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FINANCE ADVISORY COMMITTEE

September 29, 2010

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

Members Present:

Dan Anderson, Assistant Executive Director,
Institutional Analysis, Arizona Board of Regents
John Arnold, Director, Governor's Office of Strategic Planning and Budgeting
Brian Cary, Corporate Economist, Salt River Project
Tracy Clark, Data Integrity Manager, Arizona Department of Transportation
Dean Martin, State Treasurer
Georganna Meyer, Chief Economist, Arizona Department of Revenue
Aruna Murthy, Director of Economic Analysis, Department of Commerce
Jim Rounds, Senior Vice President, Elliott D. Pollack & Co.
Martin Shultz, Vice President of Government Affairs, Pinnacle West Capital Corporation
Randie Stein, Vice President Public Finance Department, Stone & Youngberg
Marshall Vest, Director of Economic and Business Research Center, University of Arizona's
Eller College of Management

At its September 29, 2010 meeting, the Finance Advisory Committee (FAC) heard presentations on General Fund Revenue collections, the U.S. economy, and state cash flows.

JLBC Staff provided members with the latest 4-sector consensus estimates for the "Big 3" revenue collections. The 4-sector consensus estimate is a composite of equally weighted estimates from:

- The University of Arizona Economic and Business Research (EBR) General Fund baseline model;
- The EBR conservative forecast model;
- The FAC panel; and
- JLBC Staff.

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Given the 4-sector consensus forecast, JLBC Staff outlined the latest budget shortfall estimates for FY 2011 and FY 2012. In addition, JLBC Staff outlined budget solutions used to address past budget shortfalls, along with the challenges of addressing future shortfalls due to federal restrictions.

In addition to the JLBC Staff presentation, panel members heard formal presentations from economist Jim Rounds and the State Treasurer, Dean Martin.

The presenters and FAC panelists generally believed that the recession has technically ended in Arizona, but that the recovery is likely to be very gradual and would depend on positive changes in the real estate market, along with an improved employment outlook.

The meeting adjourned at 12:37.

Sandy Schumacher, Secretary

Hans Olofsson, Chief Economist