



## **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

# **Fiscal Trends**

## **Informing Fiscal Stability Session**

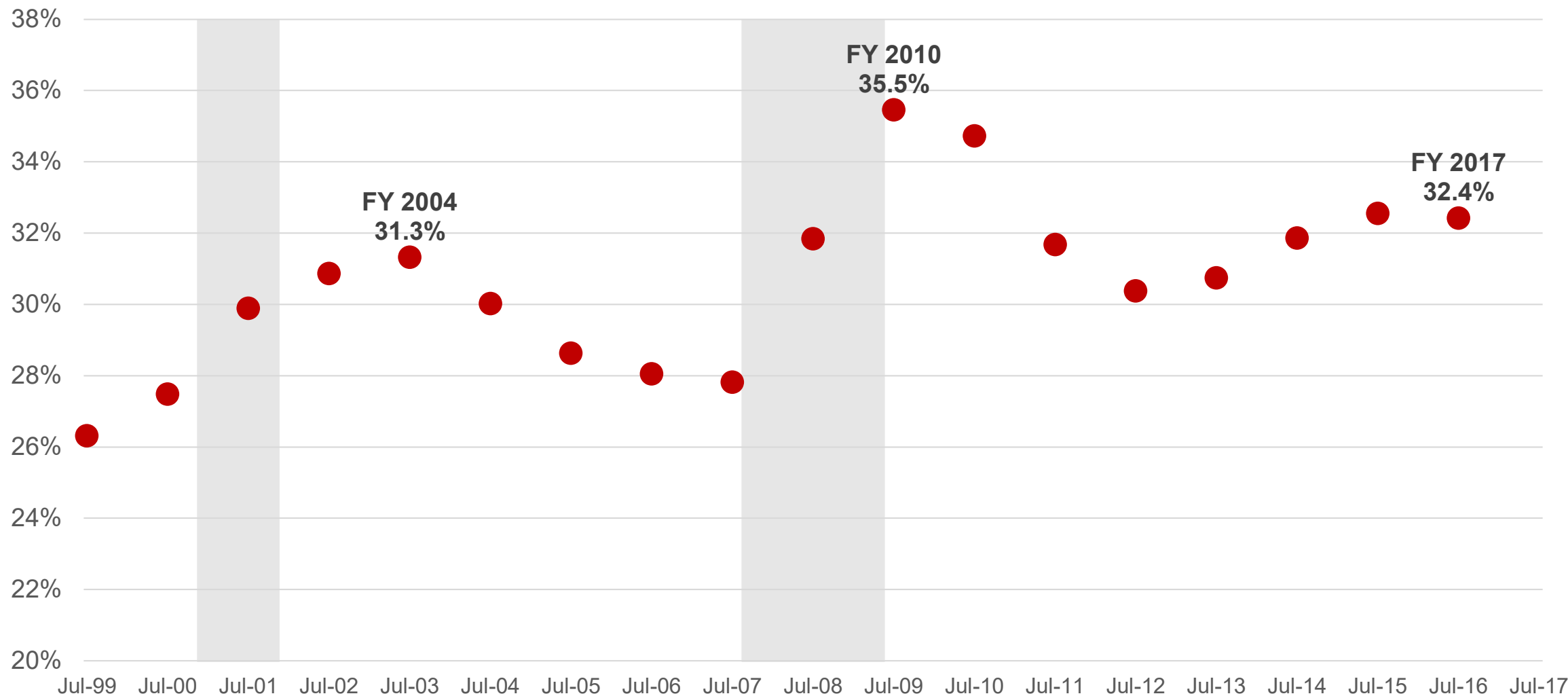
### **AUBER 2019 Conference**

**Juliette Tennert**  
**October 13, 2019**

