

## **Oregon's Council of Revenue Forecast Advisors: The Costs & Benefits of Forming a Review Committee**

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## **Assigned Work to Office of Economic Analysis (OEA)**

- Population forecasts for state and counties
- Oregon Population Survey
- Prison inmates forecast
- Lottery revenues forecast
- Manage Highway Cost Allocation Study
- Quarterly Economic Forecast
- Quarterly General Fund Revenue Forecast

## Economic and General Fund Revenue Forecast Review Committees

- Review Committees for the past 18 years
  - Department of Administrative Services Economic Advisory Committee
    - ◆ 15 members from State and Local Government Agencies
  - Governor's Council of Economic Advisors
    - ◆ 12 members from Academia, Finance, Utilities, and Industry

## Economic and General Fund Revenue Forecast Review Committees

- Committees Charge:
  - Governor's Council meets twice a quarter; Dept. of Administrative Services meets once a quarter
  - Review national forecast and preliminary economic forecast
  - Provide sounding board for policy issues

## Call from Legislators for a New Review Committee

- Drastic drop in revenues relative to biennium forecast causes concerns
- 5 special sessions as revenues continued to drop below forecast
- House and Senate bills to create The Revenue Forecast Board

## Call from Legislators for a New Review Committee

- The Revenue Forecast Board
  - 4 appointed members
    - ◆ 1 from Governor's Office
    - ◆ 1 from Treasury Dept.
    - ◆ 1 from Senate President
    - ◆ 1 from Speaker of the House
  - Recommend to Governor candidates for State Economist
  - Appoint members to Council of Revenue Forecast Advisors
  - Receive the Quarterly Economic and Revenue Forecast

## Formation of Council of Revenue Forecast Advisors

- Why was this committee not formed before?
  - Timing – difficult to fit in between availability of data (national forecast and personal income) and publication to printer deadlines.
  - Confidentiality – Council meetings might be required to be open to the public.
  - Draft preliminary numbers that seem to never go away

## Steps to form Council of Revenue Forecast Advisors

- Enlisted Governor's Office to form Council by Executive Order before passage of bills.
- Asked Governor's Council of Economic Advisors to join new Council and/or recommend members
- Contacted Oregon Society of CPA's to recommend members
- Post forecast on the web instead of sending publication one week ahead to printer – gain one week for analysis and fit in meeting with Council

## Council of Revenue Forecast Advisors

- 13 members representing:
  - 4 members from the Governor's Council of Economic Advisors
  - 7 members consisting of CPA's and Financial Planners for business and households
  - 1 member from the Legislative Revenue Office (estimate revenue impacts from legislation)
  - 1 member from the Oregon Dept. of Revenue

## Costs and Benefits

- Costs:
  - With the New Council, every quarterly forecast has 4 formal reviews
  - Organizational costs – meeting dates, meeting place, notices, donuts,...
  - Confidentiality – Governor and Legislators want to be first to know the forecast, especially before the press
  - Personal Agendas of Council members

## Costs and Benefits

### ➤ Benefits:

- Personal income taxes are around 85% of General Fund revenues – real time info on capital gains (and loss carry-forward), estimated payments, general business climate.
- Adds credibility to forecast
- Further engages the Governor's Council of Economic Advisors

## For more information...

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