

To: Administration and Finance Committee

Date: May 29, 2013

From: Kathy Casenave, Director of Finance

Reviewed by:

SUBJECT: Adoption of Gann Appropriations Spending Limitation for FY 2014

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 2014 legal spending limit for CCCTA is \$60,495,622.

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 2012-13 spending limit = 2013-14 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

$$1.0077 \times 1.0512 = 1.0593$$

2. Ratio of change x 2012-2013 spending limit =2013-2014 spending limit:

$$1.0593 \times \$57,109,055 = \$60,495,622$$

Based on the above calculations, the Gann appropriations spending limit for FY 2013-2014 is \$60,495,622. The actual CCCTA non-federal appropriations budget for FY 2013-2014 is \$38,786,221 (Exhibit A), which is \$21,709,401 below the spending limitation.

Recommendation:

The staff requests that the Administration and Finance Committee forward to the Board of Directors recommending adoption of the Gann appropriations spending limitation of \$60,495,622 for FY 2013-14.

COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT for FY 2014

Contra Costa County change in population			0.77
Converted to a ratio	1.0077		
Percentage change in per capita personal income			5.12
Converted to a ratio	1.0512		

Source: California Department of Finance

Ratio of change:			
	1.0077	x	1.0512 =
			1.0593

FY 2013 spending limit	\$57,109,055
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FY 2014 spending limit	\$60,495,622
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FY 2014 operating budget	\$33,442,029
Less expenses paid by federal monies	<u>-\$706,696</u>
	\$32,735,333

FY 2013 capital budget	\$24,755,700
Less expenses paid by federal monies	<u>-\$18,704,812</u>
	\$6,050,888

Operating and capital appropriation	\$38,786,221
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Underlimit	<u>\$21,709,401</u>
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