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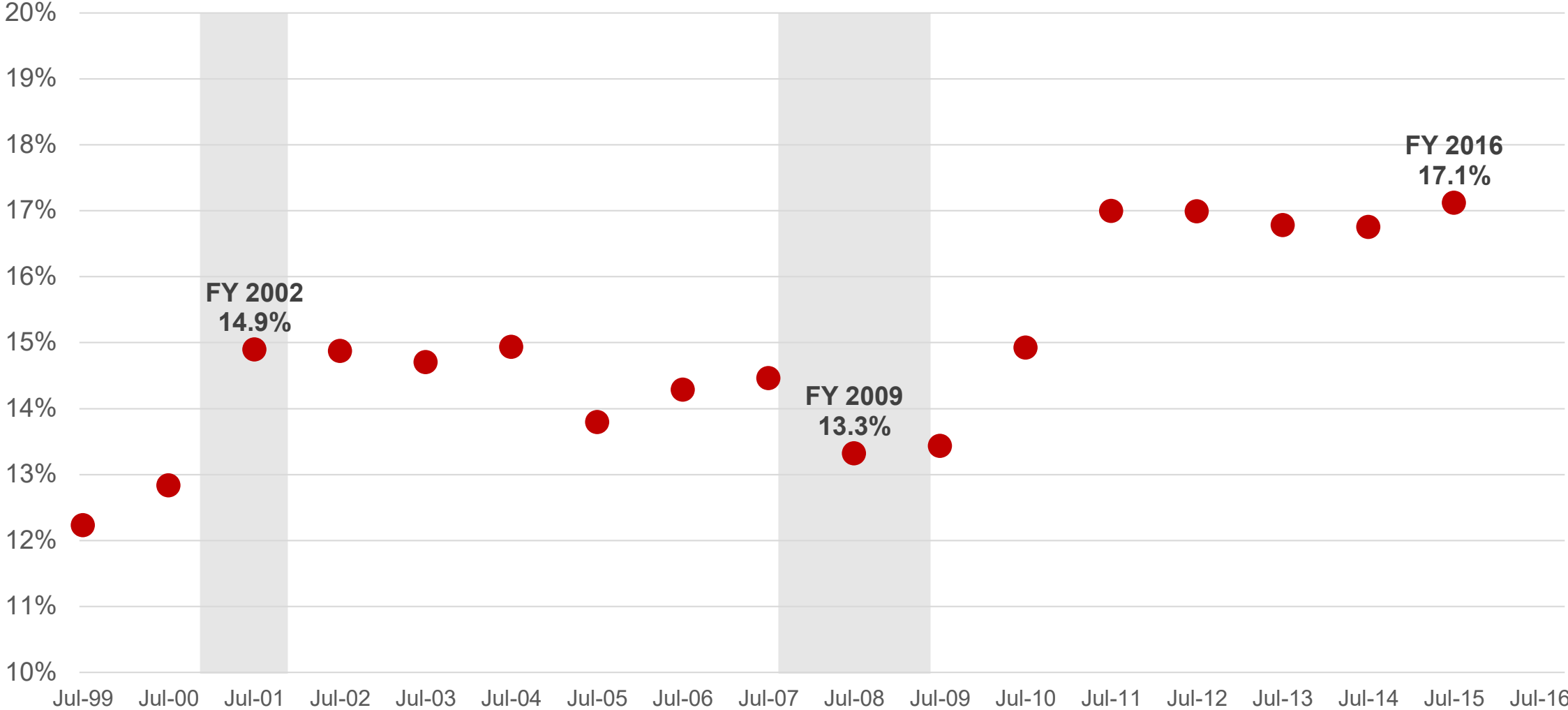
# Federal funds intensity up relative to last cycle

## Federal Share of State Revenue Pew Charitable Trusts Fiscal 50 Analysis



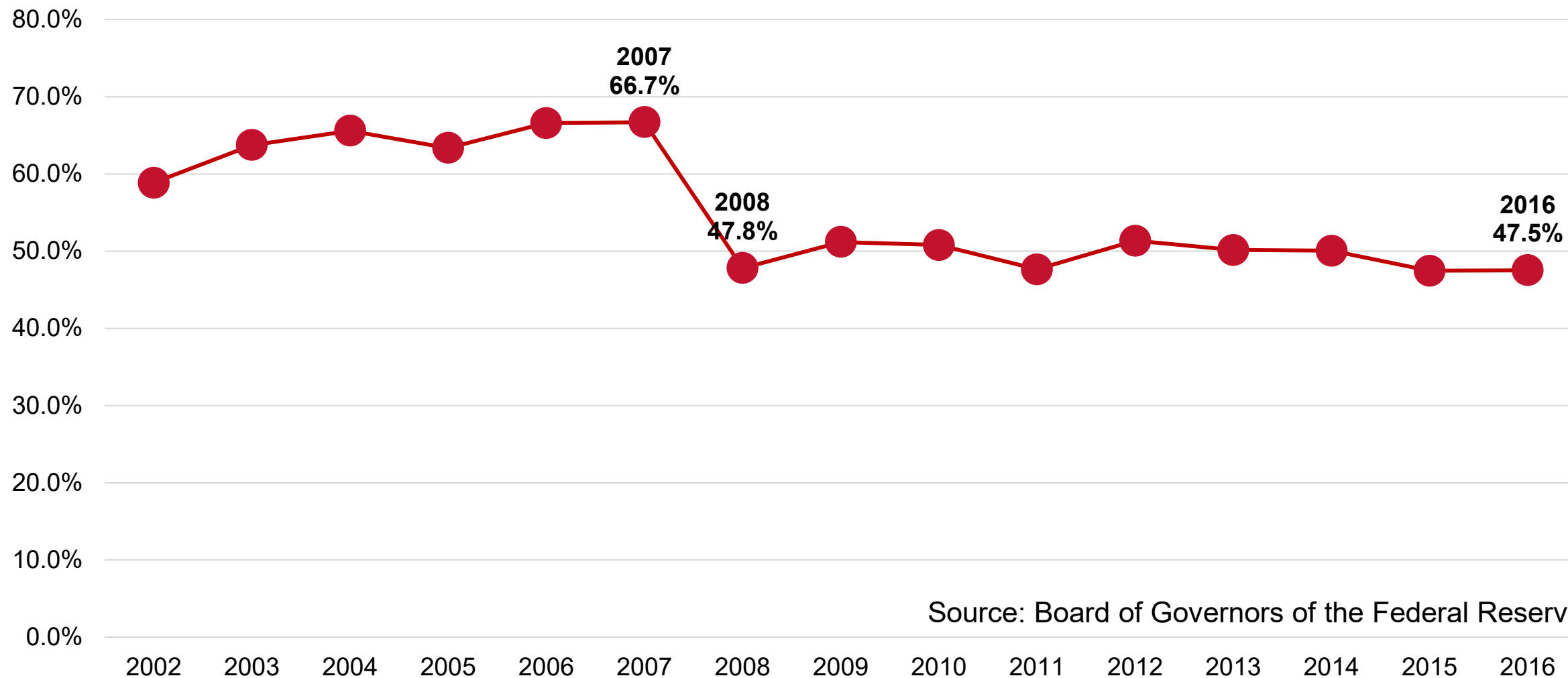
# Medicaid is a major expenditure driver

