

MINUTES OF THE MEETING

FINANCE ADVISORY COMMITTEE

January 21, 2016

Senate Hearing Room 1, 12:00 p.m.

Members Present:

Dan Anderson, Assistant Executive Director, Institutional Analysis, Arizona Board of Regents
George Hammond, Director, Economic and Business Research Center, University of Arizona's Eller College of Management
John C. Lucking, President, ECON-LINC
Georganna Meyer, The Maguire Company
Elliott D. Pollack, President, Elliott D. Pollack & Company
Elaine Smith, Senior Economist, Arizona Department of Revenue
Doug Walls, Research Administrator, Arizona Department of Administration

The Finance Advisory Committee (FAC) met on January 21, 2016 to update its 4-sector revenue forecast. The FAC is a 14-member panel of private and public sector economists and their views serve as one of the 4 equal inputs into JLBC's Consensus Baseline revenue forecast. The remaining 3 inputs are the JLBC Staff forecast and 2 University of Arizona (UA) econometric models.

The FAC heard presentations on General Fund Revenue collections, the U.S. economy, and state cash flows. The JLBC Staff provided members with the FY 2016 – FY 2019 Baseline revenue estimates along with projected spending and ending balance estimates. The JLBC Staff presentation included a comparison to the Executive budget proposal as well.

The January 4-sector forecasted base revenue growth ranging from 3.5% to 4.6% between FY 2016 and FY 2019. During this time, funding formulas are estimated to increase annual spending between 1.4% and 2.5%. Based on revenue and spending forecasts, the state is projected to have a \$625 million cash balance and \$26 million structural balance in FY 2017.

In addition to the JLBC Staff presentation, panel members heard formal presentations from economist Elliott D. Pollack of Elliott D. Pollack and Company and Deputy Treasurer Mark Swenson. The presenters and FAC panel members generally agreed that the pattern of moderate growth seen in recent years would likely continue, but that emerging national and global trends are concerning. Additional information is available on our website at [January FAC Meeting](#).

The meeting adjourned at 1:05 p.m.

Kristy Paddock, Secretary

Jon Stall, Senior Fiscal Analyst

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A [full video recording](#) of this meeting is available at the JLBC website.