceed A6) Excess is added to Other Services portion.	1,740,367.00		1,740,367.00			1,740,367.00
2. Other Services Portion of Prior Year Appropriations Limit (A3 minus A1)	22,333,486.97		21,198,660.85			22,147,619.70
3. TOTAL PRIOR YEAR APPROPRIATIONS LIMIT (Preload/Line D16, PY column)	24,073,853.97	(1,134,826.12)	22,939,027.85			23,887,986.70
PRIOR YEAR GANN ADA						
4. Program ADA (Preload/Line B3, PY column)	92.99		92.99			97.80
5. Other ADA (Preload/Line B4, PY column)	31,938.86		31,938.86			31,938.86
PRIOR YEAR LCFF						
6. LCFF Alternative Education Grant (Preload/Line A28, Alternative Education Grant, 2019-20 Annual County LCFF Calculation)	1,740,367.00		1,740,367.00			1,740,367.00
7. LCFF Operations Grant, (Preload/Line A1, Operations Grant, 2019-20 Annual County LCFF Calculation)	4,395,324.00		4,395,324.00			4,395,324.00
ADJUSTMENTS TO PRIOR YEAR LIMIT AND ADA	Adjustments to 2019-20			Adjustments to 2020-21		
ADJUSTMENTS TO PRIOR YEAR LIMIT						
8. Reorganizations and Other Transfers						
9. Temporary Voter Approved Increases						
10. Less: Lapses of Voter Approved Increases						
11. TOTAL ADJUSTMENTS TO PRIOR YEAR LIMIT (Lines A8 plus A9 minus A10)			0.00			0.00
12. Adjustments to Program Portion ((Lines A1 divided by A3] times Line A11)	0.00		0.00	0.00		0.00
13. Adjustments to Other Services Portion (Lines A11 minus A12)			0.00			0.00
ADJUSTMENTS TO PRIOR YEAR ADA (Only for reorganizations and other transfers, and only if adjustments to the appropriations limit amounts are entered in Line A8 or A12 above)						
14. Adjustments to Program ADA						
15. Adjustments to Other ADA						
B. CURRENT YEAR GANN ADA	2020-21 Annual Report			2021-22 Annual Estimate		
CURRENT YEAR PROGRAM ADA (2020-21 data should tie to Principal Apportionment Software Attendance reports and include ADA for charter schools reporting with the COE)						
1. Total County Program ADA (Form A, Line B1d)	97.80		97.80	92.98		92.98
2. Total Charter Schools ADA (Form A, Line C2d plus C6d)	0.00		0.00	0.00		0.00
3. Total Current Year ADA (Lines B1 through B2)	97.80	0.00	97.80	92.98	0.00	92.98
	2020-21 P2 Report			2021-22 P2 Estimate		
CURRENT YEAR DISTRICT ADA						
4. Total District Gann ADA (District Form GANN, Line B3)			31,938.86			31,938.86
C. CURRENT YEAR LOCAL PROCEEDS OF TAXES/STATE AID RECEIVED	2020-21 Actual			2021-22 Budget		
TAXES AND SUBVENTIONS (Funds 01, 09, and 62)						
1. Homeowners' Exemption (Object 8021)	141,195.08		141,195.08	175,846.00		175,846.00
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)	24,022,325.07		24,022,325.07	23,911,895.00		23,911,895.00
5. Unsecured Roll Taxes (Object 8042)	869,602.88		869,602.88	964,117.00		964,117.00
6. Prior Years' Taxes (Object 8043)	(25,486.14)		(25,486.14)	(19,859.00)		(19,859.00)
7. Supplemental Taxes (Object 8044)	449,073.89		449,073.89	286,763.00		286,763.00
8. Ed. Rev. Augmentation Fund (ERAF) (Object 8045)	0.00		0.00	0.00		0.00
9. Penalties and Int. from Delinquent Taxes (Object 8048)	0.00		0.00	0.00		0.00
10. Receipts from County Bd. of Supervisors (Object 8070)	0.00		0.00	0.00		0.00
11. Other In-Lieu Taxes (Object 8082)	0.00		0.00	0.00		0.00
12. Comm. Redevelopment Funds (Objects 8047 & 8625)	844,401.09		844,401.09	651,194.00		651,194.00
13. Parcel Taxes (Object 8621)	0.00		0.00	0.00		0.00
14. Other Non-Ad Valorem Taxes (Object 8622) (Taxes only)	0.00		0.00	0.00		0.00
15. Penalties and Int. from Delinquent Non-LCFF Taxes (Object 8629) (Only those for the above taxes)	0.00		0.00	0.00		0.00

