

MINUTES OF THE MEETING
FINANCE ADVISORY COMMITTEE

April 11, 2013

Senate Hearing Room 1, 11:30 a.m.

Members Present:

Dan Anderson, Assistant Executive Director,
Institutional Analysis, Arizona Board of Regents
John Arnold, Director, Governor's Office of Strategic Planning and Budgeting
Brian Cary, Manager of Forecasting, Research, and Economic Development, Salt River Project
Tracy L. Clark, Data Integrity Manager, Arizona Department of Transportation
Doug Ducey, State Treasurer
George W. Hammond, Associate Director, Economic and Business Research Center, Eller
College of Management, University of Arizona
Georganna Meyer, Chief Economist, Arizona Department of Revenue
Aruna Murthy, Director of Economic Analysis, Arizona Department of Administration
Debra Roubik, Chief Economist and Founder, VisionEcon
Martin Shultz, Senior Policy Director, Brownstein Hyatt Farber Schreck
Randie Stein, Vice President, Public Finance Department, Stone & Youngberg
Marshall Vest, Director, Economic and Business Research Center, University of Arizona's Eller
College of Management

The Finance Advisory Committee (FAC) met on April 11, 2013 to update its 4-sector revenue forecast. The FAC is a 15-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) models. The Consensus forecast provides a perspective on base revenue, which reflects underlying economic conditions and does not include factors such as tax law changes and Urban Revenue Sharing.

The FAC heard presentations on General Fund Revenue collections, the U.S. economy, and state cash flows. The JLBC Staff provided members with revised [FY 2013 - FY 2016 fiscal estimates](#) based on the updated 4-sector revenue forecast and future spending estimates as previously outlined in the JLBC Baseline released in January.

The overall revenue forecast from the April FAC meeting declined slightly from the prior January meeting. Of the 4 inputs, 3 (JLBC, UA Base, and FAC) showed declines compared to the January projections, with the decreases ranging from (0.1)% to (0.6)%. In contrast, the UA "low risk" forecast increased by 0.5%. The final result of these offsetting changes is that the FY 2014 Consensus forecast remained unchanged from the January FAC meeting at a level of 4.9%.

In general, the FAC panelists acknowledged that while underlying economic conditions had improved, sequestration and other federal budget issues continue to pose challenges.

Table 1 below outlines a comparison of these projections:

	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>
January 4-				
Sector	4.0%	4.9%	5.9%	6.2%
April 4-Sector	4.0%	4.9%	6.1%	5.6%

The net result of the April forecast would be to reduce the 4-year General Fund revenue forecast (FY 2013 – FY 2016) by \$(30) million when compared to the January Baseline projections.

You will find more information on our website at [April FAC Meeting](#).

The meeting adjourned at 12:43 p.m.

Tera Scherer, Secretary

Hans Olofsson, Chief Economist

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 <http://www.azleg.gov/jlbc/meeting.htm>.