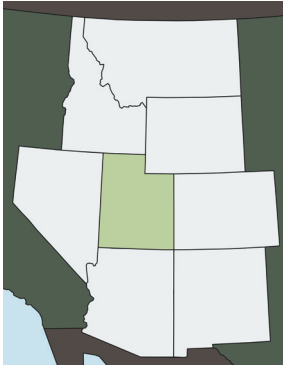


UTAH Budget Report Card



UTAH WAS A STANDOUT IN THREE of the five budgetary practice categories evaluated, receiving top A averages in budget maneuvers, legacy costs, and reserve funds for 2017 through 2019.

Having the eighth-best-funded state pension in 2018 contributed to the state’s legacy costs grade. Utah’s pension system was 85 percent funded that year, 15 percentage points above the total for all states. That healthy position stands in sharp contrast to 2008, when the system lost more than a fifth of its assets in the stock market crash; its funding dropped from almost 100 percent to 70 percent the next year. The decline prompted reforms that helped get the system back on a growth path. In the latest evaluation period, Utah made its full actuarially determined contributions for the pension and for other postemployment benefits (OPEB), mainly health care.

Utah earned an A in budget maneuvers by rejecting the use of one-time revenue measures to achieve budgetary balance. Its top mark in reserve funds stems from its regular analysis of revenue volatility, which is used to set balances in the General Fund Budget Reserve and Education Fund Budget Reserve accounts. The state’s B average in forecasting was buoyed by the legislature’s decision in 2018 to mandate long-term budget stress-testing, including considering revenues and expenditures from major funds and tax types under various economic conditions. Utah’s C average for transparency reflected a lack of a comprehensive budgetary report on tax expenditures. Though the State Tax Commission provides an annual table with estimates of statutory sales tax exemptions, it does not address credits, abatements, or other types of tax breaks.

MOUNTAIN STATES SIDE BY SIDE: Three-Year Average Grades, 2017–19


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


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: The Balancing Act* at VolckerAlliance.org.


© 2020 VOLCKER ALLIANCE INC.


UTAH Budget Report Card

BUDGET FORECASTING				
	2017	2018	2019	
	CATEGORY GRADE	C	A	A
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	X	✓	✓
	Multiyear Revenue Forecasts	X	✓	✓
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE		B	3-YEAR TREND ↗	

BUDGET MANEUVERS				
	2017	2018	2019	
	CATEGORY GRADE	A	A	A
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✓	✓	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Upfront Revenues	✓	✓	✓
3-YEAR AVERAGE		A	3-YEAR TREND —	

LEGACY COSTS				
	2017	2018	2019	
	CATEGORY GRADE	A	A	A
	Public Employee OPEB Funding	✓	✓	✓
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	90%	85%	85%
3-YEAR AVERAGE		A	3-YEAR TREND ↘	

RESERVE FUNDS				
	2017	2018	2019	
	CATEGORY GRADE	A	A	A
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	✓	✓	✓
3-YEAR AVERAGE		A	3-YEAR TREND —	

TRANSPARENCY				
	2017	2018	2019	
	CATEGORY GRADE	C	C	C
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	X	X	X
3-YEAR AVERAGE		C	3-YEAR TREND —	

KEY

✓	Followed best practice
X	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; 2018 data also used for 2019.

© 2020 VOLCKER ALLIANCE INC.