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



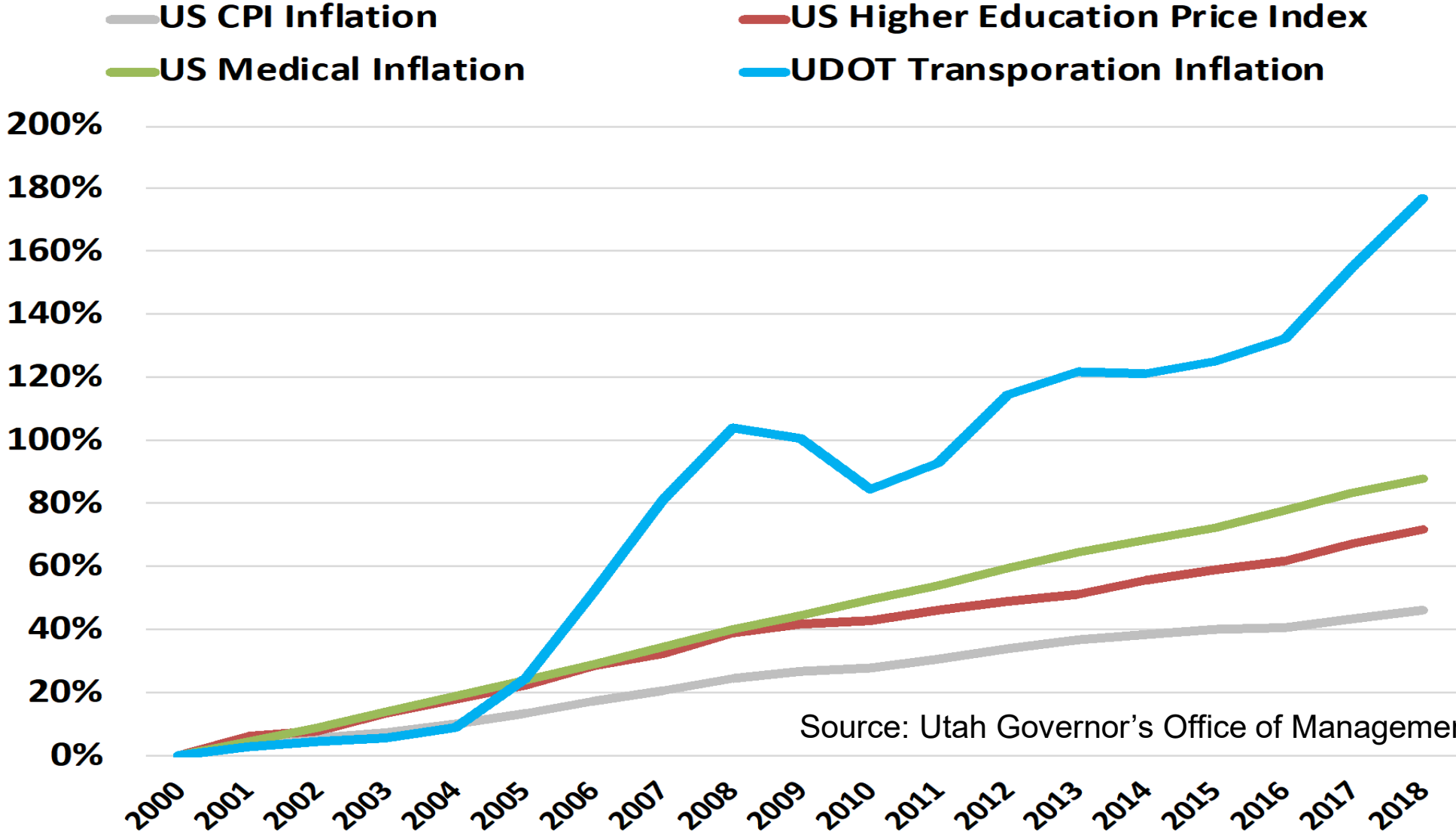
# *Pension funding challenges persist*

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



Source: Board of Governors of the Federal Reserve

