

Consensus Revenue Agreement

Executive Summary

May 16, 2008

Economic and Revenue Forecasts

Fiscal Years 2008 and 2009



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Table 1
Consensus Economic Forecast

May 2008

	Calendar 2006 Actual	Calendar 2007 Actual	Percent Change from Prior Year	Calendar 2008 Forecast	Percent Change from Prior Year	Calendar 2009 Forecast	Percent Change from Prior Year
United States							
Real Gross Domestic Product (Billions of Chained 2000 Dollars)	\$11,319	\$11,567	2.2%	\$11,694	1.1%	\$11,904	1.8%
Implicit Price Deflator GDP (2000 = 100)	116.6	119.7	2.7%	122.5	2.4%	125.9	2.8%
Consumer Price Index (1982-84 = 100)	201.6	207.3	2.8%	215.8	4.1%	222.1	2.9%
Personal Consumption Deflator (2000 = 100)	114.7	117.6	2.5%	121.5	3.3%	124.3	2.3%
3-month Treasury Bills Interest Rate (percent)	4.7	4.4		1.6		1.8	
Aaa Corporate Bonds Interest Rate (percent)	5.6	5.6		5.1		4.6	
Unemployment Rate - Civilian (percent)	4.6	4.6		5.3		5.8	
Light Vehicle Sales (millions of units)	16.5	16.1	-2.4%	14.9	-7.5%	15.0	0.7%
Passenger Car Sales (millions of units)	7.8	7.6	-2.4%	7.2	-5.2%	7.3	1.4%
Light Truck Sales (millions of units)	8.7	8.5	-2.4%	7.7	-9.6%	7.7	0.0%
Import Share of Light Vehicles (percent)	22.4	23.3		24.0		25.0	
Michigan							
Wage and Salary Employment (thousands)	4,327	4,262	-1.5%	4,185	-1.8%	4,123	-1.5%
Unemployment Rate (percent)	6.9	7.2		7.6		8.3	
Personal Income (millions of dollars)	\$341,337	\$353,376	3.5%	\$358,324	1.4%	\$365,132	1.9%
Real Personal Income (millions of 1982-84 dollars)	\$173,620	\$176,574	1.7%	\$174,028	-1.4%	\$173,048	-0.6%
Wages and Salaries (millions of dollars)	\$185,169	\$189,019	2.1%	\$189,208	0.1%	\$190,532	0.7%
Detroit Consumer Price Index (1982-84 = 100)	196.6	200.1	1.8%	205.9	2.9%	211.0	2.5%
Detroit CPI Fiscal Year (1982-84 = 100)	195.9	199.0	1.6%	204.4	2.7%	209.7	2.6%

Table 2
May 2008 Consensus Forecast
(millions)

	Net Revenue Estimates						
	<u>FY 2007</u>	<u>FY 2008</u>			<u>FY 2009</u>		
	<u>Final</u>	<u>Jan 2008 Consensus</u>	<u>May 2008 Consensus</u>	<u>Change From January</u>	<u>Jan 2008 Consensus</u>	<u>May 2008 Consensus</u>	<u>Change From January</u>
Net GF-GP Revenue	\$8,318.5	\$9,246.5	\$9,164.1	(\$82.4)	\$9,193.7	\$8,884.6	(\$309.1)
Growth	0.6%	11.2%	10.2%		-0.6%	-3.0%	
Net SAF Revenue	\$11,153.1	\$11,353.1	\$11,375.0	\$21.9	\$11,870.6	\$11,707.4	(\$163.2)
Growth	0.6%	1.8%	2.0%		4.6%	2.9%	
Combined GF-GP/SAF	\$19,471.6	\$20,599.7	\$20,539.1	(\$60.6)	\$21,064.3	\$20,592.0	(\$472.3)
Growth	0.6%	5.8%	5.5%		2.3%	0.3%	

Revenue Limit Calculation			
	<u>Actual FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Personal Income	\$331,304	\$341,075	\$353,376
Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$31,440.7	\$32,368.0	\$33,535.4
Revenue Subject to Limit	\$26,118.4	\$27,390.5	\$27,606.3
<u>Amount Under (Over) Limit</u>	\$5,322.4	\$4,977.5	\$5,929.1

Note: CY 2005 Personal Income is used for the FY 2007 revenue limit calculation, CY 2006 for FY 2008, and CY 2007 for FY 2009.

Budget Stabilization Fund Calculation		School Aid Index	
FY 2008 Calculated Withdrawal	(\$146.6)	Revenue Adjustment Factor	<u>0.9970</u>
FY 2009 Calculated Withdrawal	(\$133.3)	Pupil Membership Factor	<u>1.0161</u>
		School Aid Index	<u>1.0131</u>