

## INTER OFFICE MEMO

To: Administration and Finance Committee

Date: May 23, 2014

From: Kathy Casenave, Director of Finance

Reviewed by:

**SUBJECT: Adoption of Gann Appropriations Spending Limitation for FY 2015**

### 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 2015 legal spending limit for CCCTA is \$60,949,339.

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 2013-14 spending limit = 2014-15 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

$$1.0098 \times .9977 = 1.0075$$

2. Ratio of change x 2013-2014 spending limit =2014-2015 spending limit:

$$1.0075 \times \$60,495,622 = \$60,949,339$$

Based on the above calculations, the Gann appropriations spending limit for FY 2014-2015 is \$60,949,339 (Exhibit A). The actual CCCTA non-federal appropriations budget for FY 2014-2015 is \$39,910,141, which is \$21,039,198 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 \$60,949,339 for FY 2014-15.

**COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT for FY 2015**

Contra Costa County change in population		0.98
Converted to a		
ratio	1.0098	
Percentage change in per capita personal income		-0.23
Converted to a		
ratio	0.9977	

Source: California Department of Finance

Ratio of change:

$$1.0098 \quad \times \quad 0.9977 \quad = \quad 1.0075$$

FY 2014 spending limit	\$60,495,622
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FY 2015 spending limit	\$60,949,339
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FY 2015 operating budget	\$35,065,338
Less expenses paid by federal monies	<u>-\$1,288,998</u>
	\$33,776,340

FY 2015 capital budget	\$22,336,478
Less expenses paid by federal monies	<u>-\$16,202,677</u>
	\$6,133,801

Operating and capital appropriation	<u>\$39,910,141</u>
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Underlimit	<u><u>\$21,039,198</u></u>
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