

Memorandum

Date: February 6, 2020

From: Mandy Patek, Financial Assurance Auditor

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

Subject: Adjusting Cost Estimates and Financial Assurance for Inflation – **2019 Inflation Rate 1.8%**

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 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_y represents the current annual implicit price deflator for the gross domestic product;

IPD_{y-1} represents the previous year's implicit price deflator for the gross domestic product;

FA_{y-1} 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 2019 is 112.355.

The current annual deflator for 2018 is 110.420.

Bureau of Economic Analysis

Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

[Index numbers, 2012=100]

Last Revised on: January 30, 2020 - Next Release Date February 27, 2020

Line	2018	2019
Line		
1	110.420	112.355
2	108.143	109.671
3	95.232	94.786
4	87.533	86.486
5	99.299	99.204
6	114.851	117.456
7	107.968	109.401
8	108.507	110.159
9	103.515	104.689
10	117.062	121.075
11	97.396	97.525
12	103.282	104.219
13	130.488	134.342
14	---	---
15	---	---
16	99.104	98.888
17	93.186	92.060
18	112.389	114.333
19	91.181	89.949
20	88.153	86.554
21	107.026	107.763
22	111.403	113.788
23	109.336	111.582
24	107.609	109.434
25	112.040	114.922
26	112.772	115.246
Addendum:		
27	110.320	---