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:
Table 1

<table>
<thead>
<tr>
<th></th>
<th>FY 13</th>
<th>FY 14</th>
<th>FY 15</th>
<th>FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 4-Sector</td>
<td>4.0%</td>
<td>4.9%</td>
<td>5.9%</td>
<td>6.2%</td>
</tr>
<tr>
<td>April 4-Sector</td>
<td>4.0%</td>
<td>4.9%</td>
<td>6.1%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

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