

MINUTES OF THE MEETING

FINANCE ADVISORY COMMITTEE

October 5, 2016

Senate Hearing Room 1, 11:00 p.m.

Members Present:

Dan Anderson, Assistant Executive Director, Institutional Analysis, Arizona Board of Regents
Brian Cary, Manager, Salt River Project
Mark Swenson, State Treasurer
George Hammond, Director, Economic and Business Research Center, University of Arizona's Eller College of Management
John Lucking, President, ECON-LINK
Elliott D. Pollack, President, Elliott D. Pollack & Company
Georganna Meyer, Senior Economist, The Maguire Company
Elaine Smith, Senior Economist, Arizona Department of Revenue
Steve Taddie, Managing Partner, Stellar Capital Management
Doug Walls, Research Administrator, Arizona Department of Administration

The Finance Advisory Committee (FAC) met on October 5, 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) models.

The JLBC Staff provided the FAC with a presentation on updated FY 2017 – FY 2020 budget projections. Under the updated forecast, base revenue growth is projected to remain near 4% over the next 2 years. Due to the elimination of \$200 million in one-time spending allocated for FY 2017, spending growth in FY 2018 is expected to be flat.

Under the updated revenue and spending projections, the state is expected to have a cash balance of \$101 million in FY 2018. The structural balance – the difference between ongoing revenue and ongoing spending – is projected to be \$24 million.

The cash balance is subject to several risk factors. These include pending litigation that could significantly affect spending as well as a possible recession, based on the length of the current economic expansion compared to the historical averages. For more information, please see the [JLBC Staff Budget Update](#) and [October FAC meeting materials](#).

The meeting adjourned at 1:05 p.m.

Kristy Paddack, 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 the JLBC website.