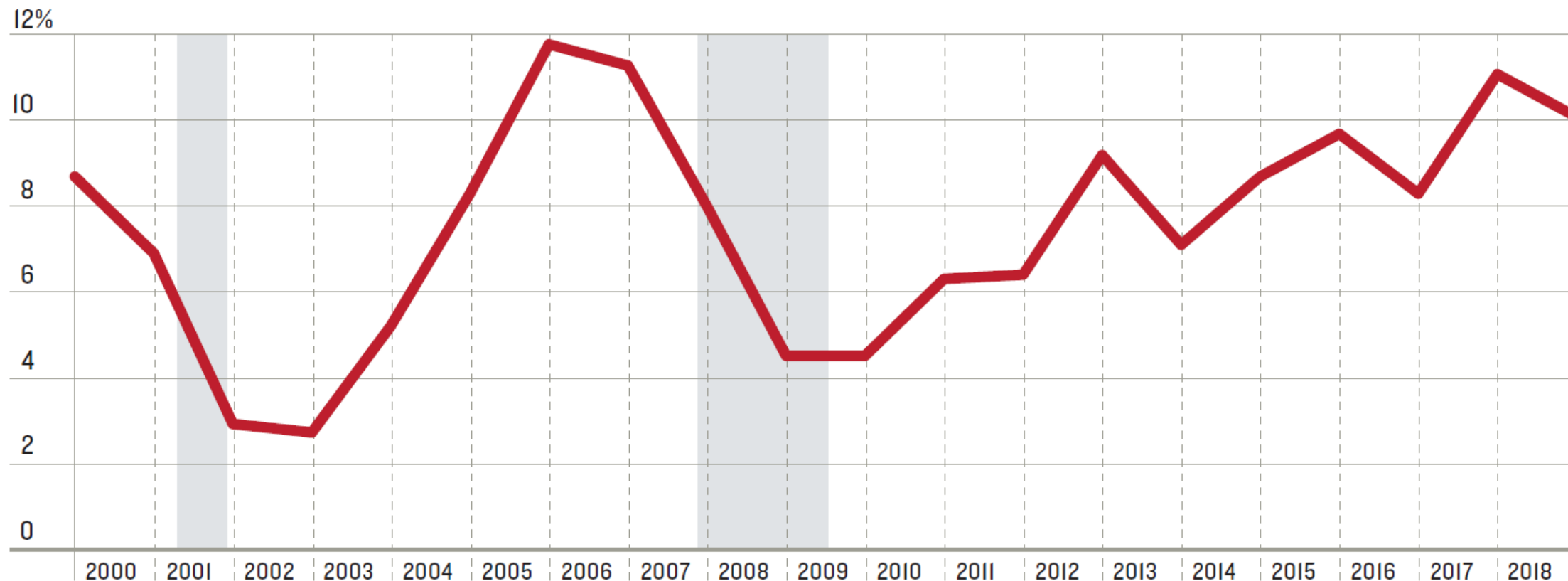
# Price inflation for government inputs outpaces overall inflation



Source: Utah Governor's Office of Management & Budget

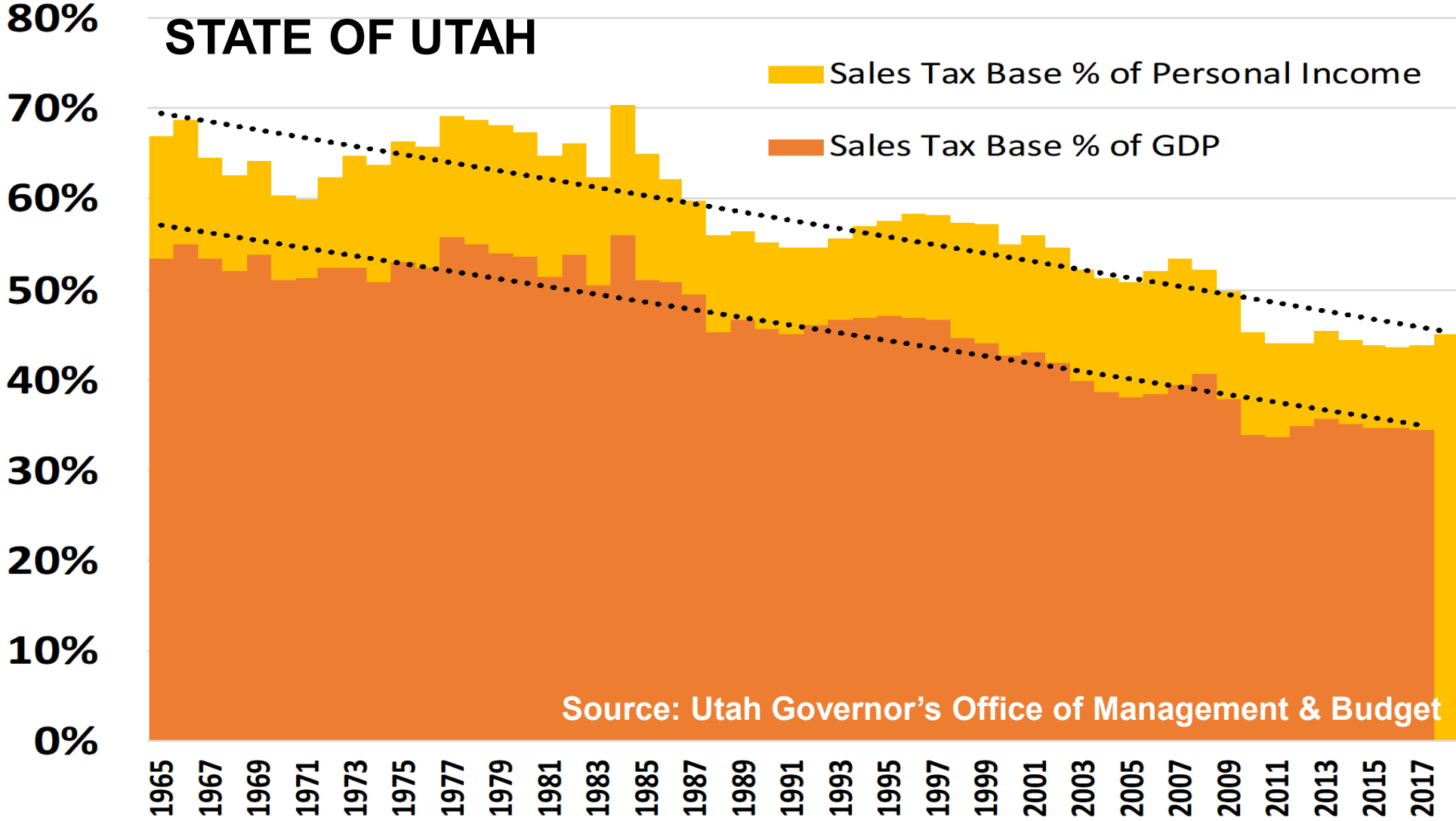
# Are rainy day funds sufficient?

