

**Consensus Revenue Agreement
Executive Summary
May 16, 2012**

**Economic and Revenue Forecasts
Fiscal Years 2012, 2013 and 2014**



Principals

**Ellen Jeffries, Director
Senate Fiscal Agency**

**Mary Ann Cleary, Director
House Fiscal Agency**

**Andy Dillon, State Treasurer
Michigan Department of Treasury**

Staff

**David Zin
Senate Fiscal Agency**

**Rebecca Ross
House Fiscal Agency**

**Jay Wortley
Michigan Department of Treasury**

Table 1
Consensus Economic Forecast

May 2012

	Calendar 2011 Actual	Percent Change from Prior Year	Calendar 2012 Forecast	Percent Change from Prior Year	Calendar 2013 Forecast	Percent Change from Prior Year	Calendar 2014 Forecast	Percent Change from Prior Year
United States								
Real Gross Domestic Product (Billions of Chained 2005 Dollars)	13,315	1.7%	\$13,608	2.2%	\$13,948	2.5%	\$14,352	2.9%
Implicit Price Deflator GDP (2005 = 100)	113.3	2.1%	115.1	1.6%	117.3	1.9%	119.5	1.9%
Consumer Price Index (1982-84 = 100)	224.939	3.2%	230.039	2.3%	234.589	2.0%	239.573	2.1%
Consumer Price Index - Fiscal Year (1982-84 = 100)	223.137	2.7%	228.732	2.5%	233.370	2.0%	238.194	2.1%
Personal Consumption Deflator (2005 = 100)	113.9	2.5%	116.1	1.9%	118.0	1.6%	120.0	1.7%
3-month Treasury Bills Interest Rate (percent)	0.1		0.1		0.2		0.2	
Aaa Corporate Bonds Interest Rate (percent)	4.6		4.0		4.1		4.3	
Unemployment Rate - Civilian (percent)	8.9		8.1		7.7		7.4	
Wage and Salary Employment (millions)	131.359	1.1%	133.460	1.6%	135.460	1.5%	137.760	1.7%
Housing Starts (millions of starts)	0.611	4.1%	0.740	21.1%	0.952	28.6%	1.190	25.0%
Light Vehicle Sales (millions of units)	12.7	9.5%	14.4	13.4%	15.1	4.9%	15.6	3.3%
Passenger Car Sales (millions of units)	6.2	8.8%	7.4	19.4%	7.5	1.4%	7.7	2.7%
Light Truck Sales (millions of units)	6.5	12.1%	7.0	7.7%	7.6	8.6%	7.9	3.9%
Big 3 Share of Light Vehicles (percent)	46.2		45.0		44.9		44.7	
Michigan								
Wage and Salary Employment (thousands)	3,936	1.9%	3,999	1.6%	4,043	1.1%	4,091	1.2%
Unemployment Rate (percent)	10.3		8.5		8.0		7.6	
Personal Income (millions of dollars)	\$360,806	5.2%	\$371,630	3.0%	\$381,293	2.6%	\$397,307	4.2%
Real Personal Income (millions of 1982-84 dollars)	\$170,384	1.9%	\$171,080	0.4%	\$172,239	0.7%	\$175,750	2.0%
Wages and Salaries (millions of dollars)	\$182,600	5.2%	\$189,539	3.8%	\$196,552	3.7%	\$203,431	3.5%
Detroit Consumer Price Index (1982-84 = 100)	211.760	3.3%	217.226	2.6%	221.374	1.9%	226.064	2.1%

Table 2
May 2012 Consensus Forecast
(millions)

Net Revenue Estimates									
	FY 2012		FY 2013		FY 2014		FY 2014		
	Jan Consensus	May 2012 Consensus	Jan Consensus	May 2012 Consensus	Jan Consensus	May 2012 Consensus	Jan Consensus	May 2012 Consensus	Change From Jan
Net GF-GP Revenue	\$9,030.5	\$9,064.4	\$9,034.6	\$8,969.9	\$9,236.0	\$9,259.0	\$9,236.0	\$9,259.0	\$23.0
Growth	2.5%	2.9%	0.0%	-1.0%	2.2%	3.2%	2.2%	3.2%	
Net SAF Revenue	\$10,763.6	\$10,876.1	\$11,055.0	\$11,169.5	\$11,359.5	\$11,471.4	\$11,359.5	\$11,471.4	\$111.9
Growth	-4.3%	-3.3%	2.7%	2.7%	2.8%	2.7%	2.8%	2.7%	
Combined GF-GP/SAF	\$19,794.1	\$19,940.5	\$20,089.6	\$20,139.3	\$20,595.5	\$20,730.4	\$20,595.5	\$20,730.4	\$134.9
Growth	-1.3%	-0.6%	1.5%	1.0%	2.5%	2.9%	2.5%	2.9%	
Revenue Limit Calculation									
	FY 2011	FY 2012	FY 2013	FY 2014					
Personal Income	\$342,302	\$342,663	\$360,482	\$371,630					
Ratio	9.49%	9.49%	9.49%	9.49%					
Revenue Limit	\$32,484.5	\$32,518.7	\$34,209.7	\$35,267.7					
Revenue Subject to Limit	\$26,333.5	\$26,512.3	\$26,908.5	\$27,727.4					
Amount Under (Over) Limit	\$6,151.0	\$6,006.4	\$7,301.2	\$7,540.3					
Note: CY 2009 Personal Income is used for the FY 2011 revenue limit calculation, CY 2010 for FY 2012, CY 2011 for FY 2013, and CY 2012 for FY 2014.									
Long Term Revenue Trend									
	FY 2015	FY 2016							
Net GF-GP Revenue	\$9,546.5	\$9,944.7							
Growth	3.1%	4.2%							
Net SAF Revenue	\$11,770.9	\$12,089.3							
Growth	2.6%	2.7%							
Combined GF-GP/SAF	\$21,317.4	\$22,034.0							
Growth	2.8%	3.4%							
Budget Stabilization Fund Calculation									
FY 2012 Calculations	NO PAY-IN OR PAY-OUT				Revenue Adjustment Factor				
FY 2013 Calculations	NO PAY-IN OR PAY-OUT				Pupil Membership Factor				
FY 2014 Calculations	NO PAY-IN OR PAY-OUT				School Aid Index				
					FY 2013	FY 2014			
					1.0288	1.0258			
					1.0069	0.9990			
					1.0359	1.0248			