

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

October 4, 2013

Senate Hearing Room 1, 10:00 a.m.

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Members Present:

Brian Cary, Manager of Forecasting, Research, and Economic Development, Salt River Project  
Tracy L. Clark, Data Integrity Manager, Arizona Department of Transportation  
Doug Ducey, State Treasurer  
George W. Hammond, Associate Director, Economic and Business Research Center, Eller College of Management, University of Arizona  
John C. Lucking, President, ECON-LINC.  
Georganna Meyer, Chief Economist, Arizona Department of Revenue  
Aruna Murthy, Director of Economic Analysis, Arizona Department of Administration  
Jim Rounds, Senior Vice-President, Elliott D. Pollack and Company  
Martin Shultz, Senior Policy Director, Brownstein Hyatt Farber Schreck  
Marshall Vest, Director, Economic and Business Research Center, University of Arizona's Eller College of Management

The Finance Advisory Committee (FAC) met on October 4, 2013 to update its 4-sector revenue forecast. The FAC is a 15-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 Consensus forecast provides a perspective on base revenue, which reflects underlying economic conditions and does not include factors such as tax law changes and Urban Revenue Sharing.

The JLBC Staff provided the FAC with a presentation on updated FY 2014 – FY 2017 budget projections, with the key points of the presentation summarized below:

- The state ended FY 2013 with \$201 million more in the ending balance than budgeted.
- Year-to-date FY 2014 revenue growth has been slightly below forecast.
- Using the 4-sector forecast, revenues are projected to grow by 5.3% to 5.5% annually between FY 2015 and FY 2017.
- Under these assumptions, the state would gradually spend down the significant accumulated General Fund balance, as ongoing spending is expected to exceed ongoing revenue through FY 2017.
- The projected FY 2015 ending balance is \$163 million. General Fund shortfalls would begin in FY 2016, with a projected ending balance of \$(202) million. Excluding the FY 2016 shortfall, the FY 2017 ending balance is estimated to be \$(303) million. The ending balance estimates exclude the \$454 million Rainy Day Fund.

The FAC also heard presentations on the current status of the U.S. economy and state cash flows.

You will find more information on our website at [October FAC Meeting](#).

The meeting adjourned at 11:30 a.m.

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Kristy Paddack, Secretary

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Hans Olofsson, Chief Economist