MEMORANDUM

TO:

Representative Joyce Elliott, Chair

Senator Jim Argue, Chair

FROM:

Richard Wilson, BLR Assistant Director

DATE:

February 7, 2006

RE:

Inflationary adjustment

After ample review and research, an inflationary adjustment was developed for all categorical distributions by blending specific projected price deflators applied to state and local government purchases.

The relevant inflationary adjustment for each categorical distribution in the 2006 fiscal year is 3.16%.

The relevant inflationary adjustment for each categorical distribution in the 2007 fiscal year is 3.51%.

Reflected below are the base costs for each category of funding, the relevant inflationary adjustments and the consequential costs for each fiscal year:

<u>Fund</u>	Base index	factor year1	ADJ1 index	factor year2	ADJ2
ELL	\$195	1.0316	\$201	1.0351	\$208
ALE	\$3,250	1.0316	\$3,353	1.0351	\$3,471
NSLA	\$1440 \$960 \$480	1.0316 1.0316 1.0316	\$1486 \$990 \$495	1.0351 1.0351 1.0351	\$1538 \$1025 \$512
PD	\$50	1.0316	\$52	1.0351	\$54