FY 2012/13 Expenditure Limit Calculation

Louisiana Legislative Fiscal Office

FY 2012/13 Expenditure Limit Growth Rate

CY	State Personal Income ($ Million)	Annual Growth Rate
2008 Average	**168,304**	
2009Q1	164,651	
2009Q2	162,213	
2009Q3	161,308	
2009Q4	161,438	
2009 Average	**162,403**	**-3.51%**
2010Q1	164,641	
2010Q2	167,206	
2010Q3	170,226	
2010Q4	170,849	
2010 Average	**168,231**	**3.59%**
2011Q1	173,616	
2011Q2	175,354	
2011Q3	176,043	
2011 Average	**175,004**	**4.03%**
3 Year Average = FY12/13 Growth Rate		**1.37%**

Data Source: U.S. Department of Commerce, Bureau of Economic Analysis, December 19, 2011 release

Recent 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**
2010/11	$14,430,606,696	3.64%	$506,983,143
2011/12	**$14,912,885,640**	**3.34%**	**$482,278,944**
2012/13	**$15,117,140,870**	**1.37%**	**$204,255,230**

* 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 U.S Department of Commerce Bureau of Economic Analysis, the State Office of Planning and Budget and the Legislative Fiscal Office have confirmed the calculation of the expenditure limit for the upcoming fiscal year 2012/13. As provided by the State Constitution (Art. VII, Sec. 10(C)(1)) and by the Revised Statutes (R.S. 39:33.1(B)(1)), the expenditure limit will increase by 1.37% or $204,255,230 over the FY 2011/12 limit, to $15,117,140,870.

The calculation of the limit is broadly defined in the Constitution as the average annual growth rate over three calendar years prior to the start of the fiscal year, and the specific calculation methodology is provided in statute (as 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 of annual income are used and the third year of averaging 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.

December 29, 2011

The expenditure limit applies to 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.

While the expenditure limit has been a consideration in some prior years, in general it is not a significant constraint on state spending. For example, the limit for the current year (FY 2011/12) is more than $3.6 billion greater than enacted appropriations. It is highly unlikely that affected means-of-finance would experience upward mid-year budget adjustments that exhaust that difference. Likewise, in the absence of dramatic revenue upswings on the scale of the post-Katrina/Rita period, it is highly unlikely that affected means-of-finance would be limited by this calculation in the foreseeable future.