Informing Fiscal Stability
October 13, 2019

State Fiscal Trends
Juliette Tennert, University of Utah

State Budget Stress Testing
Andrea Wilko, Utah Office of the Legislative Fiscal Analyst

Fiscal Resiliency using REMI Tax-PI
Fred Treyz, REMI
Federal funds intensity up relative to last cycle

Federal Share of State Revenue
Pew Charitable Trusts Fiscal 50 Analysis

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal Share of State Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2004</td>
<td>31.3%</td>
</tr>
<tr>
<td>FY 2007</td>
<td>32.4%</td>
</tr>
<tr>
<td>FY 2010</td>
<td>35.5%</td>
</tr>
<tr>
<td>FY 2017</td>
<td>32.4%</td>
</tr>
</tbody>
</table>
Medicaid is a major expenditure driver

State Medicaid Spending as a Share of Own-Source Revenue
Pew Charitable Trusts Fiscal 50 Analysis

FY 2002 14.9%
FY 2009 13.3%
FY 2016 17.1%
Pension funding challenges persist

State and Local Pension Funding Ratios
Assets as a % of liabilities, 50-state aggregate

- 2007: 66.7%
- 2008: 47.8%
- 2016: 47.5%

Source: Board of Governors of the Federal Reserve
Price inflation for government inputs outpaces overall inflation

Source: Utah Governor’s Office of Management & Budget
Are rainy day funds sufficient?

State Rainy Day Fund Balances as a % of General Fund Expenditures
Barrett & Greene, Volker Alliance: Rainy Day Fund Strategies, a Call to Action

 SOURCES National Association of State Budget Officers; National Bureau of Economic Research.
Diminishing alignment between sales tax base and economy

Source: Utah Governor’s Office of Management & Budget
E-commerce part of the picture…

Remote Sales as a Percent of Total Sales, U.S.

Source: U.S. Census Bureau, Quarterly Retail E-commerce Sales
Structural change in consumption patterns more of the picture...

Goods and Services in the U.S. as a share of Personal Consumption Expenditures
Taxes case inefficiencies because they prevent buyers and sellers from realizing some of the gains of trade.

Source: Bureau of Economic Analysis

Sixty Years Ago
- Goods: 53%
- Services: 47%

Now
- Goods: 31%
- Services: 69%
Prices stagnant/deflating for common goods purchases

Price Changes in U.S. Economy *(January 1997 to June 2018)*

Selected US Consumer Goods and Services, Wages

Source: AEI

Kem C. Gardner Policy Institute
Diminishing alignment between gas tax base and economy

STATE OF UTAH

- Gas Tax Revenues per 100 Miles Traveled, Adjusted for Actual Road Cost Inflation
- Gas Tax Revenues per 100 Miles Traveled, Adjusted for General Inflation (CPI)

Source: Utah Governor’s Office of Management & Budget
Ever improving fuel efficiency

US Motor Fuel Efficiency
Average miles per gallon of all light duty vehicles in operation

Source: US Department of Transportation
Ford is working on an all-electric version of its F-150 pickup truck.

Waymo One, the first commercial robotaxi service, is now picking up passengers in Arizona.

NHTSA shuts down "unlawful" autonomous school bus transporting kids in Florida.

The shuttle has been running since the beginning of the school year.

Climate-Changed
One in Six New Cars in the World Will Be Electric By 2025
gardner.utah.edu
juliette.tennert@utah.edu