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



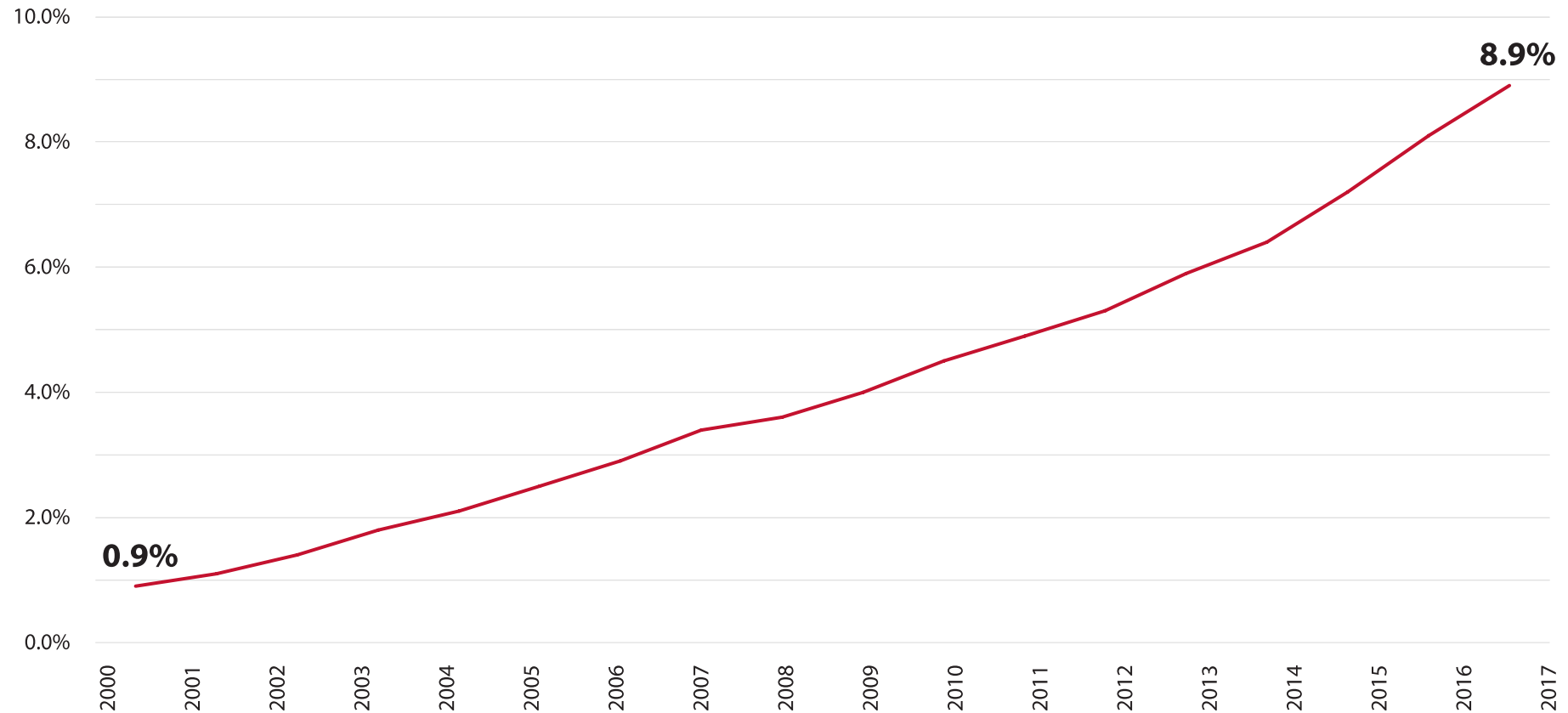
**SOURCES** National Association of State Budget Officers; National Bureau of Economic Research.

