

To: Administration and Finance Committee

Date: May 30, 2012

From: Kathy Casenave, Director of Finance

Reviewed by:

SUBJECT: Adoption of Gann Appropriations Spending Limitation for FY 2013

Summary of Issues:

By State law, the CCCTA Board of Directors must adopt an appropriations limitation prior to adoption of its annual fiscal budget. The calculated FY 2013 legal spending limit for CCCTA is \$53,888,097.

Pursuant to California Constitution Article XIII (B) (Proposition 4), public entities are required to conform to budgetary guidelines set forth in the Gann Initiative. The purpose of Article XIII (B) is to constrain fiscal growth in government by limiting the proceeds of taxes that may be appropriated each year. Each year's limit may be adjusted for increase in cost of living (*California per capita income*) and population. For special districts, if the district is located entirely within one county, the *county's population* change factor is to be used. That is the case with CCCTA. The limit may also be changed in the event of a transfer of fiscal responsibility.

The California Department of Finance is mandated to provide the requisite price and population change data for local jurisdictions to calculate their appropriations limit.

The appropriations spending limit is calculated using the following formula:

1. Population percentage change x price increase/decrease factor=ratio of change
2. Ratio of change x 2011-12 spending limit = 2012-13 spending limit.

Based on the above formula, the appropriations spending limit is calculated as follows:

1. Population percentage change x price increase/decrease factor=ratio of change

$$1.0083 \times 1.0377 = 1.0463$$

2. Ratio of change x 2011-2012 spending limit =2012-2013 spending limit:

$$1.0463 \times \$54,581,913 = \$57,109,055$$

Based on the above calculations, the Gann appropriations spending limit for FY 2012-2013 is \$57,109,055. The actual CCCTA non-federal appropriations budget for FY 2012-2013 is \$31,390,337 (Exhibit A), which is \$25,718,718 below the spending limitation.

Recommendation:

The Administration & Finance Committee recommends that the Board of Directors adopt the Gann appropriations spending limitation of \$53,888,097 for FY 2011-12.

COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT for FY 2013

Contra Costa County change in population			0.83
Converted to a ratio	1.0083		
Percentage change in per capita personal income			3.77
Converted to a ratio	1.0377		

Source: California Department of Finance

Ratio of change:			
	1.0083	x	1.0377 =
			1.0463

FY 2012 spending limit	\$54,581,913
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FY 2013 spending limit	\$57,109,055
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FY 2013 operating budget	\$32,679,423
Less expenses paid by federal monies	<u>-\$3,170,056</u>
	\$29,509,367

FY 2013 capital budget	\$6,465,753
Less expenses paid by federal monies	<u>-\$4,584,783</u>
	\$1,880,970

Operating and capital appropriation	<u>\$31,390,337</u>
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Underlimit	<u><u>\$25,718,718</u></u>
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