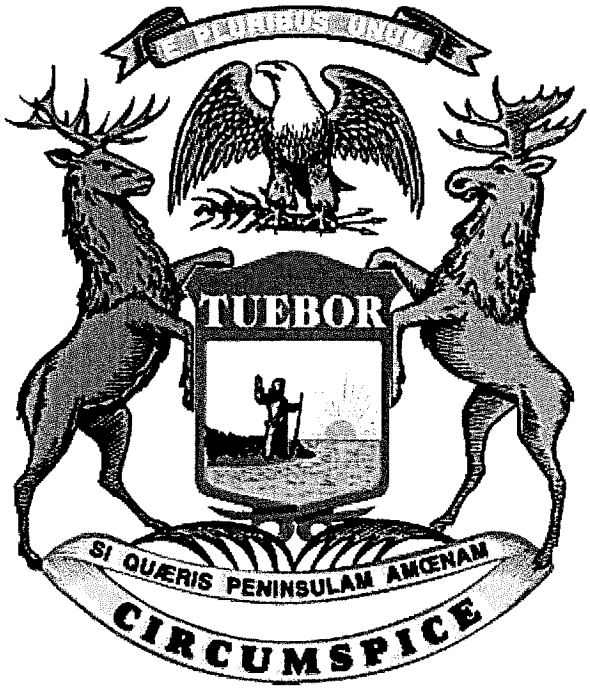
Consensus Revenue Agreement
Executive Summary
January 11, 2019

Economic and Revenue Forecasts
Fiscal Years 2019, 2020 and 2021



Principals

Rachael Eubanks
State Treasurer

Chris Harkins, Director
Senate Fiscal Agency

Mary Ann Cleary, Director
House Fiscal Agency

Staff

Eric Bussis
Michigan Department of Treasury

David Zin
Senate Fiscal Agency

Jim Stansell
House Fiscal Agency

Table 1
Consensus Economic Forecast

January 2019

	Calendar 2017 Actual	Percent Change from Prior Year	Calendar 2018 Forecast	Percent Change from Prior Year	Calendar 2019 Forecast	Percent Change from Prior Year	Calendar 2020 Forecast	Percent Change from Prior Year	Calendar 2021 Forecast	Percent Change from Prior Year
United States										
Real Gross Domestic Product (Billions of Chained 2012 Dollars)	$18,051	2.2%	$18,574	2.9%	$19,057	2.6%	$19,400	1.8%	$19,691	1.5%
Implicit Price Deflator GDP (2012 = 100)	107.9	1.8%	110.4	2.3%	112.8	2.2%	115.5	2.4%	118.2	2.3%
Consumer Price Index (1982-84 = 100)	245.120	2.1%	250.999	2.4%	256.424	2.2%	262.128	2.2%	268.273	2.3%
Consumer Price Index - Fiscal Year (1982-84 = 100)	243.841	2.1%	249.749	2.4%	254.940	2.1%	260.753	2.3%	266.606	2.2%
Personal Consumption Deflator (2012 = 100)	106.1	1.8%	108.3	2.1%	110.4	1.9%	112.7	2.1%	115.1	2.1%
3-month Treasury Bills Interest Rate (percent)	0.9		1.9		2.7		3.0		3.4	
Unemployment Rate - Civilian (percent)	4.4		3.9		3.6		3.6		3.7	
Wage and Salary Employment (millions)	146.624	1.6%	149.041	1.6%	151.130	1.4%	152.640	1.0%	153.560	0.6%
Housing Starts (millions of starts)	1.203	2.5%	1.258	4.6%	1.275	1.4%	1.300	2.0%	1.320	1.5%
Light Vehicle Sales (millions of units)	17.1	-1.9%	17.1	-0.2%	16.8	-1.8%	16.6	-1.2%	16.5	-0.6%
Passenger Car Sales (millions of units)	6.1	-11.5%	5.2	-14.5%	4.6	-11.5%	4.1	-10.9%	4.0	-2.4%
Light Truck Sales (millions of units)	11.1	4.4%	11.9	7.6%	12.2	2.5%	12.5	2.5%	12.5	0.0%
Big 3 Share of Light Vehicles (percent)	42.0		41.6		41.5		41.3		41.2	
Michigan										
Wage and Salary Employment (thousands)	4,371	1.2%	4,428	1.3%	4,464	0.8%	4,486	0.5%	4,504	0.4%
Unemployment Rate (percent)	4.6		4.4		3.9		3.9		3.9	
Personal Income (millions of dollars)	$460,270	3.5%	$477,760	3.8%	$495,915	3.8%	$515,256	3.9%	$535,351	3.9%
Real Personal Income (millions of 1982-84 dollars)	$202,855	1.4%	$205,524	1.3%	$209,066	1.7%	$212,709	1.7%	$216,432	1.8%
Wages and Salaries (millions of dollars)	$231,748	4.2%	$241,713	4.3%	$250,657	3.7%	$260,182	3.8%	$269,548	3.6%
Detroit Consumer Price Index (1982-84 = 100)	226.896	2.1%	232.460	2.5%	237.205	2.0%	242.235	2.1%	247.353	2.1%
Detroit CPI - Fiscal Year (1982-84 = 100)	225.517	2.0%	231.441	2.6%	235.834	1.9%	241.024	2.2%	246.024	2.1%