# Diminishing alignment between sales tax base and economy



# *E-commerce part of the picture...*

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

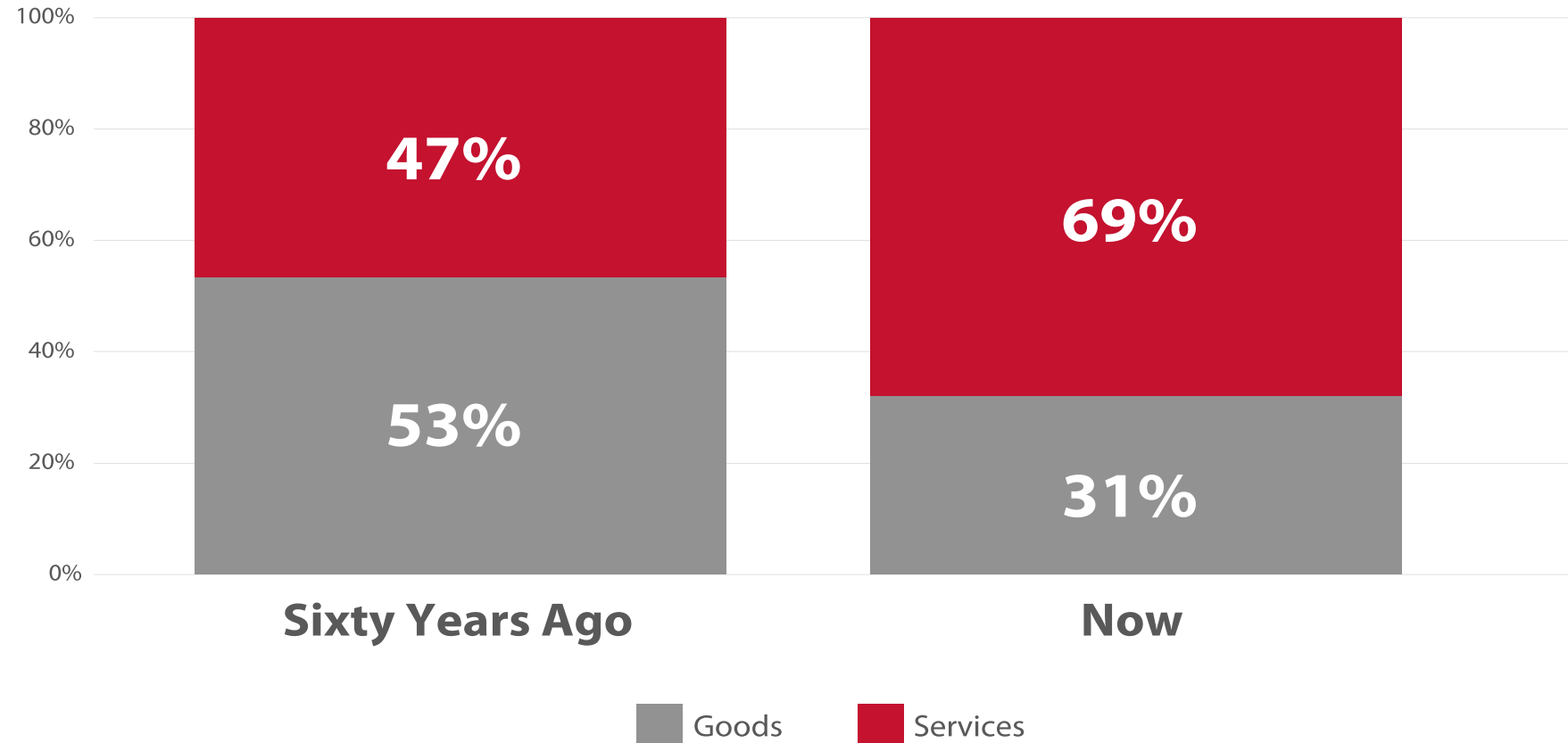


Source: U.S. Census Bureau, Quarterly Retail E-commerce Sales

# *Structural change in consumption patterns more of the picture...*

## **Goods and Services in the U.S. as a share of Personal Consumption Expenditures**

Taxes cause inefficiencies because they prevent buyers and sellers from realizing some of the gains of trade.

