

**MINUTES OF THE MEETING**  
**FINANCE ADVISORY COMMITTEE**

January 21, 2021

Online Meeting, 12:00 p.m.

---

Members Present:

Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting (OSPB)  
George Hammond, Director, Economic and Business Research Center, University of Arizona  
Alan E. Maguire, President, The Maguire Company  
Lorenzo Martinez, Vice President of Finance and Administration, Arizona Board of Regents  
Elliott D. Pollack, President, Elliott D. Pollack and Company  
Jim Rounds, President, Rounds Consulting Group  
Randie Stein, Director, Stifel, Nicolaus & Company, Inc.  
Mark Swenson, State Treasurer's Office  
Doug Walls, Research Administrator, Arizona Office of Economic Opportunity

The Finance Advisory Committee (FAC) met on January 21, 2021 to update its 4-sector revenue forecast. The FAC is a 12-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) models.

The FAC heard presentations on General Fund revenue collections and spending, the U.S. and Arizona economy, and state cash flows. The JLBC Staff provided members with the FY 2021 – FY 2024 Baseline revenue estimates along with projected ending balance estimates. The JLBC Staff presentation also included a comparison to the Executive revenue forecast.

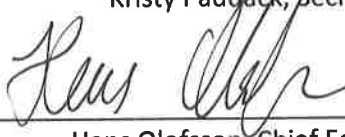
The updated JLBC Staff revenue forecast for the current fiscal year is \$600 million above the amount assumed in the original FY 2021 budget enacted in March 2020. This increase is almost entirely attributable to the deferral of the income tax filing due date from April 15 to July 15, 2020. In percentage terms and after adjusting for the impact of the deferral, the JLBC Staff projected net revenue growth of 4.9% in FY 2021, 3.9% in FY 2022, 4.4% in FY 2023 and 4.3% in FY 2024.

Under the January updated revenue and spending estimates, the FY 2022 ending balance is projected to be \$1.6 billion to \$2.0 billion. The lower end of the range is the 4-sector forecast while the upper end is the JLBC Staff projection. The large projected ending balance is due to a combination of higher-than-anticipated revenue collections since the start of the pandemic and reduced state spending as a result of lower K-12 school enrollment and higher federal Medicaid funding. The January Baseline assumes that \$300 million to \$400 million of the cash balance is available for ongoing initiatives and the remaining \$1.3 billion to \$1.6 billion for one-time purposes.

In addition to the JLBC Staff presentation, panel members heard formal presentations from economist Elliott Pollack of Elliott D. Pollack and Company and Deputy Treasurer Mark Swenson. For additional information, including copies of the presentations provided by the JLBC Staff, Mr. Pollack and Mr. Swenson, please see January FAC meeting packet.

The meeting adjourned at 1:35 p.m.

  
\_\_\_\_\_  
Kristy Paddock, 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.