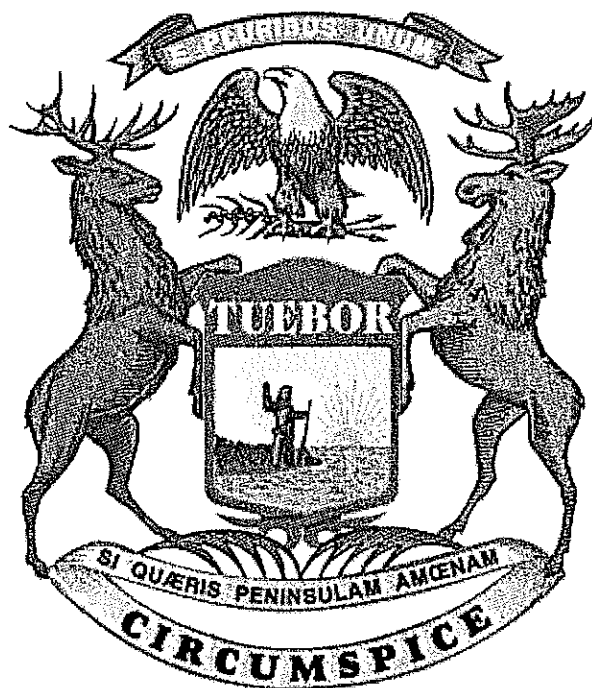


Consensus Revenue Agreement

Executive Summary

January 11, 2013

Economic and Revenue Forecasts
Fiscal Years 2013, 2014 and 2015



Principals

John Nixon
State Budget Director

Ellen Jeffries, Director
Senate Fiscal Agency

Mary Ann Cleary, Director
House Fiscal Agency

Staff

Jay Wortley
Michigan Department of Treasury

David Zin
Senate Fiscal Agency

Rebecca Ross
House Fiscal Agency

Table 1
Consensus Economic Forecast

January 2013

	Calendar 2011 Actual	Calendar 2012 Forecast	Percent Change from Prior Year	Calendar 2013 Forecast	Percent Change from Prior Year	Calendar 2014 Forecast	Percent Change from Prior Year	Calendar 2015 Forecast	Percent Change from Prior Year
United States									
Real Gross Domestic Product (Billions of Chained 2005 Dollars)	\$13,299	\$13,592	2.2%	\$13,850	1.9%	\$14,210	2.6%	\$14,622	2.9%
Implicit Price Deflator GDP (2005 = 100)	113.4	115.5	1.9%	117.6	1.8%	119.6	1.7%	121.8	1.8%
Consumer Price Index (1982-84 = 100)	224.939	229.558	2.1%	233.843	1.9%	238.306	1.9%	243.282	2.1%
Consumer Price Index - Fiscal Year (1982-84 = 100)	223.137	228.526	2.4%	232.718	1.8%	237.146	1.9%	241.942	2.0%
Personal Consumption Deflator (2005 = 100)	113.8	115.7	1.7%	117.4	1.5%	119.3	1.6%	121.3	1.7%
3-month Treasury Bills Interest Rate (percent)	0.1	0.1		0.1		0.1		0.2	
Aaa Corporate Bonds Interest Rate (percent)	4.6	3.7		3.6		3.8		4.0	
Unemployment Rate - Civilian (percent)	8.9	8.1		7.8		7.5		7.1	
Wage and Salary Employment (millions)	131.359	133.200	1.4%	134.930	1.3%	137.090	1.6%	139.420	1.7%
Housing Starts (millions of starts)	0.608	0.771	26.8%	1.044	35.4%	1.293	23.9%	1.400	8.3%
Light Vehicle Sales (millions of units)	12.7	14.4	13.6%	15.0	4.0%	15.4	2.7%	15.8	2.6%
Passenger Car Sales (millions of units)	6.2	7.4	19.4%	7.6	2.7%	7.7	1.3%	7.9	2.6%
Light Truck Sales (millions of units)	6.5	7.0	8.2%	7.4	5.3%	7.7	4.1%	7.9	2.6%
Big 3 Share of Light Vehicles (percent)	46.2	44.4		44.9		44.9		45.0	
Michigan									
Wage and Salary Employment (thousands)	3,936	3,987	1.3%	4,023	0.9%	4,071	1.2%	4,124	1.3%
Unemployment Rate (percent)	10.3	8.9		8.8		8.2		7.6	
Personal Income (millions of dollars)	\$358,152	\$370,329	3.4%	\$379,958	2.6%	\$396,296	4.3%	\$413,733	4.4%
Real Personal Income (millions of 1982-84 dollars)	\$169,131	\$171,600	1.5%	\$173,034	0.8%	\$177,354	2.5%	\$181,580	2.4%
Wages and Salaries (millions of dollars)	\$183,000	\$189,222	3.4%	\$194,520	2.8%	\$201,328	3.5%	\$208,375	3.5%
Detroit Consumer Price Index (1982-84 = 100)	211.760	215.809	1.9%	219.585	1.7%	223.449	1.8%	227.852	2.0%

