



**Metro**

**FINANCE AND BUDGET COMMITTEE**  
**July 16, 2008**

**SUBJECT: PROP A GROWTH OVER INFLATION**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

Receive and file the attached schedules showing the Prop A “growth over inflation” (GOI) funds from FY00 to FY09 and a forecast from FY10 to FY13.

**ISSUE**

During adoption of the FY09 budget, the Board requested that the information be developed with input from Board staff.

**DISCUSSION**

A portion of Prop A 40% (95% of Prop A 40%) is used to provide regional funding to our bus operations and the municipal bus operators via the Formula Allocation Procedure (FAP). Under the FAP, each bus operator is designated as “Included” or “Eligible” by State law or Board policy. The total amount of Prop A 40% available for programming to the Included operators is limited to the prior year total plus the inflation rate approved by the Board in the annual Business Planning Parameters.

The remainder of the 95% of Prop A 40% is growth over inflation. GOI is allocated to the Eligible operators based on their FAP shares that are computed as if they had been Included operators. Funds remaining after allocation to the Eligible operators are transferred to Prop C 40% pursuant to the Board adopted Prop A 40% Discretionary Guidelines.

Prepared by: Office of Management & Budget

Attachment 1 – Historical Growth Over Inflation FY00-FY09  
Attachment 2 – Forecasted Growth Over Inflation FY10-FY13



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Terry Matsumoto  
Chief Financial Services Officer and Treasurer



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Roger Snoble  
Chief Executive Officer

Attachment 1  
 Historical Growth Over Inflation (GOI)  
 FY00 through FY09  
 (\$ millions)

		<u>Annual Transit Fund Allocations</u>		
		<u>GOI</u>	<u>Eligibles</u>	<u>Xs GOI*</u>
1	FY00	13,571.9	-12,011.8	1,560.1
2	FY01	18,569.1	-13,688.4	4,880.7
3	FY02	23,368.0	-15,040.1	8,327.9
4	FY03	32,021.2	-16,879.9	15,141.4
5	FY04	26,761.9	-17,930.3	8,831.6
6	FY05	33,432.7	-19,464.0	13,968.7
7	FY06	37,360.4	-18,893.4	18,467.1
8	FY07	58,761.6	-23,238.2 a	35,523.3
9	FY08	72,774.9	-23,698.0 a	49,076.8
10	FY09	60,249.3	-48,495.9 b	11,753.4 c
11	Total	<u>376,871.1</u>	<u>-209,340.0</u>	<u>167,531.1</u>

- \* Amount to be transferred to PC40
- a Includes mid-year STA budget amendment
- b TFA 6-08. Includes FY08 Prop 1B allocations
- c FY09 budget also includes LADOT FY08 FAP adj not paid in FY08 and FY09 Prop 1B allocations not yet programmed

Attachment 2  
 Forecasted Growth Over Inflation  
 FY10 Through FY13  
 (\$ millions)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>Total</u>
1 Available GOI (a)	61,406.1	62,480.7	63,742.8	64,979.5	252,609.2
2 Eligible Operators (b)	31,714.7	32,425.2	33,063.9	33,741.7	130,945.6
3 Prop 1B PTMISEA*	15,840.0	15,840.0	15,840.0	15,840.0	-63,359.9
4 Prop 1B Security*	-1,584.4	-1,584.4	-1,584.4	-1,584.4	-6,337.5
5 Amount to be transferred to PC40	<u>12,267.1</u>	<u>12,631.3</u>	<u>13,254.6</u>	<u>13,813.4</u>	<u>63,719.7</u>
6 Sales Tax Growth Rate - Aug 07 10-yr Forecast	3.99%	3.99%	3.99%	3.99%	
7 CPI - Aug 07 10-yr Forecast	<u>2.07%</u>	<u>2.24%</u>	<u>1.97%</u>	<u>2.05%</u>	
8 Growth Over Inflation	<u>1.92%</u>	<u>1.75%</u>	<u>2.02%</u>	<u>1.94%</u>	

a Escalates by 10-yr Forecast GOI rate - line 8

b FAP equivalent funding escalates by CPI, same as Included - line 7

\* TFA 6-08