

Adjustment of Cost Estimates for Inflation – 2015 over 2014

Please see Iowa Administrative Code [567] sections 113.14(3) and 113.14(4)

A Landfill's annual Financial Assurance Report must have UPDATED Closure &/or Post-closure Cost Estimates, IN CURRENT DOLLARS, certified by an Iowa-licensed professional engineer, and MUST –

- for Closure, be the cost of closing the Landfill at any time when the extent and manner of its operation would make Closure the MOST expensive, and for Post-closure, be based on the MOST expensive costs of care during the entire Post-closure period.
- be accurate and reasonable when compared to the Cost Estimates used by other similarly situated Landfills in Iowa.
- AND be increased IF changes to the Closure &/or Post-closure Plan or Landfill conditions increase the MAXIMUM cost of Closure &/or Post-closure care.

Occasionally, Closure &/or Post-closure Cost Estimates are re-assessed and re-computed as being the same from one year to the next. If that is indeed the case, a statement to that effect is to be included with the Financial Assurance Report materials.

But to assure Cost Estimates are IN CURRENT DOLLARS, if no other re-assessment/computations are done, Closure &/or Post-closure Cost Estimates ARE TO BE adjusted annually for inflation, which is done by multiplying last year's Cost Estimates by the Inflation Factor.

As of February 1, 2016, the Inflation Factor for this year's Financial Assurance Reports is **1.0109**

That is derived from Gross Domestic Product statistics using this formula:

Implicit Price Deflator from most recent quarter	÷	= Inflation Factor
Implicit Price Deflator from previous year's corresponding quarter		

Find the Implicit Price Deflators for GROSS DOMESTIC PRODUCT in Table 1.1.9 through the link for 'Section 1 – Domestic Product and Income' at this website of the U.S. Dept. of Commerce, Bureau of Economic Analysis:

<http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1#reqid=9&step=3&isuri=1&903=13>

So it is then that:

$$\frac{\text{2015 4}^{\text{th}} \text{ quarter implicit price deflator}}{\text{2014 4}^{\text{th}} \text{ quarter implicit price deflator}} = \text{Inflation Factor}$$

110.254	= 1.0109
109.067	

Source of the Implicit Price Deflators for **GROSS DOMESTIC PRODUCT**:

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 Bureau of Economic Analysis
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