Table 2

January 2019 Consensus Forecast

(millions)

Net Revenue Estimates

	FY 2018	FY 2019			FY 2020			FY 2021
	Preliminary	May 2018 Consensus	Jan 2019 Consensus	Change From May	May 2018 Consensus	Jan 2019 Consensus	Change From May	Jan 2019 Consensus
Net GF-GP Revenue	$10,945.4	$10,411.6	$10,700.2	$288.6	$10,518.7	$10,717.8	$199.1	$10,852.6
Percent Growth	7.4%	-0.5%	-2.2%		1.0%	0.2%		1.3%
Dollar Growth	$749.9		($245.2)			$17.6		$134.8
Net SAF Revenue	$13,339.9	$13,574.4	$13,550.5	($23.9)	$13,900.8	$13,926.7	$25.9	$14,264.4
Percent Growth	5.2%	2.5%	1.6%		2.4%	2.8%		2.4%
Dollar Growth	$654.8		$210.6			$376.2		$337.7
Combined GF-GP/SAF	$24,285.3	$23,986.0	$24,250.7	$264.7	$24,419.5	$24,644.5	$225.0	$25,117.0
Percent Growth	6.1%	1.2%	-0.1%		1.8%	1.6%		1.9%
Dollar Growth			($34.6)			$393.8		$472.5

Revenue Limit Calculation

	FY 2018	FY 2019	FY 2020	FY 2021
Personal Income	$439,361	$460,270	$477,760	$495,915
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	$41,695.4	$43,679.6	$45,339.4	$47,062.3
Revenue Subject to Limit	$32,831.6	$33,274.1	$34,151.9	$35,092.2
Amount Under (Over) Limit	**$8,863.8**	**$10,405.5**	**$11,187.5**	**$11,970.1**

Note: CY 2016 Personal Income is used for the FY 2018 revenue limit calculation, CY 2017 for FY 2019, CY 2018 for FY 2020, and CY 2019 for FY 2021.

Long Term Revenue Trend

	FY 2022	FY 2023
Net GF-GP Revenue	$11,200.1	$11,515.7
Growth	3.2%	2.8%
Net SAF Revenue	$14,653.3	$15,063.0
Growth	2.7%	2.8%
Combined GF-GP/SAF	$25,853.4	$26,578.7
Growth	2.9%	2.8%

Budget Stabilization Fund Calculation

FY 2019 Calculations	**NO PAY-IN OR PAY-OUT**
FY 2020 Calculations	**NO PAY-IN OR PAY-OUT**
FY 2021 Calculations	**NO PAY-IN OR PAY-OUT**

School Aid Index

	FY 2020	FY 2021
Revenue Adjustment Factor	**1.0220**	**1.0234**
Pupil Membership Factor	**1.0070**	**1.0056**
School Aid Index	**1.0292**	**1.0291**

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury

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