

## MINUTES OF THE MEETING

### FINANCE ADVISORY COMMITTEE

January 23, 2020

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

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#### Members Present:

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  
Jim Rounds, President, Rounds Consulting Group  
Elaine Smith, Administrator, Office of Economic Research and Analysis, Arizona Department of Revenue  
Mark Swenson, State Treasurer's Office  
Doug Walls, Research Administrator, Arizona Office of Economic Opportunity

The Finance Advisory Committee (FAC) met on January 23, 2020 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 Consensus 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, the U.S. economy, and state cash flows. The JLBC Staff provided members with the [FY 2020 – FY 2023](#) Baseline revenue estimates along with projected ending balance estimates. The JLBC Staff presentation also included a comparison to the Executive revenue forecast.

The January 4-sector forecasted net revenue growth of 3.6% in FY 2020, 4.1% in FY 2021, 3.3% in FY 2022, and 4.1% in FY 2023. (Net revenue includes the impact of previously enacted tax law changes but excludes balance forward, budgeted fund transfers, and urban revenue sharing.) Prior to planning targets, the Baseline has a projected FY 2021 ending balance of slightly more than \$1 billion under the January updated revenue and spending projections. Of this amount, up to \$300 million is available for ongoing initiatives and \$685 million for one-time purposes. Included in this figure is also a set aside of \$50 million as an uncommitted cash balance.

In addition to the JLBC Staff presentation, panel members heard formal presentations from economist Jim Rounds of Rounds Consulting Group and Deputy Treasurer Mark Swenson. The general assessment by presenters and FAC panel members is that while the Arizona economy is currently strong, it could weaken over the next few years owing to the length of the current expansion. Additional information is available on our website at [January FAC Meeting](#).

The meeting adjourned at 1:32 p.m.

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Kristy Paddack, Secretary

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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.