

## Memorandum

**Date:** February 25, 2022

**From:** Mandy Patek, Financial Assurance Auditor

**To:** Owners and/or Operators of Solid Waste Permitted Facilities

**Subject:** Adjusting Cost Estimates and Financial Assurance Annually  
*(Applies to Solid Waste Permits with a Renewal Date of 07/01/2022 – 06/30/2023)*

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K.A.R. 28-29-2101(f) states the owner or operator shall update the financial assurance amount by recalculating the cost of closure, post closure care, or both, using current dollars or by the addition of an inflation factor to the amount accepted by the department for the prior year.

If using current dollars to recalculate the cost estimate(s) and financial assurance, third-party costs shall not be discounted, nor shall any offset for the sale of recoverable materials be subtracted. Third-party costs shall be determined from one or more of the following sources:

1. Actual invoices paid by the owner or operator for the same or similar work;
2. written bids from professional contractors having no other financial interest in the facility or its use;
3. authoritative costing tables issued by publishers recognized for their research into the costs of the activities to be priced.

If the inflation factor is used, the cost estimate(s) and financial assurance shall be adjusted according to the following formula:

$$(IPD_y/IPD_{y-1}) \times FA_{y-1} = FA$$

Where:

IPD<sub>y</sub> represents the current annual implicit price deflator for the gross domestic product;  
IPD<sub>y-1</sub> represents the previous year's implicit price deflator for the gross domestic product;  
FA<sub>y-1</sub> represents the previous year's approved estimate of closure or post closure, or both; and  
FA represents the current estimated cost of closure or post closure, or both.

The Implicit Price Deflator (IPD) for Gross Domestic Product (GPD) is a measure of the change in prices of all new, domestically produced, final goods and services. The U.S. Department of Commerce, Bureau of Economic Analysis publishes these factors on a quarterly and annual

basis. The factors are available in Table 1.1.9 Implicit Price Deflators for Gross Domestic Product (Table 1.1.9 Attached).

The current annual deflator for 2021 is 118.357.

The current annual deflator for 2020 is 113.648.

$$(118.357/113.648) \times FA_{y-1} = FA$$

$$**1.041 \times FA_{y-1} = FA**$$

**2021 Inflation Factor**

**1.041 or 4.1%**

## Bureau of Economic Analysis

**Table 1.1.9. Implicit Price Deflators for Gross Domestic Product**

[Index numbers, 2012=100]

Last Revised on: January 27, 2022 - Next Release Date February 24, 2022

Line		2020	2021
Line			
1	<b>Gross domestic product</b>	<b>113.648</b>	<b>118.357</b>
2	<b>Personal consumption expenditures</b>	<b>111.225</b>	<b>115.547</b>
3	Goods	94.160	98.906
4	Durable goods	85.784	91.037
5	Nondurable goods	98.602	102.923
6	Services	120.302	124.238
7	<b>Gross private domestic investment</b>	<b>109.698</b>	<b>113.117</b>
8	Fixed investment	111.052	115.321
9	Nonresidential	104.813	106.433
10	Structures	120.852	127.524
11	Equipment	97.388	97.700
12	Intellectual property products	104.574	105.588
13	Residential	138.541	153.233
14	Change in private inventories	---	---
15	<b>Net exports of goods and services</b>	<b>---</b>	<b>---</b>
16	Exports	96.188	107.372
17	Goods	88.162	100.662
18	Services	114.517	121.371
19	Imports	88.075	94.570
20	Goods	83.963	90.493
21	Services	109.820	115.555
22	<b>Government consumption expenditures and gross investment</b>	<b>114.861</b>	<b>120.021</b>
23	Federal	112.018	115.999
24	National defense	110.039	114.062
25	Nondefense	115.108	119.032
26	State and local	116.725	122.678
	Addendum:		
27	Gross national product	113.636	---