Expenditure Limit Committee

November 28, 2001

601 Basics

1. The expenditure limit applies to General Fund-State (GF-S) expenditures only.

2. Each November, the Expenditure Limit Committee adjusts the expenditure limit for the previous year and projects a limit for the following two years.

3. The "baseline" expenditure limit is calculated by multiplying the previous year's limit by the "fiscal growth factor."

601 Basics (cont.)

4. The fiscal growth factor is a three year average of inflation plus population growth.

5. The baseline expenditure limit is adjusted for:
   - actual expenditures in the previous fiscal year (called "re-basing").
   - and for ***money transfers*** and ***program cost shifts*** to and from the General Fund.

Statutory Requirements

1. Adopt adjustments to the FY 2001 expenditure limit based on actions taken in the 2001 Supplemental Budget.

2. "Re-Base" the expenditure limit for FY 2001 to actual expenditures to calculate the FY 2002 limit.

3. Update the expenditure limit for FY 2002 to reflect:
   - actual FY 2001 expenditures
   - money transfers and program costs shifts adopted in the 2001-03 Biennial Budget.

Statutory Requirements

4. Update the expenditure limit for FY 2003 to reflect:
   - The revised limit for FY 2002
   - Program cost shifts and money transfers
   - Changes to the fiscal growth factors

5. Calculate a preliminary spending limit for FY 2004

Note:

A preliminary spending limit for FY 2005 has been calculated by staff for planning purposes.

FY 2001 Limit

Limit Adopted 11/00	**$10,698.20**
Adjustments(Health Services Account Transfer and other adjustments)	$128.7
Adjusted Limit	**$10,826.95**
Actual Spending	**$10,826.85**

Calculating the FY 2002 Limit

- FY 2001 Actual Spending
- Multiplied by the fiscal growth factor
- Plus/minus adjustments

$10,826.9 x 1.0279 + $122.6 =$11,251.5

2002 Fiscal Growth Factor 2.79%

Calculated in Nov. 2000

	Population Growth	Inflation (IPD)	Growth Factor
1998	1.40%	1.37%	
1999	1.27%	1.35%	
2000	0.80%	2.18%	
3 year average	1.16%	1.63%	2.79%

FY 2002 Adjustments

Money Transfers	$198.0
State Program Costs Shifted to or from the General Fund	$14.6
Local Program Cost Shifts	($92.7)
Federal Program Costs Shifts	$2.7
Total	$122.6

FY 2003 Limit Projection

- FY 2002 Limit
- Multiplied by the fiscal growth factor
- Plus/minus adjustments

$11,251.5 x 1.0329 + $43.0 =$11,664.8

2003 Fiscal Growth Factor 3.29%

	Population Growth	Inflation (IPD)	Growth Factor
1999	1.41%	1.24%	
2000	1.09%	2.28%	
2001	1.37%	2.49%	
3 year average	1.29%	2.00%	3.29%

FY 2003 Adjustments

Money Transfers	$28.0
State Program Costs Shifted to or from the General Fund	$0.0
Local Program Cost Shifts	$0.0
Federal Program Costs Shifts	$15.0
Total	$43.0

FY 2004 Limit Projection

- FY 2003 Limit
- Multiplied by the fiscal growth factor

$11,664.8 x 1.0325 = $12,043.9

2004 Fiscal Growth Factor 3.25%

	Population Growth	Inflation (IPD)	Growth Factor
2000	1.09%	2.28%	
2001	1.37%	2.49%	
2002	1.08%	1.43%	
3 year average	1.18%	2.07%	3.25%

FY 2005 Limit Projection

- FY 2004 Limit
- Multiplied by the fiscal growth factor

$12,043.9 x 1.0314 = $12,422.0

2005 Fiscal Growth Factor 3.14%

	Population Growth	Inflation (IPD)	Growth Factor
2001	1.37%	2.49%	
2002	1.08%	1.43%	
2003	1.14%	1.92%	
3 year average	1.20%	1.95%	3.14%

(Does not sum exactly due to rounding)

Proposed Spending Limits

FY 2001	$10,826.9
<u>2001-03 Biennium</u>	
FY 2002	$11,251.5
FY 2003	$11,664.8
TOTAL	$22,916.3
<u>2003-05 Biennium</u>	
FY 2004	$12,043.9
FY 2005	$12,422.0
TOTAL	$24,465.9

DETAILED EXPENDITURE LIMIT CALCULATIONS	FY 2001	FY 2002	FY 2003	2001-03	FY 2003	FY 2004	2003-05
Current Official Limit	10,698.200	11,128.9	11,621.7	22,750.6			
Health Services Account Revenue Shift	121.000	130.0	20.0	150.0			
Shift DOC program from federal	7.747	3.1		3.1			
Transit and King Street Station back to locals		(92.7)		(92.7)			
FMAP		20.1		20.1			
MultiModal Account		70.0		70.0			
Shift DASA into GF		13.5		13.5			
Treasurer's Service Account transfer		0.0	8.0	8.0			
Stabilize Fire Protection Funding		2.3		2.3			
WSP Omnibus Fund Shift		(1.1)		(1.1)			
HB 1138 Prevailing Wage		(1.4)		(1.4)			
SPI WASL adjustments		(1.0)	(1.0)	(2.0)			
Senate transportation committee costs		0.8		0.8			
Core Salmon Recovery Activities (fed loss)		0.7		0.7			
DOC Community Supervision Workload Change		0.3		0.3			
Forest Legacy Support (federal match requirement)		0.2		0.2			
HB 1658 Oyster Reserve Lands		(0.2)		(0.2)			
Teen Pregnancy Prevention		(0.6)		(0.6)			
Shift SRA Program Costs to GF-S		3.2		3.2			
Employment Security fund change		(1.3)		(1.3)			
Puget Sound Action Team		(1.6)		(1.6)			
SB 5237 Fair Fund transfer		(2.0)		(2.0)			
Disproportionate Share		(19.9)	16.0	(3.8)			
SPENDING LIMIT	10,826.947	11,251.5	11,664.8	22,916.3	$12,043.9	$12,422.0	$24,465.9
Actual Expenditures	10,826.851						
Fiscal Growth Factor		2.79%	3.29%		3.25%	3.14%	