

MINUTES OF THE MEETING

FINANCE ADVISORY COMMITTEE

January 25, 2024

Online Meeting, 12:30 p.m.

Members Present:

George Hammond, Director, Economic and Business Research Center, University of Arizona

Alan E. Maguire, President, The Maguire Company

Rick Merritt, President, Elliott D. Pollock & Company

Doug Walls, Labor Market Information Director, Arizona Office of Economic Opportunity

Mark Swenson, State Treasurer's Office

Randie Stein, Director, Stifel, Nicolaus & Company, Inc.

The Finance Advisory Committee (FAC) met on January 25, 2024 to update its 4-sector revenue forecast. The FAC is a 11-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, the U.S. and Arizona economy, and state cash flows. The JLBC Staff provided members with revised FY 2024 – FY 2027 revenue estimates based on the updated January Baseline revenue forecast. The FY 2024 revenue forecast was solely based on the JLBC Staff's own projection whereas the FY 2025 – FY 2027 revenue estimates were based on the average forecast of the 4 sectors that make up the FAC consensus forecast. The JLBC Staff also included a comparison to the Executive revenue forecast.

Under the updated January Baseline forecast, net General Fund revenue is projected to decline by (3.4)% in FY 2024, followed by a gradual recovery with growth rates of 2.6% in FY 2025, 4.1% in FY 2026, and 4.7% in FY 2027. (Net revenue includes the impact of previously enacted tax reductions, but excludes Urban Revenue Sharing, the beginning balance, and one-time revenue adjustments.)

Under the January updated revenue and spending estimates, the General Fund is projected to have a shortfall of \$(835) million in FY 2024 and \$(879) million in FY 2025, or combined total of \$(1.7) billion. The total budget shortfall solution, however, becomes closer to \$2.2 billion after adjusting for \$369 million in possible "ongoing one-times" and litigation-related one-time spending combined with a \$100 million FY 2025 ending balance.

For more information, please see the JLBC Staff Budget Update slideshow and narrative along with other materials in the [January FAC meeting book](#). A [full video recording](#) of the meeting is also available at the JLBC website.

The meeting adjourned at 1:36 p.m.