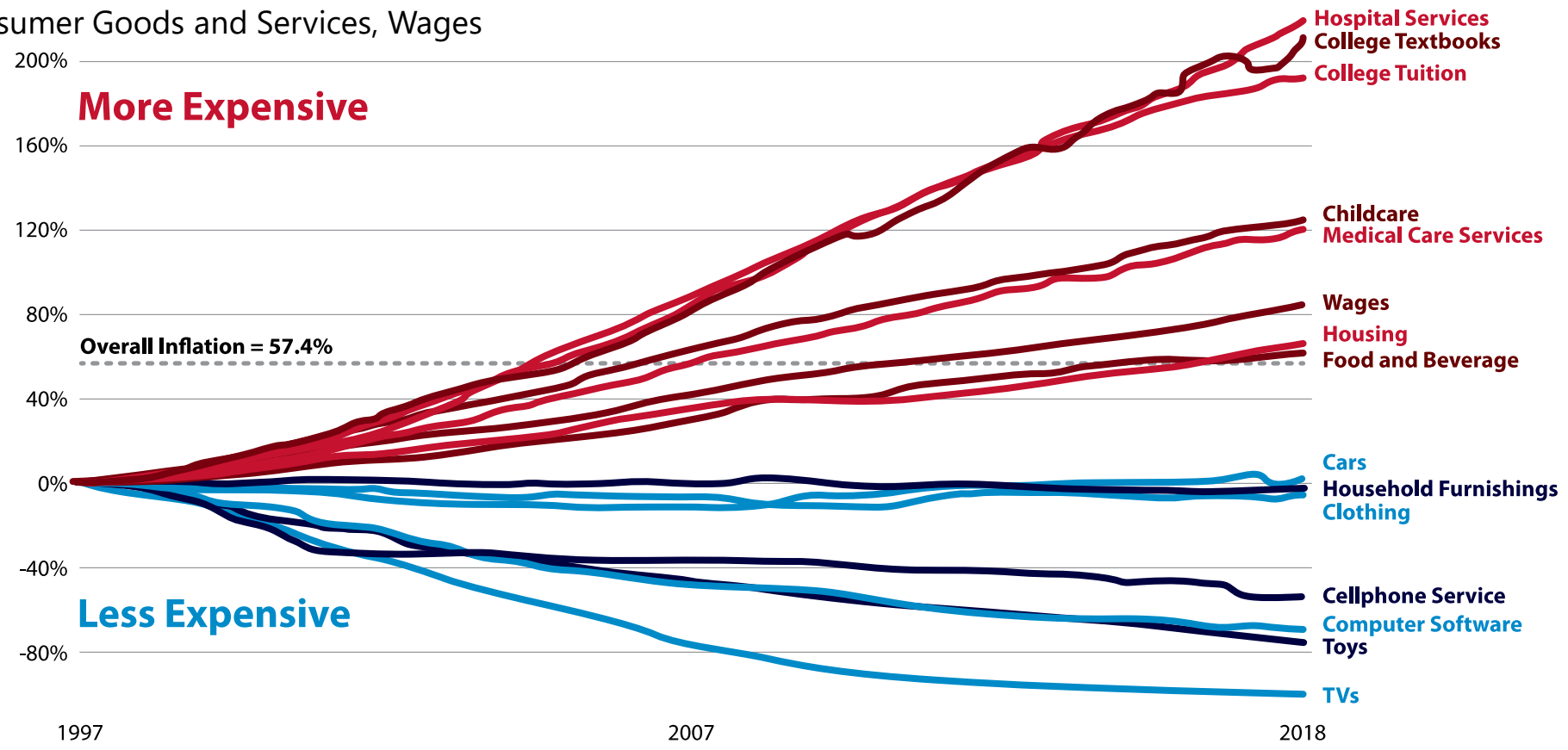


Source: Bureau of Economic Analysis

# Prices stagnant/deflating for common goods purchases

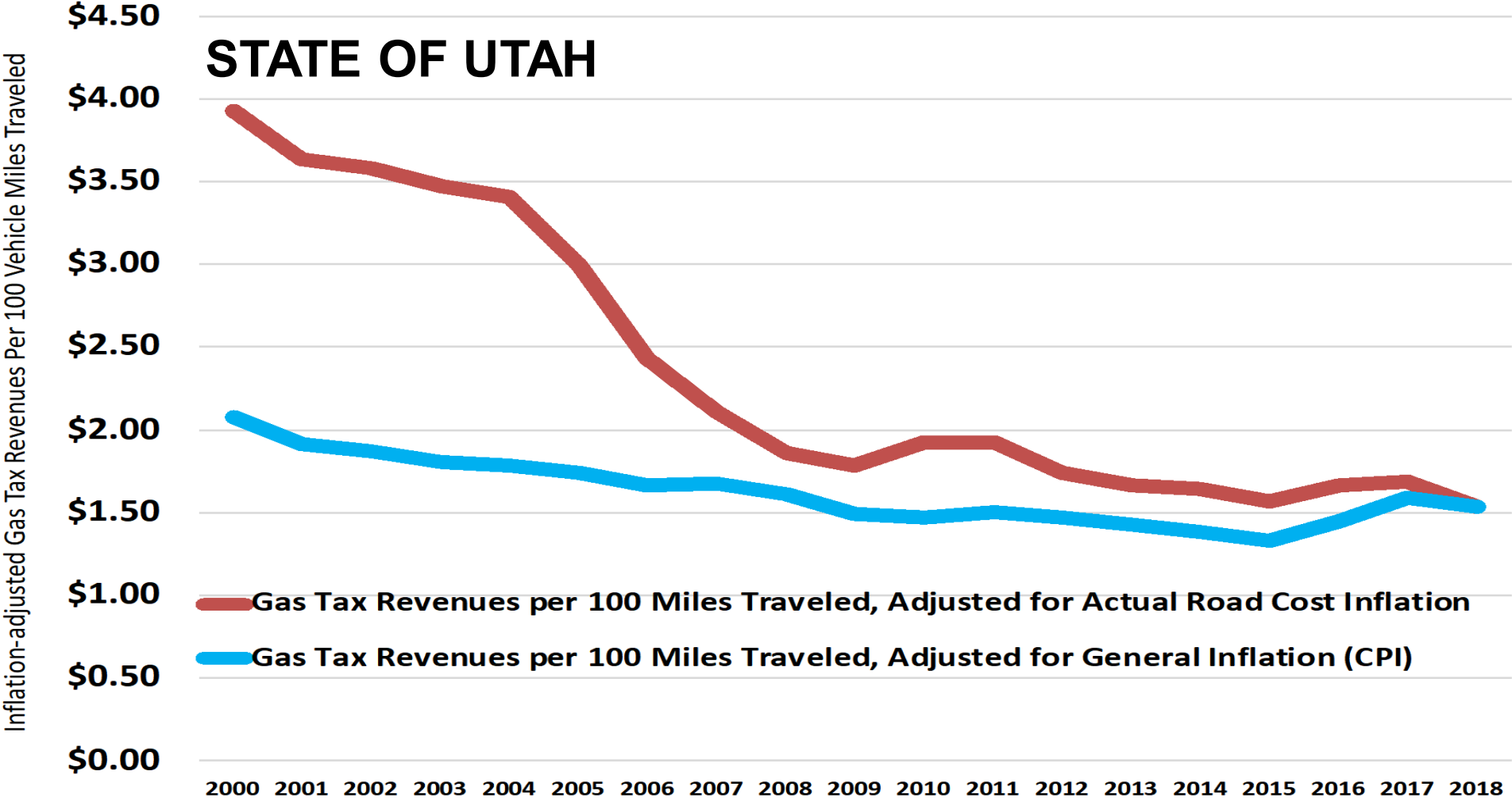
## Price Changes in U.S. Economy (January 1997 to June 2018)

