

04/11/2017

## 2017 DISCOUNT RATES

The FEMP discount rates for 2017 are valid from April 1, 2017 to March 31, 2018. They are as follows:

Real discount rate:	3.0 %
Nominal discount rate:	2.4 %
Implied long-term inflation rate:	-0.6 % <sup>1</sup>

Calculated long-term inflation rate:	2.2 %
Calculated real discount rate:	0.2 %

The 2017 OMB discount rates (for cost-effectiveness, lease/purchase, internal government investment, and asset sales) are, as of April 1:

Real:

3-year:	-0.5 %
5-year:	-0.3 %
7-year:	0.0 %
10-year:	0.1 %
20-year:	0.5 %
30-year:	0.7 %

Nominal:

3-year:	1.4 %
5-year:	1.7 %
7-year:	1.9 %
10-year:	2.1 %
20-year:	2.5 %
30-year:	2.8 %

OMB inflation rates:

3-year:	1.9 %
5-year:	2.0 %
7-year:	1.9 %
10-year:	2.0 %
20-year:	2.0 %
30-year:	2.1 %

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<sup>1</sup> The procedure specified in 10 CFR 436A, *FEMP Life Cycle Cost Methodology and Procedures*, for calculating the real FEMP discount rate resulted in a discount rate of 0.2 % for 2017, which is lower than the prescribed floor of 3 %. Hence the 3 % floor is used as the real discount rate for FEMP analyses in 2017. Given the nominal discount rate of 2.4 %, the implied long-term inflation rate used in BLCC5 is then -0.6 %.

The 2017 real discount rate for public investment and regulatory analyses remains at 7%. However, in Circular A-4, released September 2003, OMB recommends that two estimates be submitted, one calculated with a real discount rate of 7 % and one calculated with a real discount rate of 3 %.