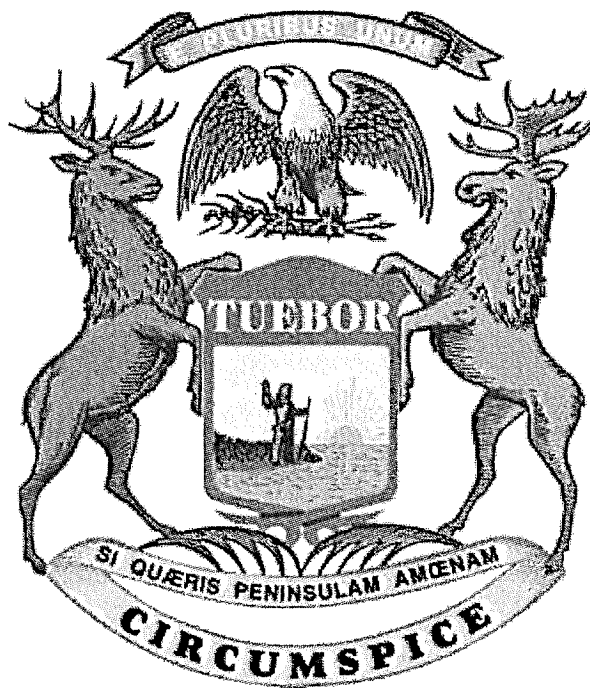


Consensus Revenue Agreement Executive Summary

May 15, 2015

**Economic and Revenue Forecasts
Fiscal Years 2015, 2016 and 2017**



Principals

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Table 1
Consensus Economic Forecast

May 2015

| | Calendar 2013 Actual | Calendar 2014 Forecast | Percent Change from Prior Year | Calendar 2015 Forecast | Percent Change from Prior Year | Calendar 2016 Forecast | Percent Change from Prior Year | Calendar 2017 Forecast | Percent Change from Prior Year |
|---|----------------------------|------------------------------|---|------------------------------|---|------------------------------|---|------------------------------|---|
| United States | | | | | | | | | |
| Real Gross Domestic Product (Billions of Chained 2009 Dollars) | \$15,710 | \$16,086 | 2.4% | \$16,472 | 2.4% | \$16,933 | 2.8% | \$17,424 | 2.9% |
| Implicit Price Deflator GDP (2009 = 100) | 106.7 | 108.3 | 1.5% | 109.5 | 1.1% | 111.3 | 1.6% | 113.3 | 1.8% |
| Consumer Price Index (1982-84 = 100) | 232.957 | 236.736 | 1.6% | 237.165 | 0.2% | 241.859 | 2.0% | 247.193 | 2.2% |
| Consumer Price Index - Fiscal Year (1982-84 = 100) | 232.247 | 236.009 | 1.6% | 236.761 | 0.3% | 240.676 | 1.7% | 245.853 | 2.2% |
| Personal Consumption Deflator (2009 = 100) | 107.3 | 108.7 | 1.3% | 109.0 | 0.3% | 110.6 | 1.5% | 112.5 | 1.7% |
| 3-month Treasury Bills Interest Rate (percent) | 0.1 | 0.03 | | 0.2 | | 1.2 | | 2.1 | |
| Aaa Corporate Bonds Interest Rate (percent) | 4.2 | 4.2 | | 3.8 | | 4.2 | | 4.5 | |
| Unemployment Rate - Civilian (percent) | 7.4 | 6.2 | | 5.4 | | 5.2 | | 5.1 | |
| Wage and Salary Employment (millions) | 136.393 | 139.042 | 1.9% | 141.820 | 2.0% | 143.950 | 1.5% | 145.970 | 1.4% |
| Housing Starts (millions of starts) | 0.925 | 1.001 | 8.2% | 1.143 | 14.2% | 1.320 | 15.5% | 1.450 | 9.8% |
| Light Vehicle Sales (millions of units) | 15.5 | 16.4 | 5.8% | 16.9 | 3.0% | 17.1 | 1.2% | 17.1 | 0.0% |
| Passenger Car Sales (millions of units) | 7.6 | 7.7 | 1.1% | 7.7 | 0.2% | 7.8 | 1.3% | 7.9 | 1.3% |
| Light Truck Sales (millions of units) | 7.9 | 8.7 | 10.4% | 9.2 | 5.5% | 9.3 | 1.1% | 9.2 | -1.1% |
| Big 3 Share of Light Vehicles (percent) | 44.4 | 44.3 | | 44.3 | | 44.4 | | 44.5 | |
| Michigan | | | | | | | | | |
| Wage and Salary Employment (thousands) | 4,109 | 4,180 | 1.7% | 4,263 | 2.0% | 4,314 | 1.2% | 4,358 | 1.0% |
| Unemployment Rate (percent) | 8.8 | 7.3 | | 5.8 | | 5.5 | | 5.4 | |
| Personal Income (millions of dollars) | \$386,471 | \$401,901 | 4.0% | \$420,388 | 4.6% | \$438,886 | 4.4% | \$457,319 | 4.2% |
| Real Personal Income (millions of 1982-84 dollars) | \$176,084 | \$181,213 | 2.9% | \$190,467 | 5.1% | \$195,104 | 2.4% | \$199,025 | 2.0% |
| Wages and Salaries (millions of dollars) | \$195,203 | \$204,768 | 4.9% | \$214,187 | 4.6% | \$221,255 | 3.3% | \$228,114 | 3.1% |
| Detroit Consumer Price Index (1982-84 = 100) | 219.481 | 221.784 | 1.0% | 220.715 | -0.5% | 224.950 | 1.9% | 229.779 | 2.1% |

