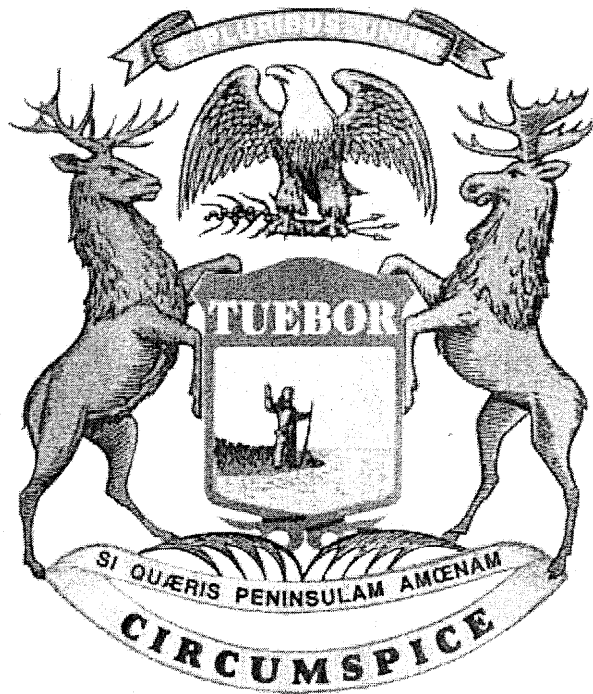


# **Consensus Revenue Agreement**

## **Executive Summary**

**May 21, 2010**

**Economic and Revenue Forecasts**  
**Fiscal Years 2010 and 2011**



### Principals

**Gary Olson, Director**  
**Senate Fiscal Agency**

**Mitch Bean, Director**  
**House Fiscal Agency**

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### Staff

**Eric Scorsone**  
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**Michigan Department of Treasury**

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

Revenue Limit Calculation	
Actual	FY 2011
Personal Income Ratio	\$339,219 9.49%
Revenue Limit	\$32,191.9
Revenue Subject to Limit	\$25,052.3
<b>Amount Under (Over) Limit</b>	<b>\$7,139.6</b>

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	Revenue Adjustment Factor
FY 2011 Calculations	Pupil Membership Factor
	School Aid Index
	FY 2011
	0.9954
	1.0114
	1.0067