	2020-21 Calculations			2021-22 Calculations		
	Extracted Data	Adjustments*	Entered Data/Totals	Extracted Data	Adjustments*	Entered Data/Totals
16. Transfers to Charter Schools in Lieu of Property Taxes (Object 8096)						
17. TOTAL TAXES AND SUBVENTIONS (Lines C1 through C16)	26,301,111.87	0.00	26,301,111.87	25,969,956.00	0.00	25,969,956.00
OTHER LOCAL REVENUES (Funds 01, 09, and 62)						
18. To General Fund from Bond Interest and Redemption Fund (Excess debt service taxes) (Object 8914)						
19. TOTAL LOCAL PROCEEDS OF TAXES (Lines C17 plus C18)	26,301,111.87	0.00	26,301,111.87	25,969,956.00	0.00	25,969,956.00
EXCLUDED APPROPRIATIONS						
20. Medicare (Enter federally mandated amounts only from objs. 3301 and 3302; do not include negotiated amounts)			3,872,846.13			4,413,578.56
OTHER EXCLUSIONS						
21. Americans with Disabilities Act						
22. Unreimbursed Court Mandated Desegregation Costs						
23. Other Unfunded Court-ordered or Federal Mandates						
24. TOTAL EXCLUSIONS (Lines C20 through C23)			3,872,846.13			4,413,578.56
STATE AID RECEIVED (Funds 01, 09, and 62)						
25. LCFF - CY (objects 8011 and 8012)	1,668,940.00		1,668,940.00	1,635,607.00		1,635,607.00
26. LCFF/Revenue Limit State Aid - Prior Years (Object 8019)	0.00		0.00	0.00		0.00
27. TOTAL STATE AID RECEIVED (Line C25 plus C26)	1,668,940.00	0.00	1,668,940.00	1,635,607.00	0.00	1,635,607.00
DATA FOR INTEREST CALCULATION						
28. Total Revenues (Funds 01, 09 & 62, objects 8000-8799)	35,469,457.53		35,469,457.53	29,388,956.00		29,388,956.00
29. Total Interest and Return on Investments (Funds 01, 09, and 62, objects 8660 and 8662)	147,048.29		147,048.29	94,723.00		94,723.00
D. APPROPRIATIONS LIMIT CALCULATIONS						
PRELIMINARY APPROPRIATIONS LIMIT			2020-21 Actual			2021-22 Budget
1. Revised Prior Year Program Limit (Lines A1 plus A12)			1,740,367.00			1,740,367.00
2. Inflation Adjustment			1.0373			1.0573
3. Program Population Adjustment (Lines B3 divided by [A4 plus A14]) (Round to four decimal places)			1.0517			0.9507
4. PRELIMINARY PROGRAM LIMIT (Lines D1 times D2 times D3)			1,898,615.80			1,749,373.59
5. Revised Prior Year Other Services Limit (Lines A2 plus A13)			21,198,660.85			22,147,619.70
6. Inflation Adjustment			1.0373			1.0573
7. Other Services Population Adj. (Lines B4 divided by [A5 plus A15]) (Round to four decimal places)			1.0000			1.0000
8. PRELIMINARY OTHER SERVICES LIMIT (Lines D5 times D6 times D7)			21,989,370.90			23,416,678.31
9. PRELIMINARY TOTAL APPROPRIATIONS LIMIT (Lines D4 plus D8)			23,887,986.70			25,166,051.90
APPROPRIATIONS SUBJECT TO THE LIMIT						
10. Local Revenues Excluding Interest (Line C19)			26,301,111.87			25,969,956.00
11. Preliminary State Aid Calculation						
a. Maximum State Aid in Local Limit (Lesser of Line C27 or [Lines D9 minus D10 plus C24]; if negative, then zero)			1,459,720.96			1,635,607.00
12. Local Revenues in Proceeds of Taxes						
a. Interest Counting in Local Limit (Lines C29 divided by [C28 minus C29] times [D10 plus D11a])			115,569.21			89,262.68
b. Total Local Proceeds of Taxes (Lines D10 plus D12a)			26,416,681.08			26,059,218.68
13. State Aid in Proceeds of Taxes (lesser of Line D11a or [Lines D9 minus D12b plus C24]; if negative, then zero)			1,344,151.75			1,635,607.00
14. Total Appropriations Subject to the Limit						
a. Local Revenues (Line D12b)			26,416,681.08			
b. State Subventions (Line D13)			1,344,151.75			
c. Less: Excluded Appropriations (Line C24)			3,872,846.13			
d. TOTAL APPROPRIATIONS SUBJECT TO THE LIMIT (Lines D14a plus D14b minus D14c)			23,887,986.70			