Selected US Consumer Goods and Services, Wages



Source: AEI

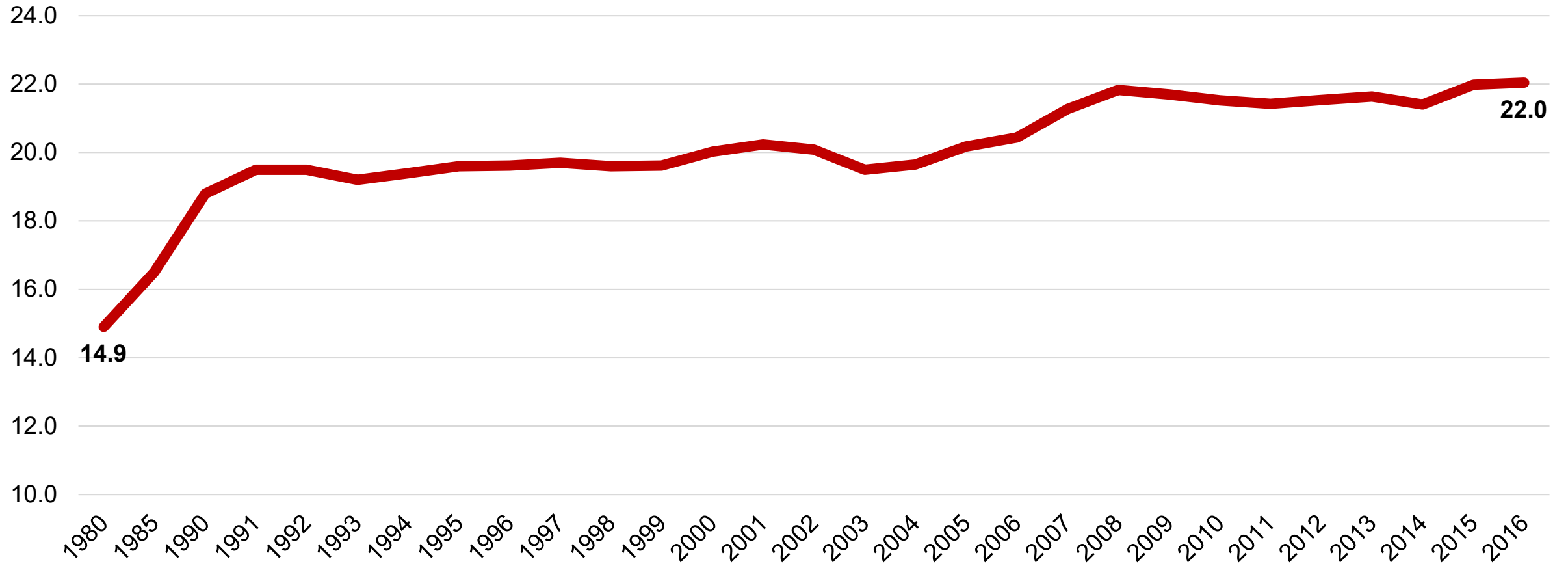
# Diminishing alignment between gas tax base and economy



Year 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

# What will the future look like?

Ford is working on an all-electric version of its F-150 pickup truck



G.M. Says Its Driverless Car Could Be in Fleets by Next Year

## BUSINESS | JOURNAL REPORTS: LEADERSHIP The End of Car Ownership

Ride sharing and self-driving vehicles will redefine our relationship with cars. Auto makers and startups are already gearing up for the change.

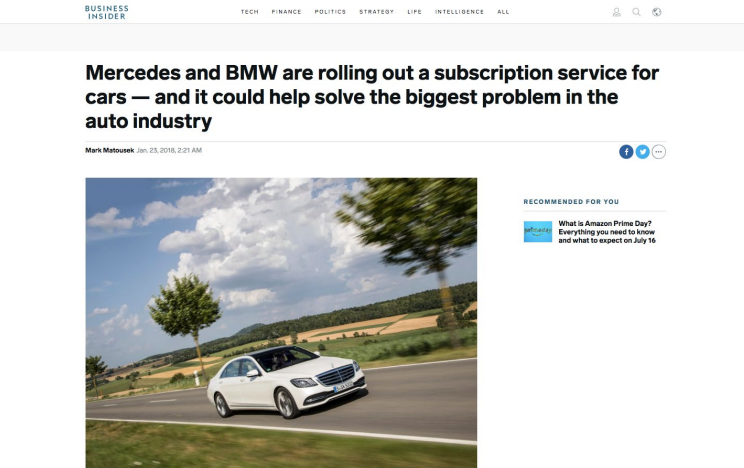


NHTSA shuts down 'unlawful' autonomous school bus transporting kids in Florida  
The shuttle has been running since the beginning of the school year



General Motors says its Cruise AV, with no steering wheel or pedals, could be ready for commercial ride services next year if it gets the necessary federal and state approvals. G.M.

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



Technology  
Ford to Sell Driverless Cars to Public by 2025, CEO Says  
Bloomberg

Climate-Changed  
One in Six New Cars in the World Will Be Electric By 2025



A robotics expert predicts that kids born in 2017 will never drive a car

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