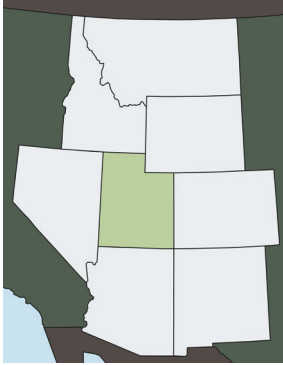# UTAH Budget Report Card

UTAH IS A MODEL of budgetary consistency and improvement. It was one of five states that received top A average grades in three of the five budget categories evaluated in fiscal 2015 through 2019. The others were California, Hawaii, Idaho, and Tennessee.

Utah's A in budget maneuvers reflected a lack of one-time measures to cover recurring expenditures. The state also received an A in reserve funds, where its policies align with the best practices cited in the Volcker Alliance 2019 working paper *Rainy Day Fund Strategies: A Call to Action*.

It was also one of only seven states averaging an A in legacy costs. In Utah's case, the mark reflects a 2010 reform that gave newly hired public workers a choice of a defined-contribution 401(k) retirement plan or a less generous traditional defined-benefit pension. After the move, Utah continued to make actuarially determined contributions to the pension and had a 92 percent funded ratio in 2019, 21 percentage points above the total for all states. It also funds other postemployment benefits (OPEB), mainly health care, along actuarial lines.

The state's B average in forecasting reflected a 2018 statute ordering the Legislative Fiscal Office to make long-term projections of expenditures and revenues from major tax sources under different economic scenarios.

Utah's weakest showing was its C in transparency. Although the state generally provided complete budget and debt information, it lacked comprehensive reports on tax expenditures. Like forty-four other states, it also failed to report information on deferred infrastructure maintenance costs in budgets or related documents.

MOUNTAIN STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arizona	B	C	C	A	B
Colorado	C	B	D	B	B
Idaho	D	A	A	A	B
Montana	D	B	C	C	B
Nevada	C	B	C	B	B
New Mexico	B	C	D-	B	B
Utah	B	A	A	A	C
Wyoming	B	B	D-	C	C
US AVERAGE	C	B	C	B	B

NOTE States are grouped by US Census Bureau divisions.

UTAH Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	C	C	C	A	A	
Consensus Revenue Forecasts	✓	✓	✓	✓	✓	● ●
Multiyear Expenditure Forecasts	✗	✗	✗	✓	✓	
Multiyear Revenue Forecasts	✗	✗	✗	✓	✓	● ● ●
Revenue Growth Projections	✓	✓	✓	✓	✓	
5-YEAR AVERAGE **B**						

BUDGET MANEUVERS

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	A	A	A	A	A	
Deferring Recurring Expenditures	✓	✓	✓	✓	✓	● ● ● ● ●
Revenue and Cost Shifting	✓	✓	✓	✓	✓	
Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓	
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓	
5-YEAR AVERAGE **A**						

LEGACY COSTS

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	A	A	A	A	A	
Public Employee OPEB Funding	✓	✓	✓	✓	✓	● ● ● ● ●
Public Employee Pension Funding	✓	✓	✓	✓	✓	
Public Employee Pension Funded Ratio*	86%	86%	90%	85%	92%	
5-YEAR AVERAGE **A**						

RESERVE FUNDS

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	A	A	A	A	A	
Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	● ● ● ● ●
Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	
Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓	
Reserves Tied to Revenue Volatility	✓	✓	✓	✓	✓	
5-YEAR AVERAGE **A**						

TRANSPARENCY

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	C	C	C	C	C	
Consolidated Budget Website	✓	✓	✓	✓	✓	
Provides Debt Tables	✓	✓	✓	✓	✓	
Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	✗	✗	● ● ● ● ●
Discloses Tax Expenditures	✗	✗	✗	✗	✗	
5-YEAR AVERAGE **C**						

KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg.

© 2021 VOLCKER ALLIANCE INC.