

**Expenditure Limit Committee**  
**November 12, 2003**

**Minutes**

Members Present:: Marty Brown, Narda Pierce, Helen Summers  
Staff Present: Dave Johnson, Irv Lefberg, David Schumacher

Staff reviewed the basic elements of Initiative 601, including how the baseline limit is calculated, "re-basing," and adjustments to the limit due to program cost shifts and money transfers. Staff also reviewed the statutory requirements for annual updates to the spending limit and the projection of new limits.

It was agreed that the spending limit for FY 2003 needed to be updated to reflect fund shifts adopted in the 2003 Supplemental Budget, and then re-based to actual FY 2003 expenditures for purposes of calculating the FY 2004 limit.

It was also agreed that:

- The FY 2004 limit needed to be updated to reflect actual expenditures in FY2003, money transfers, and program cost shifts.
- The FY 2005 limit needed to be updated to reflect the revised limit for FY 2004, changes to the fiscal growth factors, and program cost shifts.
- A new limit needed to be projected for FY 2006.

No objections were raised to interpretation of statutory requirements.

After the review of statutory requirements, staff presented actual expenditure data for FY 2003, proposed adjustments to the FY 2003 limit, proposed updates to the FY 2004 and FY 2005 limits, and a proposed new limit for FY 2005. Proposed revisions to fiscal growth factors were also presented along with proposed new factors for FY 2005 and FY 2006.

Staff provided highlights of adjustments due to program cost shifts and money transfers and referred members to a detailed spreadsheet for additional information. Major adjustments included

- A reduction to the FY2004 limit of \$26.4 million due to a shift of higher education operating costs to the capital budget.

- A \$41.8 million increase to the FY 2004 spending limit and a \$39.4 million increase to the FY 2005 limit due to money transfers to the state general fund from other funds.

There was a brief discussion of why the limit was not increased due to a transfer of money from the Emergency Reserve Fund to the State General Fund. Legal counsel to the committee recommended that the limit not be increased in this case because increasing it would allow general fund revenues in excess of the spending limit to be spent, which appears to contradict a requirement of the Initiative that such excess revenue be set aside in the Emergency Reserve Fund.

After the staff presentation, a motion was offered by Marty Brown to adopt the proposed spending limits. The motion was seconded by Narda Pierce. Members present voted unanimously to adopt the proposed limits.

The meeting was adjourned.