

Consensus Revenue Agreement

Executive Summary

May 21, 2010

Economic and Revenue Forecasts

Fiscal Years 2010 and 2011



Principals

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Table 1
Consensus Economic Forecast

May 2010

	Calendar 2008 Actual	Calendar 2009 Actual	Percent Change from Prior Year	Calendar 2010 Forecast	Percent Change from Prior Year	Calendar 2011 Forecast	Percent Change from Prior Year
United States							
Real Gross Domestic Product (Billions of Chained 2005 Dollars)	\$13,312	\$12,987	-2.4%	\$13,390	3.1%	\$13,778	2.9%
Implicit Price Deflator GDP (2005 = 100)	108.5	109.8	1.2%	110.7	0.8%	112.2	1.4%
Consumer Price Index (1982-84 = 100)	215.3	214.5	-0.4%	219.0	2.1%	223.2	1.9%
Consumer Price Index - Fiscal Year (1982-84 = 100)	214.5	213.8	-0.3%	218.3	2.1%	222.0	1.7%
Personal Consumption Deflator (2005 = 100)	109.0	109.2	0.2%	111.1	1.7%	112.8	1.5%
3-month Treasury Bills Interest Rate (percent)	1.4	0.2		0.3		1.2	
Aaa Corporate Bonds Interest Rate (percent)	5.6	5.3		5.3		5.4	
Unemployment Rate - Civilian (percent)	5.8	9.3		9.6		9.3	
Housing Starts (millions of starts)	0.906	0.554	-38.8%	0.675	21.8%	1.115	65.2%
Light Vehicle Sales (millions of units)	13.2	10.4	-21.2%	11.7	12.5%	13.3	13.7%
Passenger Car Sales (millions of units)	6.8	5.5	-19.1%	6.1	10.9%	6.9	13.1%
Light Truck Sales (millions of units)	6.4	4.9	-23.4%	5.6	14.3%	6.4	14.3%
Import Share of Light Vehicles (percent)	25.6	26.2		24.1		24.7	
Michigan							
Wage and Salary Employment (thousands)	4,162	3,876	-6.9%	3,830	-1.2%	3,830	0.0%
Unemployment Rate (percent)	8.3	13.6		14.1		13.7	
Personal Income (millions of dollars)	\$349,612	\$339,219	-3.0%	\$343,289	1.2%	\$352,215	2.6%
Real Personal Income (millions of 1982-84 dollars)	\$170,752	\$166,696	-2.4%	\$165,840	-0.5%	\$167,482	1.0%
Wages and Salaries (millions of dollars)	\$186,197	\$170,376	-8.5%	\$169,865	-0.3%	\$172,923	1.8%
Detroit Consumer Price Index (1982-84 = 100)	204.7	203.5	-0.6%	207.0	1.7%	210.3	1.6%
Detroit CPI Fiscal Year (1982-84 = 100)	204.6	202.8	-0.9%	206.5	1.8%	209.6	1.5%

Table 2
May 2010 Consensus Forecast
(millions)

	Net Revenue Estimates						
	<u>FY 2009</u>	<u>FY 2010</u>			<u>FY 2011</u>		
	<u>Actual</u>	<u>Jan 2010 Consensus</u>	<u>May 2010 Consensus</u>	<u>Change From January</u>	<u>Jan 2010 Consensus</u>	<u>May 2010 Consensus</u>	<u>Change From January</u>
Net GF-GP Revenue	\$7,365.6	\$6,898.4	\$6,654.9	(\$243.5)	\$6,968.4	\$7,096.7	\$128.3
Growth	-21.3%	-6.3%	-9.6%		1.0%	6.6%	
Net SAF Revenue	\$10,922.2	\$10,458.1	\$10,749.9	\$291.8	\$10,480.5	\$10,832.9	\$352.4
Growth	-5.1%	-4.2%	-1.6%		0.2%	0.8%	
Combined GF-GP/SAF	\$18,287.8	\$17,356.5	\$17,404.8	\$48.3	\$17,448.9	\$17,929.6	\$480.7
Growth	-12.4%	-5.1%	-4.8%		0.5%	3.0%	

Revenue Limit Calculation				
	<u>Actual FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Personal Income	\$341,075	\$345,885	\$349,612	\$339,219
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$32,368.0	\$32,824.5	\$33,178.2	\$32,191.9
Revenue Subject to Limit	\$27,716.3	\$25,105.8	\$24,333.1	\$25,052.3
<u>Amount Under (Over) Limit</u>	\$4,651.7	\$7,718.7	\$8,845.1	\$7,139.6

Note: CY 2006 Personal Income is used for the FY 2008 revenue limit calculation, CY 2007 for FY 2009, CY 2008 for FY 2010 and CY 2009 for FY 2011.

Budget Stabilization Fund Calculation		School Aid Index	
FY 2010 Calculations	(\$6.7)	Revenue Adjustment Factor	<u>FY 2011</u> 0.9954
FY 2011 Calculations	NO PAY-IN OR PAY-OUT	Pupil Membership Factor	1.0114
		School Aid Index	1.0067