Table 2

January 2013 Consensus Forecast (millions)

Net Revenue Estimates

	FY 2012		FY 2013		FY 2014		FY 2015	
	Preliminary	May 2012 Consensus	Jan 2013 Consensus	May 2012 Consensus	Jan 2013 Consensus	May 2012 Consensus	Jan 2013 Consensus	May 2012 Consensus
Net GF-GP Revenue	\$9,265.2	\$8,969.9	\$8,792.2	\$9,259.0	\$9,264.4	\$9,259.0	\$9,264.4	\$9,639.9
% Growth	5.1%	-1.0%	-5.1%	3.2%	5.4%	3.2%	5.4%	4.1%
\$ Growth			(\$472.9)		\$472.2		\$472.2	\$375.5
Net SAF Revenue	\$10,878.7	\$11,169.5	\$11,127.7	\$11,471.4	\$11,432.5	\$11,471.4	\$11,432.5	\$11,768.8
% Growth	-3.3%	2.7%	2.3%	2.7%	2.7%	2.7%	2.7%	2.9%
\$ Growth			\$249.0		\$304.8		\$304.8	\$336.2
Combined GF-GP/SAF	\$20,143.9	\$20,139.4	\$19,919.9	\$20,730.4	\$20,697.0	\$20,730.4	\$20,697.0	\$21,408.7
% Growth	0.4%	1.0%	-1.1%	2.9%	3.9%	2.9%	3.9%	3.4%
\$ Growth			(\$223.9)		\$777.0		\$777.0	\$711.8
				\$ Change From May		\$ Change From May		\$ Change From May
				(\$177.7)		(\$38.9)		\$5.4
				(\$41.7)		(\$33.6)		
				(\$219.4)				

Revenue Limit Calculation

	FY 2012	FY 2013	FY 2014	FY 2015
Personal Income	\$342,663	\$358,152	\$370,329	\$379,958
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$32,518.7	\$33,988.6	\$35,144.2	\$36,058.0
Revenue Subject to Limit	\$27,228.6	\$27,088.5	\$27,921.3	\$28,804.7
Amount Under (Over) Limit	\$5,290.1	\$6,900.1	\$7,222.9	\$7,253.3

Note: CY 2010 Personal Income is used for the FY 2012 revenue limit calculation, CY 2011 for FY 2013, CY 2012 for FY 2014, and CY 2013 for FY 2015.

Long Term Revenue Trend

	FY 2016	FY 2017
Net GF-GP Revenue	\$9,915.1	\$10,420.6
Growth	2.9%	5.1%
Net SAF Revenue	\$12,081.8	\$12,404.7
Growth	2.7%	2.7%
Combined GF-GP/SAF	\$21,996.9	\$22,825.3
Growth	2.7%	3.8%

Budget Stabilization Fund Calculation

FY 2013 Calculations	NO PAY-IN OR PAY-OUT
FY 2014 Calculations	NO PAY-IN OR PAY-OUT
FY 2015 Calculations	PAY-IN \$9.3

School Aid Index

	FY 2014	FY 2015
Revenue Adjustment Factor	1.0248	1.0295
Pupil Membership Factor	1.0035	1.0039
School Aid Index	1.0284	1.0335