

OFFICE OF THE
**LEGISLATIVE
FISCAL
ANALYST**

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MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Maddy Oritt and Andrea Wilko
DATE: December 2, 2021
SUBJECT: Economic Indicators Update

For Item 4 on your agenda, we will be providing you three updates:

1. FY 2022 and FY 2023 Revenue Estimates. We will distribute the estimates at the meeting.
2. Current Revenue Estimates Compared to Long Term Trends. We will distribute a joint LFA/GOPB Revenue Business Cycle Report at the meeting.
3. Long Term Budget for Programs Appropriated from Major Funds. [UCA 36-12-13\(e\)\(iii\)](#) requires the Office of the Legislative Fiscal Analyst, repeating every three years, to prepare the following cycle of analyses of long-term fiscal sustainability:
 - a) In year one, a joint revenue volatility report required under [UCA 63J-1-205](#);
 - b) In year two; a long-term budget for programs appropriated from major funds and tax types; and
 - c) In year three, a budget stress test comparing estimated future revenue to and expenditure from major funds and tax types under various potential economic conditions.

At the meeting we will present a long-term budget as required in year two of the cycle. The forecast we will be presenting utilizes ARIMA statistical models to forecast revenues and expenditures from historical data.

The Utah Legislature has always been forward thinking and acting. For this reason, Utah is in better fiscal shape than most states. However, lawmakers face many of the same challenges as other states. Of particular concern are rising construction costs, population growth, a changing and aging workforce, and increased health costs for both state employees and Medicaid populations.

Because of these pressures, lawmakers need quality information about the impact of their budget decisions. By considering the long-term implications of budget decisions, states can cope with economic volatility, and potentially make government more efficient. A multi-year perspective can also help legislators utilize the best tools available during economic downturns.

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