

APPENDIX B

ESCALATION ANALYSIS DETERMINING THE DOLLAR AMOUNTS OF 2 CCR 1896.12(a)(5)(A)

CONDUCTED IN ACCORDANCE WITH
GOVERNMENT CODE § 14837(d)(3)

ESCALATION ANALYSIS

The follows is a new escalation review using the California Consumer Price Index (CCPI) for "all items". This index was selected as it is required by Government Code §14837(d)(3).

A copy of the index is available at the following link:

[California Consumer Price Index Chart \(1955-2014\)](#)

In choosing the factor to use between "all urban consumers" and "urban wage earners and clerical workers, the factor for "all urban consumers" was selected for the following reasons:

- It is more likely to apply to the broad spectrum of business seen in California including those certified by DGS
- There was no reason to emphasize the involvement of clerical workers over other types of workers

The escalation factors used are:

- For small business, the 1999 "annual" CCPI of 168.5 is used as the base index amount (the year the statute was enacted for small business)
- For microbusiness, the 2002 "annual" CCPI of 186.1 is used as the base index amount (the year the statute was enacted for microbusiness)
- The formula to determine the escalated amount of the average annual receipts as impacted by actual inflation in California is:

$$\text{New index amount} \div \text{Base index amount} = \text{escalation factor}$$

$$\text{Original \$ amount} \times \text{Escalation factor} = \text{escalation \$ amount}$$

- The average increase in the "annual" CCPI over the last 16 years is 4.847.
(246.055 - 168.5 = 77.555 ÷ 16 years = 4.847)

** Projected "annual" CCPI: 2015 246.055 + 4.847 = 250.902

Year	CCPI	SB Escalation Factor	SB Escalation Amount	MB Escalation Factor	MB Escalation Amount
1999	168.5		10,000,000		
2000	174.8	1.0374	10,373,887		
2001	181.7	1.0783	10,783,383		
2002	186.1	1.1045	11,044,510		2,500,000
2003	190.4	1.1300	11,299,703	1.0231	2,557,765
2004	195.4	1.1596	11,596,439	1.0500	2,624,933
2005	202.6	1.2024	12,023,739	1.0887	2,721,655
2006	210.5	1.2493	12,492,582	1.1311	2,827,781
2007	217.424	1.2904	12,903,501	1.1683	2,920,795
2008	224.807	1.3342	13,341,662	1.2080	3,019,976
2009	224.11	1.3300	13,300,297	1.2042	3,010,613
2010	226.919	1.3467	13,467,003	1.2193	3,048,348
2011	232.93	1.3824	13,823,739	1.2516	3,129,097
2012	238.155	1.4134	14,133,828	1.2797	3,199,288
2013	241.623	1.4340	14,339,644	1.2984	3,245,876
2014	246.055	1.4603	14,602,671	1.3222	3,305,414
** 2015	250.902	1.4890	14,890,326	1.3482	3,370,527