Table 2
May 2015 Consensus Forecast
(millions)

| | Net Revenue Estimates | | | | | |
|--------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | FY 2015 | | FY 2016 | | FY 2017 | |
| | Jan 2015 Consensus | May 2015 Consensus | Jan 2015 Consensus | May 2015 Consensus | Jan 2015 Consensus | May 2015 Consensus |
| Net GF-GP Revenue | \$9,501.4 | \$9,724.9 | \$9,713.2 | \$9,881.9 | \$10,000.6 | \$10,121.5 |
| % Growth | 5.4% | 7.8% | 2.2% | 1.6% | 3.0% | 2.4% |
| \$ Change From Jan | | \$223.5 | | \$168.7 | | \$120.9 |
| Net SAF Revenue | \$11,889.1 | \$11,883.2 | \$12,263.7 | \$12,242.9 | \$12,640.9 | \$12,598.8 |
| % Growth | 3.2% | 3.1% | 3.2% | 3.0% | 3.1% | 2.9% |
| \$ Change From Jan | | (\$5.9) | | (\$20.8) | | (\$42.1) |
| Combined GF-GP/SAF | \$21,390.5 | \$21,608.1 | \$21,976.9 | \$22,124.8 | \$22,641.5 | \$22,720.3 |
| % Growth | 4.1% | 5.2% | 2.7% | 2.4% | 3.0% | 2.7% |
| \$ Change From Jan | | \$217.6 | | \$147.8 | | \$78.8 |
| \$ Growth | | \$1,068.9 | | \$516.7 | | \$595.5 |

| Revenue Limit Calculation | | Long Term Revenue Trend | | |
|----------------------------------|------------------|-------------------------|------------------|-------------------|
| | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
| Personal Income | \$378,443 | \$386,471 | \$401,901 | \$420,388 |
| Ratio | 9.49% | 9.49% | 9.49% | 9.49% |
| Revenue Limit | \$35,914.2 | \$36,676.1 | \$38,140.4 | \$39,894.8 |
| Revenue Subject to Limit | \$27,244.0 | \$28,486.3 | \$29,126.1 | \$29,856.0 |
| <u>Amount Under (Over) Limit</u> | <u>\$8,670.2</u> | <u>\$8,189.8</u> | <u>\$9,014.3</u> | <u>\$10,038.9</u> |

Note: CY 2012 Personal Income is used for the FY 2014 revenue limit calculation, CY 2013 for FY 2015, CY 2014 for FY 2016, and CY 2015 for FY 2017.

| Budget Stabilization Fund Calculation | | School Aid Index | |
|---------------------------------------|---------|------------------|---------|
| | FY 2015 | FY 2016 | FY 2017 |
| FY 2015 Calculations | PAY-IN | \$45.1 | 1.0280 |
| FY 2016 Calculations | PAY-IN | \$243.1 | 1.0098 |
| FY 2017 Calculations | PAY-IN | \$118.6 | 1.0400 |

| School Aid Index | |
|---------------------------|---------|
| | FY 2016 |
| Revenue Adjustment Factor | 1.0280 |
| Pupil Membership Factor | 1.0098 |
| School Aid Index | 1.0400 |

