

FY 2009/10 Expenditure Limit (Spending Cap) Calculation Louisiana Legislative Fiscal Office

FY 2009/10 Expenditure Limit Growth Rate

CY	State Personal Income (\$ Million)	Annual Growth Rate
2005 Average	110,814	
2006Q1	136,176	
2006Q2	138,174	
2006Q3	140,436	
2006Q4	143,066	
2006 Average	139,463	25.85%
2007Q1	146,435	
2007Q2	154,686	
2007Q3	155,783	
2007Q4	157,375	
2007 Average	153,570	10.12%
2008Q1	157,035	
2008Q2	161,296	
2008Q3	159,733	
2008 Average	159,355	3.77%
3 Year Average = FY09/10 Growth Rate		13.25%

Data Source: U.S. Department of Commerce, Bureau of Economic Analysis, December 2008 release

Expenditure Limit History

State Fiscal Year	Expenditure Limit	Growth Rate	Annual Change
2005/06	\$10,121,874,771	3.71%	\$362,088,086
2006/07 calculated	\$10,318,239,142	1.94%	\$196,364,371
2006/07 raised*	\$12,196,877,089	NA	\$2,075,002,318
2007/08	\$11,599,764,443	12.42%	\$1,281,525,301
2007/08 raised**	\$12,614,422,713	NA	\$417,545,624
2008/09	\$12,294,590,334	5.99%	\$694,825,890
2009/10	\$13,923,623,553	13.25%	\$1,629,033,219

* raised \$1,878,637,947 above the calculated limit to accommodate FY06 surplus and excess revenue (one time only, not rebased)

** raised \$1,014,658,270 above the calculated limit to accommodate FY07 surplus and excess revenue (one time only, not rebased)

With the December release of Quarterly State Personal Income estimates by the Bureau of Economic Analysis, the data is now available to calculate the expenditure limit for fiscal year 2009/10. As set by statute (R.S. 39:33.1(B)(1)), the expenditure limit will increase by 13.25% or \$1,309,200,840 over the FY 2008/09 limit to \$13,923,623,553.

Though the calculation of the limit is broadly defined in the Constitution (Art. VII, Sec. 10(C)(1)) as the average annual growth rate over three calendar years prior to the start of the fiscal year, the specific calculation methodology was revised by Act 734 of the 2008 Regular Session (R.S. 39:33.1(B)(4)). By this method, simple averages of the quarterly estimates are used as annual figures, even though the third year has only three quarters of data available at the time of calculation. These figures determine the annual growth rates that are averaged to arrive at the fiscal year expenditure limit growth rate.

The expenditure limit constrains most state tax and fee spending, but does not apply to federal funds, higher education tuition and fees, transfers among agencies, funds held by the state in a fiduciary capacity, and certain constitutional allocations to parishes.