

Consensus Revenue Agreement

Executive Summary

January 14, 2011

Economic and Revenue Forecasts

Fiscal Years 2011 and 2012



Principals

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Table 1
Consensus Economic Forecast

January 2011

	Calendar 2009 Actual	Calendar 2010 Forecast	Percent Change from Prior Year	Calendar 2011 Forecast	Percent Change from Prior Year	Calendar 2012 Forecast	Percent Change from Prior Year
United States							
Real Gross Domestic Product (Billions of Chained 2005 Dollars)	\$12,881	\$13,241	2.8%	\$13,612	2.8%	\$13,980	2.7%
Implicit Price Deflator GDP (2005 = 100)	109.6	110.6	0.9%	111.7	1.0%	112.9	1.1%
Consumer Price Index (1982-84 = 100)	214.5	217.9	1.6%	221.2	1.5%	225.2	1.8%
Consumer Price Index - Fiscal Year (1982-84 = 100)	213.8	217.4	1.7%	220.7	1.5%	224.5	1.7%
3-month Treasury Bills Interest Rate (percent)	0.2	0.1		0.2		0.2	
Aaa Corporate Bonds Interest Rate (percent)	5.3	4.9		4.9		4.9	
Unemployment Rate - Civilian (percent)	9.3	9.6		9.5		9.2	
Wage and Salary Employment (millions)	130.920	130.262	-0.5%	131.830	1.2%	133.940	1.6%
Housing Starts (millions of starts)	0.554	0.590	6.5%	0.700	18.6%	0.940	34.3%
Light Vehicle Sales (millions of units)	10.4	11.5	10.6%	12.9	12.2%	14.5	12.4%
Passenger Car Sales (millions of units)	5.5	5.7	3.6%	6.4	12.3%	7.4	15.6%
Light Truck Sales (millions of units)	4.9	5.8	18.4%	6.5	12.1%	7.1	9.2%
Big 3 Share of Light Vehicles (percent)	43.4	44.2		43.9		43.8	
Michigan							
Wage and Salary Employment (thousands)	3,876	3,842	-0.9%	3,850	0.2%	3,896	1.2%
Unemployment Rate (percent)	13.6	13.4		12.3		11.5	
Personal Income (millions of dollars)	\$342,303	\$350,518	2.4%	\$359,982	2.7%	\$371,862	3.3%
Real Personal Income (millions of 1982-84 dollars)	\$168,208	\$170,878	1.6%	\$173,235	1.4%	\$175,988	1.6%
Wages and Salaries (millions of dollars)	\$170,711	\$173,101	1.4%	\$177,602	2.6%	\$182,930	3.0%
Detroit Consumer Price Index (1982-84 = 100)	203.5	205.1	0.8%	207.8	1.3%	211.3	1.7%
Detroit CPI Fiscal Year (1982-84 = 100)	202.6	204.7	1.0%	207.3	1.2%	210.4	1.5%

Table 2
January 2011 Consensus Forecast
(millions)

Net Revenue Estimates

	FY 2010			FY 2011			FY 2012	
	May 2010 Consensus	Prelim Final	Change From May	May 2010 Consensus	Jan 2011 Consensus	Change From May	Jan 2011 Consensus	Change From FY 2011
Net GF-GP Revenue	\$6,654.9	\$6,785.2	\$130.3	\$7,096.7	\$7,227.8	\$131.2	\$7,294.1	\$66.3
Growth	-9.6%	-7.9%		6.6%	6.5%		0.9%	
Net SAF Revenue	\$10,749.9	\$10,816.9	\$67.0	\$10,832.9	\$10,979.1	\$146.2	\$11,193.7	\$214.6
Growth	-1.6%	-1.0%		0.8%	1.5%		2.0%	
Combined GF-GP/SAF	\$17,404.9	\$17,602.1	\$197.2	\$17,929.6	\$18,206.9	\$277.3	\$18,487.8	\$280.9
Growth	-4.8%	-3.7%		3.0%	3.4%		1.5%	

Revenue Limit Calculation

	Actual FY 2009	FY 2010	FY 2011	FY 2012
Personal Income	\$345,885	\$349,612	\$339,219	\$350,518
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$32,824.5	\$33,178.2	\$32,191.9	\$33,264.2
Revenue Subject to Limit	\$24,838.6	\$24,263.7	\$25,065.6	\$25,547.4
Amount Under (Over) Limit	\$7,985.9	\$8,914.5	\$7,126.3	\$7,716.7

Note: CY 2007 Personal Income is used for the FY 2009 revenue limit calculation, CY 2008 for FY 2010, CY 2009 for FY 2011 and CY 2010 for FY 2012.

Budget Stabilization Fund Calculation

FY 2011 Calculations - Pay-In	\$7.2
FY 2012 Calculations	NO PAY-IN OR PAY-OUT

School Aid Index

Revenue Adjustment Factor	<u>1.0163</u>
Pupil Membership Factor	<u>1.0134</u>
School Aid Index	1.0299