



# FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

## It's Time to Calculate Your Gann Limit



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Each year, state and local government agencies are required to calculate their annual “Gann Limit,” which is intended to constrain their yearly spending by linking year-to-year changes in expenditures to changes in inflation and population. School districts and county offices of education (COEs) are among the local governments subject to these annual requirements.

Education Code Section (EC §) 1629 and EC § 42132 require county boards of education and school district governing boards, respectively, to adopt resolutions identifying the estimated spending limit for the current fiscal year and the actual spending limit for the preceding fiscal year at a regular or special meeting. COEs must adopt this resolution by October 15, while school districts must do so by September 15.

Local Gann Limits are calculated by multiplying the prior-year limit by the percent change in per capita personal income and average daily attendance. If a district's or COE's revenues exceed its Gann Limit, it is required to increase its spending limit by “borrowing” from the state's limit in an amount equal to its proceeds of taxes (see Government Code Section [GC §] 7902.1). Conversely, if a district's or COE's Gann Limit is higher than its proceeds of taxes, it must decrease its limit by an amount equal to its revenues.

As a reminder, the 2022 Budget Act amended GC § 7901—the yearly Gann Limit calculation—to exclude from local proceeds of taxes the annual deposits into a district's or COE's Routine Restricted Maintenance Account, which has been incorporated into the Standardized Account Code Structure (SACS) Form Gann.

More information on the annual Gann Limit requirement, calculation, and recent changes can be found on the California Department of Education's website [here](#).

The 2023 SACS software and user guide can be accessed [here](#).