



LEGISLATIVE  
FISCAL  
ANALYST

# Using Temporal Balance to Achieve Long-term Fiscal Health in Utah

(aka: Fun Party Tricks with M)

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# 10% Inspiration?

## Pre-Meribah

ITEM 14	To Office of the Governor - Office of Planning and Budget	
	From General Fund	2,934,800
	From Dedicated Credits Revenue	193,300
	From Federal Funds	260,800
	From Olympic Special Revenue Fund	146,100
	From Revenue Transfers - Department of Community and Economic Development	433,900
	From Revenue Transfers - Department of Administrative Services	317,500
	From Revenue Transfers - Comprehensive Emergency Management	17,500
	From Revenue Transfers - Trust Land Administration	8,000
	Schedule of Programs:	
	Administration	686,600
	Science and Technology	277,500
	Information Technology	1,002,800
	Planning and Budget Analysis	775,300
	Demographic and Economic Analysis	647,200

## New Meribah World

ITEM 16	To Governor's Office - Governors Office of
	From General Fund
	From General Fund, One-Time
	From Federal Funds, One-Time
	From Transfer for COVID-19 Response, On
	Schedule of Programs:
	Administration
	Management and Special Projects
	Planning Coordination

ITEM 7	To Utah Department of Corrections - Depart
	From General Fund
	From General Fund, One-Time
	Schedule of Programs:
	Medical Services



# Temporal Balance

Matching ongoing revenue sources with ongoing commitments and one-time revenue sources with one-time commitments, and communicating it to stakeholders.



# Structural v. Temporal Balance

## Structural Balance

Positive rate of change in revenue meets or exceeds positive rate of change in expenditures over time.

- Even if present budget balances, if expenditure grow faster than revenue, an imbalance will present itself in the future.

## Temporal Balance

Anticipated duration of revenue source matches or exceeds anticipated duration of expenditure commitment at a point in time.

- A tool to achieve structural balance and fully recognize costs.



# Providing a Soft Landing

10 percent Service Program Cut	Current FY	New
General Fund, Ongoing	\$50m	\$
General Fund, One-time	\$0	
Total	\$50m	\$



# Phasing-in a Tax Cut

10 Basis Point Income Tax Reduction	Current FY	New
General Fund, Ongoing	\$0	(\$1
General Fund, One-time	(\$40m)	
Total	(\$40m)	(\$1



# Recognizing Full-cost of Ownership

New \$50 m Higher Education Building	Current FY	New
General Fund, One-time (construction)	\$10m	\$
General Fund, Ongoing (future O&M costs)	\$0	
Total	\$10m	\$



# Creating a Working Rainy-day Fund

New \$50 m Higher Education Building	Current FY	New
<b>Sources:</b>		
Sales Tax, Ongoing	\$40m	\$
Sales Tax, One-time	(\$30m)	\$
Total Sources	\$10m	\$
<b>Uses:</b>		
Construction, One-time	\$10m	\$
Future O&M costs, Ongoing	\$0	\$
Total Uses	\$10m	\$
<b>Balance</b>	\$0	\$





# Creating a Working Rainy-day Fund

New \$50 m Higher Education Building	Current FY	New
<b>Sources:</b>		
Sales Tax, Ongoing	\$40m	\$
Sales Tax, One-time <u>G.O. Bond</u>	(\$30m) \$10m	\$
Total Sources	\$10m	\$
<b>Uses:</b>		
Construction, One-time	\$10m	\$
Future O&M costs, Ongoing	\$0	\$
Total Uses	\$10m	\$
<b>Balance</b>	\$0	\$



# Five Party Tricks (using math)

1. Divide revenue estimates into one-time and ongoing
2. Start budgeting where you left-off, not with Gov
3. Drop-out last-year's one-time appropriations
4. Communicate term of appropriation (one-time v. appropriations bills)
5. Balance ongoing spending to ongoing appropriations  
time will take care of itself.



