

MINUTES OF THE MEETING

FINANCE ADVISORY COMMITTEE

April 13, 2016

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

Members Present:

Dan Anderson, Assistant Executive Director, Institutional Analysis, Arizona Board of Regents
Brian Cary, Manager, Salt River Project
George Hammond, Director, Economic and Business Research Center, University of Arizona's Eller College of Management
Elliott D. Pollack, President, Elliott D. Pollack & Company
Jim Rounds, President, Rounds Consulting Group
Elaine Smith, Senior Economist, Arizona Department of Revenue
Randie Stein, Vice-President, Stone & Youngberg
Doug Walls, Research Administrator, Arizona Department of Administration

The [Finance Advisory Committee](#) (FAC) met on April 13, 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 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. and Arizona economy, and state cash flows. The JLBC Staff provided members with revised [FY 2016 – FY 2019](#) revenue estimates based on the updated April 4-sector revenue forecast.

In comparison to the January base revenue forecast, the April FAC projections are higher for FY 2016 but lower for FY 2017 and FY 2018. The projected revenue growth rate for FY 2019 remains unchanged (See *Table 1*).

The upward revision to FY 2016 was primarily due to an increase in UA's "low scenario" model owing to the fact that year-to-date collections are known for all but the last 3 months of the current fiscal year. The downward revision to FY 2017 was also mostly attributable to UA's "low scenario" model, which incorporates the risk of a mild national recession occurring in the latter half of 2016 that would be caused by slowing global growth and a significant stock market decline.

	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
January	3.5%	4.0%	4.6%	4.6%
April	3.9%	3.4%	4.0%	4.6%

(Continued)

Compared to the January Baseline, the estimates under the April FAC update would reduce revenues by \$(8) million in FY 2017, \$(66) million in FY 2018, and \$(69) million in FY 2019. Under the assumed January Baseline spending level, the projected cash balance would increase from \$625 million to \$660 million in FY 2017. Additional information is available on our website at [April FAC Meeting](#).

The meeting adjourned at 1:05 p.m.

Kristy Paddack, Secretary

Hans Olofsson, Chief Economist