

Consensus Revenue Agreement Executive Summary January 11, 2008

Economic and Revenue Forecasts Fiscal Years 2008 and 2009



Principals

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Table 1
Consensus Economic Forecast

January 2008

	Calendar 2006 Actual	Calendar 2007 Forecast	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	\$11,568	2.2%	\$11,776	1.8%	\$12,082	2.6%
Implicit Price Deflator GDP (2000 = 100)	116.6	120.0	2.6%	122.6	2.2%	125.8	2.6%
Consumer Price Index (1982-84 = 100)	201.6	207.2	2.8%	213.0	2.8%	218.3	2.5%
Personal Consumption Deflator (2000 = 100)	114.7	117.5	2.5%	120.2	2.3%	122.6	2.0%
3-month Treasury Bills Interest Rate (percent)	4.7	4.4		3.5		4.0	
10 year Treasury Bills Interest Rate (percent)	4.8	4.7		4.4		4.8	
Aaa Corporate Bonds Interest Rate (percent)	5.6	5.6		5.5		5.8	
Unemployment Rate - Civilian (percent)	4.6	4.6		5.1		5.3	
Light Vehicle Sales (millions of units)	16.5	16.1	-2.5%	15.7	-2.5%	16.0	1.9%
Passenger Car Sales (millions of units)	7.8	7.5	-3.6%	7.4	-1.3%	7.5	1.4%
Light Truck Sales (millions of units)	8.7	8.6	-1.4%	8.3	-3.5%	8.5	2.4%
Import Share of Light Vehicles (percent)	22.4	23.6		24.3		24.5	
Michigan							
Wage and Salary Employment (thousands)	4,341	4,280	-1.4%	4,199	-1.9%	4,165	-0.8%
Unemployment Rate (percent)	6.9	7.2		8.2		8.7	
Personal Income (millions of dollars)	\$341,075	\$352,672	3.4%	\$357,256	1.3%	\$367,260	2.8%
Real Personal Income (millions of 1982-84 dollars)	\$173,487	\$175,896	1.4%	\$173,847	-1.2%	\$174,719	0.5%
Wages and Salaries (millions of dollars)	\$185,173	\$189,062	2.1%	\$187,739	-0.7%	\$190,367	1.4%
Detroit Consumer Price Index (1982-84 = 100)	196.6	200.5	2.0%	205.5	2.5%	210.2	2.3%
Detroit CPI Fiscal Year (1982-84 = 100)	195.9	199.0	1.6%	204.2	2.6%	208.9	2.3%

Table 2
January 2008 Consensus Agreement
(millions)

Net Revenue Estimates

	FY 2007			FY 2008			FY 2009	
	Adjusted May 2007 Consensus	Final	Change From May	Adjusted May 2007 Consensus	Jan 2008 Consensus	Change From May	Jan 2008 Consensus	Additional Revenue Over FY 2008
Net GF-GP Revenue	\$8,184.3	\$8,317.7	\$133.3	\$9,480.7	\$9,246.5	(\$234.1)	\$9,193.7	(\$52.8)
Growth	1.0%	0.6%		15.8%	11.2%		-0.6%	
Net SAF Revenue	\$11,077.2	\$11,153.1	\$76.0	\$11,488.9	\$11,353.1	(\$135.8)	\$11,870.6	\$517.5
Growth	-0.9%	0.6%		3.7%	1.8%		4.6%	
Combined GF-GP/SAF	\$19,261.5	\$19,470.8	\$209.3	\$20,969.6	\$20,599.7	(\$369.9)	\$21,064.3	\$464.6
Growth	-0.1%	0.6%		7.7%	5.8%		2.3%	

Revenue Limit Calculation

	FY 2007	FY 2008	FY 2009
Personal Income	\$331,304	\$341,075	\$351,648
Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$31,440.8	\$32,368.0	\$33,371.4
Revenue Subject to Limit	\$25,995.4	\$27,300.6	\$27,923.5
Amount Under (Over) Limit	\$5,445.4	\$5,067.4	\$5,447.9

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

FY 2008 Calculated Withdrawal	(\$175.7)
FY 2009 Calculated Withdrawal	(\$27.6)

Revenue Adjustment Factor

Revenue Adjustment Factor	<u>1.0054</u>
Pupil Membership Factor	<u>1.0155</u>
School Aid Index	<u>1.0210</u>