

INTER OFFICE MEMO

To: Administration & Finance Committee

Date: 05/31/2023

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: Adoption of Gann Appropriations Spending Limitation for FY 2023-2024

Background:

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 County Connection. The limit may also be changed in the event of a transfer of fiscal responsibility.

The California Revenue and Taxation Code, section 2227, mandates that the Department of Finance transmit an estimate of the percentage change in population to local governments. The Department of Finance also transmits the change in the cost of living, or price factor.

Gann Limit Calculation:

The formula for calculating the appropriations spending limit is:

1. Population percentage change x price increase/decrease factor = ratio of change
2. Ratio of change x 2022-23 spending limit = 2023-24 spending limit.

Based on the above formula, the spending limit for County Connection is:

1. Population percentage change x price increase/decrease factor = ratio of change
 $0.9964 \times 1.0444 = 1.0406$
2. Ratio of change x 2022-2023 spending limit = 2023-2024 spending limit:
 $1.0406 \times \$92,557,951 = \$96,319,521$

Based on the above calculations, **the Gann appropriations spending limit for FY 2023-2024 is \$96,319,521** (Attachment 1). The actual County Connection non-federal appropriations budget for FY 2023-2024 is \$50,300,889, which is \$46,018,632 below the spending limitation.

Financial Implications:

There is no direct financial implication as a result of the calculation of the Gann limit, since the limit far exceeds the appropriations budget.

Recommendation:

Staff recommends the A&F Committee review and approve the calculation of the Gann appropriations spending limitation of \$96,319,521 for FY 2023-24.

Action Requested:

By State law, the County Connection Board of Directors must adopt an appropriations limitation. The staff requests the A&F Committee approve and forward the calculation of the Gann appropriations spending limitation of \$96,319,521 for FY 2023-24 to the Board.

Attachments:

Attachment 1: Computation of Gann Appropriations Spending Limit for FY 2024

Attachment 1

COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT FOR FY 2023

Contra Costa County change in population*	-0.41		
Converted to a ratio		0.9959	(1)
Percentage change in per capita personal income*	7.55		
Converted to a ratio		1.0755	(2)
Ratio of change:		1.0711	(1)*(2) = (3)
FY 2022 appropriations limit		\$86,414,692	(4)
FY 2023 appropriations limit		\$92,557,951	(3)*(4) = (5)
FY 2023 operating budget	\$47,315,493		
Less expenses paid by federal funds	<u>(\$7,675,630)</u>		
	\$39,639,863		
FY 2023 capital budget	\$28,366,000		
Less expenses paid by federal funds	<u>(\$20,958,000)</u>		
	\$7,408,000		
Operating and capital appropriation		<u>\$47,047,863</u>	
Under limit		<u><u>\$45,510,088</u></u>	

* Source: California Department of Finance

COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT FOR FY 2024

Contra Costa County change in population*	-0.36	
Converted to a ratio		0.9964 (1)
Percentage change in per capita personal income*	4.44	
Converted to a ratio		1.0444 (2)
Ratio of change:		1.0406 (1)*(2) = (3)
FY 2023 appropriations limit		\$92,557,951 (4)
FY 2024 appropriations limit		\$96,319,521 (3)*(4) = (5)
FY 2024 operating budget	\$49,677,889	
Less expenses paid by federal funds	<u>(\$5,888,000)</u>	
	\$43,789,889	
FY 2024 capital budget	\$6,511,000	
Less expenses paid by federal funds	<u>\$0</u>	
	\$6,511,000	
Operating and capital appropriation		<u>\$50,300,889</u>
Under limit		<u><u>\$46,018,632</u></u>

* Source: California Department of Finance

