

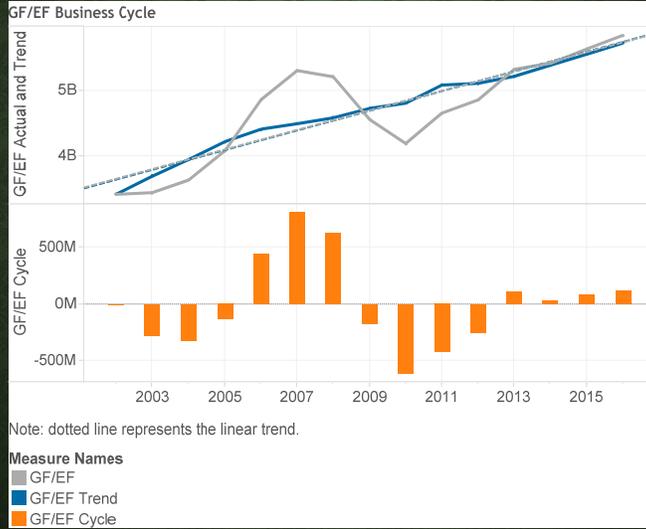
REVENUE VOLATILITY & REVENUE BUSINESS CYCLE COMPONENTS



FORECAST AMOUNT @ RISK

Time Horizon	GF Forecast Error	EF Forecast Error	FY 2015 GF Amount @ Risk (Millions)	FY 2015 EF Amount @ Risk (Millions)	Total FY 2015 @ Risk (Millions)	FY 2016 GF Amount @ Risk (Millions)	FY 2016 EF Amount @ Risk (Millions)	Total FY 2016 @ Risk (Millions)
Consensus Time Horizon (FY 2015 & FY 2016)								
6 Months	2.2%	2.6%	\$49	\$89	\$138			
18 Months	9%	11%				\$208	\$389	\$597

BUSINESS CYCLE OF REVENUE

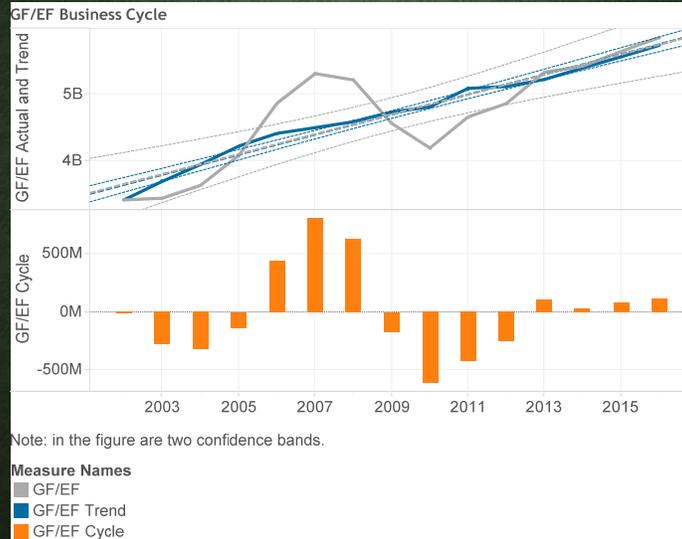


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BUSINESS CYCLE RANGES

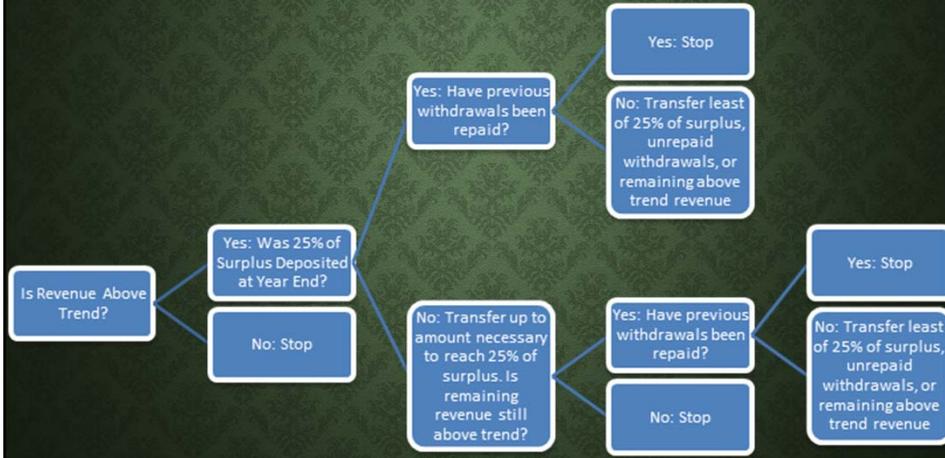


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DEPOSIT RULE TO PAY BACK DEBT

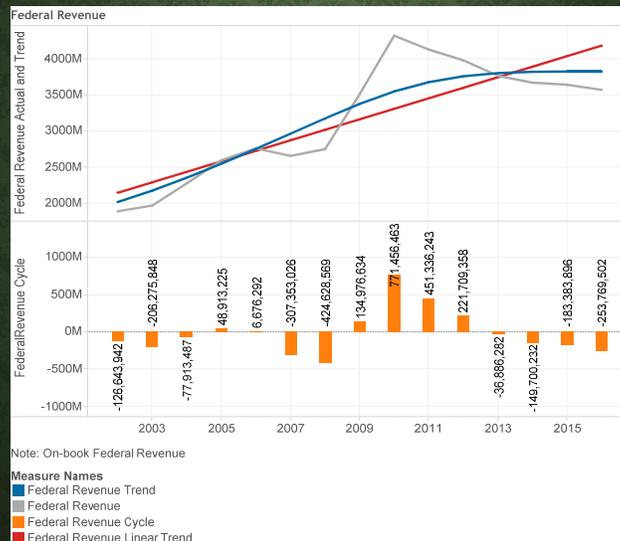


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FEDERAL FUNDS @ RISK



Note: On-book Federal Revenue
 Measure Names
 Federal Revenue Trend
 Federal Revenue Cycle
 Federal Revenue Linear Trend

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RECOMMENDATIONS

- Revenue volatility is increasing.
 - The FY 2016 General Fund forecast error is 9%;
 - The FY 2016 Education Fund forecast error is 11%.
- The 9%/11% are higher than the current caps of 8%/9%.
- The above-trend General Fund/Education Fund revenue amount is \$116 million (\$58.4 EF/\$58.0 GF)
- Legislators may want to repay rainy day fund debt prospectively with above-trend revenue growth