

Consensus Revenue Agreement

Executive Summary

January 16, 2015

Economic and Revenue Forecasts
Fiscal Years 2015, 2016 and 2017



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Table 1
Consensus Economic Forecast

January 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	\$16,072	2.3%	\$16,554	3.0%	\$17,067	3.1%	\$17,545	2.8%
Implicit Price Deflator GDP (2009 = 100)	106.7	108.4	1.6%	110.1	1.6%	112.0	1.7%	114.0	1.8%
Consumer Price Index (1982-84 = 100)	232.957	236.812	1.7%	238.780	0.8%	242.619	1.6%	246.568	1.6%
Consumer Price Index - Fiscal Year (1982-84 = 100)	232.247	236.009	1.6%	238.082	0.9%	241.653	1.5%	245.548	1.6%
Personal Consumption Deflator (2009 = 100)	107.3	108.7	1.3%	109.6	0.8%	111.1	1.4%	112.7	1.4%
3-month Treasury Bills Interest Rate (percent)	0.1	0.03		0.3		1.2		2.1	
Aaa Corporate Bonds Interest Rate (percent)	4.2	4.2		4.3		4.6		4.8	
Unemployment Rate - Civilian (percent)	7.4	6.2		5.6		5.4		5.2	
Wage and Salary Employment (millions)	136.368	138.907	1.9%	141.550	1.9%	143.810	1.6%	145.820	1.4%
Housing Starts (millions of starts)	0.925	1.001	8.2%	1.192	19.1%	1.375	15.4%	1.495	8.7%
Light Vehicle Sales (millions of units)	15.5	16.4	5.8%	16.8	2.4%	17.1	1.8%	17.2	0.6%
Passenger Car Sales (millions of units)	7.6	7.7	1.1%	7.9	2.8%	8.0	1.3%	8.1	1.3%
Light Truck Sales (millions of units)	7.9	8.7	10.4%	8.9	2.1%	9.1	2.2%	9.1	0.0%
Big 3 Share of Light Vehicles (percent)	44.4	44.4		44.7		44.8		45.0	
Michigan									
Wage and Salary Employment (thousands)	4,105	4,133	0.7%	4,187	1.3%	4,241	1.3%	4,292	1.2%
Unemployment Rate (percent)	8.8	7.4		6.9		6.7		6.5	
Personal Income (millions of dollars)	\$386,471	\$402,703	4.2%	\$420,019	4.3%	\$438,500	4.4%	\$457,356	4.3%
Real Personal Income (millions of 1982-84 dollars)	\$176,084	\$180,993	2.8%	\$187,412	3.5%	\$192,753	2.8%	\$198,086	2.8%
Wages and Salaries (millions of dollars)	\$195,203	\$204,768	4.9%	\$212,140	3.6%	\$219,352	3.4%	\$227,249	3.6%
Detroit Consumer Price Index (1982-84 = 100)	219.481	222.496	1.4%	224.115	0.7%	227.493	1.5%	230.887	1.5%

Table 2
January 2015 Consensus Forecast
(millions)

Net Revenue Estimates								
	FY 2014	FY 2015			FY 2016			FY 2017
	Preliminary	May 2014 Consensus	Jan 2015 Consensus	\$ Change From May	May 2014 Consensus	Jan 2015 Consensus	\$ Change From May	Jan 2015 Consensus
Net GF-GP Revenue	\$9,018.5	\$9,826.0	\$9,501.4	(\$324.6)	\$10,245.3	\$9,713.2	(\$532.1)	\$10,000.6
% Growth	-5.7%	5.4%	5.4%		4.3%	2.2%		3.0%
\$ Growth			\$482.9			\$211.8		\$287.4
Net SAF Revenue	\$11,520.5	\$11,853.3	\$11,889.1	\$35.8	\$12,258.1	\$12,263.7	\$5.6	\$12,640.9
% Growth	2.2%	3.1%	3.2%		3.4%	3.2%		3.1%
\$ Growth			\$368.6			\$374.6		\$377.2
Combined GF-GP/SAF	\$20,538.9	\$21,679.3	\$21,390.4	(\$288.9)	\$22,503.4	\$21,976.9	(\$526.5)	\$22,641.5
% Growth	-1.4%	4.2%	4.1%		3.8%	2.7%		3.0%
\$ Growth			\$851.6			\$586.5		\$664.6

Revenue Limit Calculation				
	FY 2014	FY 2015	FY 2016	FY 2017
Personal Income	\$378,443	\$386,471	\$402,703	\$420,019
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$35,914.2	\$36,676.1	\$38,216.5	\$39,859.8
Revenue Subject to Limit	\$27,189.9	\$28,168.3	\$28,861.0	\$29,627.0
Amount Under (Over) Limit	\$8,724.4	\$8,507.8	\$9,355.5	\$10,232.8

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.

Long Term Revenue Trend		
	FY 2018	FY 2019
Net GF-GP Revenue	\$10,381.3	\$10,748.5
Growth	3.8%	3.5%
Net SAF Revenue	\$12,992.2	\$13,368.3
Growth	2.8%	2.9%
Combined GF-GP/SAF	\$23,373.5	\$24,116.8
Growth	3.2%	3.2%

Budget Stabilization Fund Calculation		
FY 2015 Calculations	PAY-IN	\$81.2
FY 2016 Calculations	PAY-IN	\$95.0
FY 2017 Calculations	PAY-IN	\$68.0

School Aid Index		
	FY 2016	FY 2017
Revenue Adjustment Factor	1.0328	1.0317
Pupil Membership Factor	1.0087	1.0095
School Aid Index	1.0418	1.0415