

GANN APPROPRIATIONS LIMIT - FISCAL YEAR 2023-2024

Article XIII B of the California State Constitution, commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by California voters in 1979 and placed limits on the amount of proceeds of taxes that state and local governmental agencies can appropriate and spend each year.

The limit is different for each agency and changes each year. Each year's limit is based on the amount of tax proceeds that were authorized to be spent in the base Fiscal Year 1978-79 in each agency, modified for changes in inflation and population in each subsequent year. Inflationary adjustments are, by law, based on increases in the California per capita income or the increase in non-residential assessed valuation due to new construction. Population adjustments are based on city population growth or county population growth. The annual adjustment factors used in making this calculation are the cost of living adjustment - CPI based on the percentage change in California per capita income and the population adjustment based on the annual population change for the County of San Bernardino.

As established by the following calculations, the City of Loma Linda's appropriations limit for Fiscal Year 2023-2024 is \$62,931,199.

Fiscal Year 2022-2023 Appropriation Limit		\$60,183,619
A.	Cost of living adjustment (based on change in CA per capita income)	1.0444
B.	Population adjustment (based on the County's population change)	1.0012
	Aggregate Change Factor (A x B)	<u>1.0456533</u>
	Increase in appropriation limit	<u>\$ 2,747,580</u>
	Fiscal Year 2023-2024 Appropriation Limit	<u>\$62,931,199</u>

Dear Fiscal Officer:

**Subject: Price Factor and Population Information**

**Appropriations Limit**

California Revenue and Taxation Code section 2227 requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2023, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2023-24. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2023-24 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

**Population Percent Change for Special Districts**

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

**Population Certification**

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2023.**

**Please Note:** The prior year's city population estimates may be revised. The per capita personal income change is based on historical data.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

JOE SPEPHENSHAW  
Director  
By:

Erika Li  
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2023-24 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2023-24	4.44

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2023-24 appropriation limit.

**2023-24:**

Per Capita Cost of Living Change = 4.44 percent  
Population Change = -0.35 percent

Per Capita Cost of Living converted to a ratio:  $\frac{4.44 + 100}{100} = 1.0444$

Population converted to a ratio:  $\frac{-0.35 + 100}{100} = 0.9965$

Calculation of factor for FY 2023-24:  $1.0444 \times 0.9965 = 1.0407$

Fiscal Year 2023-24

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2022 to January 1, 2023 and Total Population, January 1, 2023**

<b>County City</b>	<b>Percent Change</b>	<b>--- Population Minus Exclusions ---</b>		<b>Total Population</b>
	<b>2022-2023</b>	<b>1-1-22</b>	<b>1-1-23</b>	<b>1-1-2023</b>
San Bernardino				
Adelanto	0.65	36,420	36,656	36,656
Apple Valley	-0.37	75,277	74,996	74,996
Barstow	-1.96	24,768	24,283	24,918
Big Bear Lake	-0.43	4,935	4,914	4,914
Chino	0.69	88,564	89,171	93,137
Chino Hills	-0.70	77,601	77,058	77,058
Colton	-0.67	53,513	53,154	53,154
Fontana	0.58	212,616	213,851	213,851
Grand Terrace	-0.73	12,908	12,814	12,814
Hesperia	0.19	99,855	100,041	100,041
Highland	-0.53	56,283	55,984	55,984
Loma Linda	-0.03	25,198	25,191	25,228
Montclair	-0.51	37,688	37,494	37,494
Needles	-0.77	4,793	4,756	4,756
Ontario	1.14	178,682	180,717	180,717
Rancho Cucamonga	-0.31	174,090	173,545	173,545
Redlands	-0.40	72,259	71,972	71,972
Rialto	-0.41	103,406	102,985	102,985
San Bernardino	1.25	219,218	221,949	223,230
Twentynine Palms	-0.94	15,687	15,539	25,929
Upland	-0.50	78,771	78,376	78,376
Victorville	0.90	132,189	133,384	137,193
Yucaipa	-0.46	54,242	53,991	53,991
Yucca Valley	-0.35	21,712	21,635	21,635
Unincorporated	-0.45	290,306	289,011	297,482
<b>County Total</b>	<b>0.12</b>	<b>2,150,981</b>	<b>2,153,467</b>	<b>2,182,056</b>

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.