

Consensus Revenue Agreement

Executive Summary

January 10, 2014

Economic and Revenue Forecasts
Fiscal Years 2014, 2015 and 2016



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Table 1
Consensus Economic Forecast

January 2014

	Calendar 2012 Actual	Calendar 2013 Forecast	Percent Change from Prior Year	Calendar 2014 Forecast	Percent Change from Prior Year	Calendar 2015 Forecast	Percent Change from Prior Year	Calendar 2016 Forecast	Percent Change from Prior Year
United States									
Real Gross Domestic Product (Billions of Chained 2005 Dollars)	\$15,471	\$15,749	1.8%	\$16,127	2.4%	\$16,595	2.9%	\$17,109	3.1%
Implicit Price Deflator GDP (2009 = 100)	105.0	106.6	1.5%	108.1	1.4%	110.0	1.8%	112.1	1.9%
Consumer Price Index (1982-84 = 100)	229.594	233.038	1.5%	236.533	1.5%	240.791	1.8%	245.607	2.0%
Consumer Price Index - Fiscal Year (1982-84 = 100)	228.526	232.247	1.6%	235.731	1.5%	239.738	1.7%	244.293	1.9%
Personal Consumption Deflator (2009 = 100)	106.0	107.2	1.1%	108.5	1.2%	110.1	1.5%	111.9	1.6%
3-month Treasury Bills Interest Rate (percent)	0.1	0.1		0.1		0.3		1.0	
Aaa Corporate Bonds Interest Rate (percent)	3.7	4.2		4.7		4.8		4.9	
Unemployment Rate - Civilian (percent)	8.1	7.4		6.8		6.4		5.9	
Wage and Salary Employment (millions)	133.739	135.926	1.6%	137.960	1.5%	140.310	1.7%	143.120	2.0%
Housing Starts (millions of starts)	0.781	0.915	17.2%	1.110	21.3%	1.320	18.9%	1.470	11.4%
Light Vehicle Sales (millions of units)	14.4	15.5	7.6%	16.0	3.2%	16.3	1.9%	16.6	1.8%
Passenger Car Sales (millions of units)	7.4	7.6	2.7%	7.8	2.6%	7.9	1.3%	8.1	2.5%
Light Truck Sales (millions of units)	7.0	7.9	12.9%	8.2	3.8%	8.4	2.4%	8.5	1.2%
Big 3 Share of Light Vehicles (percent)	44.2	44.6		44.7		44.9		45.0	
Michigan									
Wage and Salary Employment (thousands)	4,024	4,082	1.4%	4,145	1.5%	4,203	1.4%	4,257	1.3%
Unemployment Rate (percent)	9.1	8.7		8.3		7.5		6.7	
Personal Income (millions of dollars)	\$378,443	\$389,418	2.9%	\$406,552	4.4%	\$425,254	4.6%	\$444,815	4.6%
Real Personal Income (millions of 1982-84 dollars)	\$175,139	\$177,209	1.2%	\$182,632	3.1%	\$188,025	3.0%	\$193,007	2.6%
Wages and Salaries (millions of dollars)	\$189,640	\$197,036	3.9%	\$204,720	3.9%	\$212,500	3.8%	\$220,362	3.7%
Detroit Consumer Price Index (1982-84 = 100)	216.082	219.750	1.7%	222.607	1.3%	226.168	1.6%	230.466	1.9%

Table 2
January 2014 Consensus Forecast
(millions)

Net Revenue Estimates								
	FY 2013	FY 2014			FY 2015			FY 2016
	Preliminary	May 2013 Consensus	Jan 2014 Consensus	\$ Change From May	May 2013 Consensus	Jan 2014 Consensus	\$ Change From May	Jan 2014 Consensus
Net GF-GP Revenue	\$9,562.8	\$9,446.2	\$9,572.5	\$126.3	\$9,840.2	\$10,046.5	\$206.2	\$10,535.6
% Growth	3.2%	2.8%	0.1%		4.2%	5.0%		4.9%
\$ Growth			\$9.8			\$473.9		\$489.1
Net SAF Revenue	\$11,269.5	\$11,470.1	\$11,560.0	\$89.9	\$11,812.7	\$11,931.8	\$119.1	\$12,338.2
% Growth	3.6%	2.3%	2.6%		3.0%	3.2%		3.4%
\$ Growth			\$290.5			\$371.9		\$406.3
Combined GF-GP/SAF	\$20,832.3	\$20,916.3	\$21,132.5	\$216.2	\$21,653.0	\$21,978.3	\$325.3	\$22,873.8
% Growth	3.4%	2.5%	1.4%		3.5%	4.0%		4.1%
\$ Growth			\$300.2			\$845.8		\$895.5

Revenue Limit Calculation				
	FY 2013	FY 2014	FY 2015	FY 2016
Personal Income	\$358,152	\$378,443	\$389,418	\$406,552
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$33,988.6	\$35,914.2	\$36,955.8	\$38,581.8
Revenue Subject to Limit	\$28,074.3	\$28,472.0	\$29,480.3	\$30,566.6
Amount Under (Over) Limit	\$5,914.4	\$7,442.3	\$7,475.5	\$8,015.2

Note: CY 2011 Personal Income is used for the FY 2013 revenue limit calculation, CY 2012 for FY 2014, CY 2013 for FY 2015, and CY 2014 for FY 2016.

Long Term Revenue Trend		
	FY 2017	FY 2018
Net GF-GP Revenue	\$10,911.5	\$11,304.9
Growth	3.6%	3.6%
Net SAF Revenue	\$12,671.8	\$13,024.8
Growth	2.7%	2.8%
Combined GF-GP/SAF	\$23,583.3	\$24,329.7
Growth	3.1%	3.2%

Budget Stabilization Fund Calculation	
FY 2014 Calculations	NO PAY-IN OR PAY-OUT
FY 2015 Calculations	PAY-IN \$95.7
FY 2016 Calculations	PAY-IN \$60.3

School Aid Index		
	FY 2015	FY 2016
Revenue Adjustment Factor	1.0287	1.0323
Pupil Membership Factor	1.0061	1.0046
School Aid Index	1.0350	1.0370