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FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

It's Time to Calculate Your Gann Limit



BY PATTI F. HERRERA, EDD

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posted August 25, 2021

Established in 1979 with the passage of Proposition 4, the Gann Limit is intended to constrain the growth in state and local government spending by linking year-to-year changes in expenditures to changes in inflation (represented by per capita personal income) and population (represented by the average daily attendance [ADA] for schools). While largely pro forma due to historically faster increases in the limits when compared to government expenses, there are new Gann Limit requirements that local educational agencies (LEAs) must comply with this year and in the future.

But let's first start with the basics. Education Code Section (EC §) 1629 and EC § 42132 requires county boards of education and school district governing boards, respectively, to adopt—at a regular or special meeting—a resolution identifying the estimated appropriations limit for the current fiscal year and the actual appropriations limit for the preceding fiscal year. Counties must adopt this resolution by October 15, while school districts must do so by September 15.

The Gann Limit is calculated by multiplying the prior-year limit by the percentage change in ADA and per capita personal income. Through this calculation, the revenues of nearly every LEA is close to, if not exactly at its Gann Limit. If, however, an LEA should find itself over its Gann Limit for any reason, that LEA is required to increase its appropriations limit to the amount equal to its proceeds of taxes, which reduces the state's Gann Limit by an equal dollar amount (see Government Code Section 7902.1).

The ability of LEAs to use the state's appropriations limit when its revenues exceed its local Gann Limit has been a longstanding authority, but the inverse—the ability of the state to recoup unused local Gann Limit “room”—has not. Beginning in the 2021–22 fiscal year and each fiscal year thereafter, if an LEA's Gann Limit exceeds its revenue from taxes (both local revenues and state aid), then the LEA must decrease its limit to equal its proceeds of taxes, which increases the state's Gann Limit by an equal dollar amount.

Recent changes also include provisions to retroactively decrease local appropriations limits to equal LEAs' proceeds of taxes for the 2019–20 and 2020–21 fiscal years. For these years, the California Department of Education notified affected LEAs on August 5, 2021, of decreases to their limits along with instructions about how to capture the decrease in the Standardized Account Code Structure (SACS) software. For more information about the changes to local Gann Limit requirements, including frequently asked questions, click [here](#).

The SACS Form Gann has been updated to report and capture any increases or decreases in an LEA's appropriations limit, including for county offices of education. The software includes the statewide factor for per capita personal income change, and once you have uploaded the data from your financial software and entered prior-year and current-year estimated ADA in SACS Form A, the SACS software will calculate the percentage change in ADA for you and use the combination of these factors to provide you with the change in your LEA's Gann Limit.

The next step is to determine how much of your LEA's local resources are subject to that limit. It is important to understand that not all revenue sources count against your LEA's Gann Limit. Gann Limits only constrain the appropriations from state and local tax sources. Consequently, federal aid and nontaxable income—such as revenues from cafeteria sales, adult education fees, and foundations—is excluded. Once again, the SACS software does the hard work for you as the Form GANN within the SACS software is prepopulated based on the data imported from your financial software.

To summarize, the State Constitution requires school agencies to perform Gann Limit calculations, but it is also important for them to complete these calculations to identify how much state aid counts toward the school agency's Gann Limit, so that the State of California knows how much state aid counts toward its own Gann Limit.

The SACS software and instructions for the 2021–22 fiscal year is available [here](#).