

Memorandum

Date: March 1, 2021

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 – **2020 Inflation Rate 1.2%**

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 2020 is 113.632.

The current annual deflator for 2019 is 112.265.

Bureau of Economic Analysis

Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

[Index numbers, 2012=100]

Last Revised on: February 25, 2021 - Next Release Date March 25, 2021

Line	2019	2020
Line		
1 Gross domestic product	112.265	113.632
2 Personal consumption expenditures	109.851	111.164
3 Goods	94.785	94.228
4 Durable goods	86.463	85.804
5 Nondurable goods	99.212	98.736
6 Services	117.744	120.117
7 Gross private domestic investment	108.966	110.465
8 Fixed investment	109.799	111.062
9 Nonresidential	104.256	104.770
10 Structures	118.709	119.969
11 Equipment	97.888	97.663
12 Intellectual property products	103.683	104.674
13 Residential	134.182	138.767
14 Change in private inventories	---	---
15 Net exports of goods and services	---	---
16 Exports	98.751	95.953
17 Goods	91.821	87.863
18 Services	114.385	114.288
19 Imports	90.215	88.194
20 Goods	86.393	84.050
21 Services	110.401	110.132
22 Government consumption expenditures and gross investment	113.439	114.675
23 Federal	111.110	111.401
24 National defense	109.256	109.653
25 Nondefense	114.014	114.135
26 State and local	114.969	116.811