

Office of the Commissioner
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
GOVERNOR



JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

MEMORANDUM

TO: Honorable Mack "Bodi" White
Chairman, Joint Legislative Committee on the Budget

FROM: Jay Dardenne
Commissioner of Administration

DATE: February 3, 2020

SUBJECT: Fiscal Year 2020-2021 State Expenditure Limit

In compliance with Revised Statute 39:33.1, the Commissioner of Administration shall submit a calculation for Fiscal Year 2020-2021 to the Joint Legislative Committee on the Budget no later than thirty-five days prior to the start of the 2020 Regular Legislative Session, or by February 3, 2020.

The expenditure limit for Fiscal Year 2021 is calculated as the expenditure limit for Fiscal Year 2020 times the growth factor if the growth factor is positive. Pursuant to the statute, the growth rate is the average of the annual growth in state personal income for the three calendar years preceding the fiscal year as reported by the U.S. Department of Commerce. This calculation is attached.

The expenditure limit established for Fiscal Year 2019-2020 was \$13,840,931,859. **The expenditure limit calculated for Fiscal Year 2020-2021 is \$14,353,474,249, which is 3.70% higher than the Fiscal Year 2019-2020 expenditure limit.**

JD:kh

Enclosure

FY20/21 Expenditure Limit Growth Rate

| Calendar Year | State Personal Income (\$ Million) | Quarterly Annual Change | Annual Change | 3 Year Average = FY20/21 Growth Rate |
|---------------|------------------------------------|-------------------------|---------------|--------------------------------------|
| 2016 | 199,879 | | | |
| 2017Q1 | 203,177 | | | |
| 2017Q2 | 203,650 | | | |
| 2017Q3 | 205,506 | | | |
| 2017Q4 | 208,577 | | | |
| 2017 | 205,227 | | 2.68% | |
| 2018Q1 | 211,673 | | | |
| 2018Q2 | 215,013 | | | |
| 2018Q3 | 216,206 | | | |
| 2018Q4 | 219,063 | | | |
| 2018 | 215,489 | | 5.00% | |
| 2019Q1 | 221,854 | | | |
| 2019Q2 | 222,462 | | | |
| 2019Q3 | 224,347 | | | |
| 2019 | 222,888 | | 3.43% | 3.70% |

Expenditure Limit

| SFY | Expenditure Limit | Growth Rate | Annual Change |
|---------------------|-------------------|-------------|------------------|
| 2005/06 | \$10,121,874,771 | 3.71% | \$362,088,086 |
| 2006/07 | \$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 |
| 2013/14 | \$15,686,646,424 | 3.77% | \$569,505,554 |
| 2013/14 lowered*** | \$12,916,140,654 | 0.00% | -\$2,770,505,770 |
| 2014/15 | \$13,365,694,187 | 3.48% | \$449,553,533 |
| 2015/16 | \$13,853,769,302 | 3.65% | \$488,075,115 |
| 2016/17 | \$14,188,108,716 | 2.41% | \$334,339,414 |
| 2017/18 | \$14,616,943,593 | 3.02% | \$428,834,877 |
| 2018/19 | \$14,805,436,238 | 1.29% | \$188,492,645 |
| 2018/19 lowered**** | \$13,591,805,919 | -7.01% | -\$1,025,137,674 |
| 2019/20 | \$13,840,931,859 | 1.83% | \$249,125,940 |
| 2020/21 | \$14,353,474,249 | 3.70% | \$512,542,390 |

NOTE: Based on information released by the Bureau of Economic Analysis on December 18, 2019. Data subject to revision in future months and years.

* 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)

*** HCR6 (House Concurrent Resolution 6) of the 2013 Regular Session established that the new Expenditure Limit for FY14 is \$12,916,140,654. Any future growth rates should be calculated from this number.

**** HCR5 (House Concurrent Resolution 5) of the 2018 Regular Session established that the new Expenditure Limit for FY19 is \$13,591,805,919. Any future growth rates should be calculated from this number.