# What Revenue is Ongoing?

FIGURE 4  
Central Tendency of General Fund Revenue Sources Year-Over-Year Growth

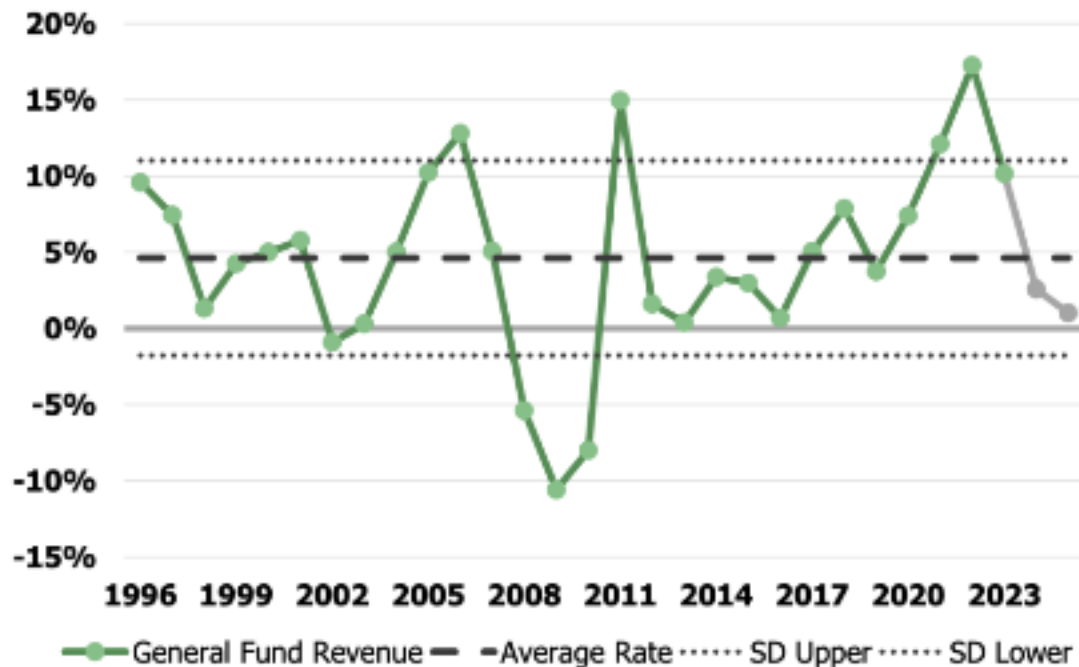
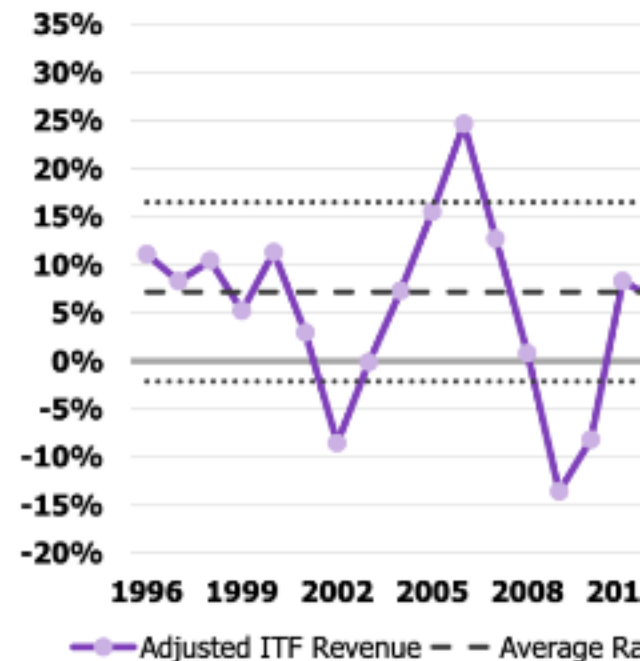


FIGURE 5  
Central Tendency of Income Tax Fund Revenue



# How Does this Relate to BWG?

- Are wildfires one-time or ongoing costs?
- Are earthquakes one-time or ongoing costs?
- Should FEMA assistance be retroactive (one-time) or (ongoing)? Or both?

