

Consensus Revenue Agreement

Executive Summary

May 15, 2009

Economic and Revenue Forecasts

Fiscal Years 2009 and 2010



Principals

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Table 1
Consensus Economic Forecast
May 2009

	Calendar 2007 Actual	Calendar 2008 Actual	Percent Change from Prior Year	Calendar 2009 Forecast	Percent Change from Prior Year	Calendar 2010 Forecast	Percent Change from Prior Year
United States							
Real Gross Domestic Product (Billions of Chained 2000 Dollars)	\$11,524	\$11,652	1.1%	\$11,221	-3.7%	\$11,311	0.8%
Implicit Price Deflator GDP (2000 = 100)	119.8	122.4	2.2%	124.6	1.8%	126.0	1.1%
Consumer Price Index (1982-84 = 100)	207.3	215.3	3.8%	214.4	-0.4%	219.5	2.4%
Consumer Price Index - Fiscal Year (1982-84 = 100)	205.3	214.5	4.5%	214.1	-0.2%	218.8	2.2%
Personal Consumption Deflator (2000 = 100)	117.7	121.6	3.3%	121.8	0.2%	124.2	2.0%
3-month Treasury Bills Interest Rate (percent)	4.4	1.4		0.3		0.4	
Aaa Corporate Bonds Interest Rate (percent)	5.6	5.6		5.2		4.7	
Unemployment Rate - Civilian (percent)	4.6	5.8		9.2		10.4	
Light Vehicle Sales (millions of units)	16.1	13.1	-18.6%	9.6	-26.7%	11.1	15.6%
Passenger Car Sales (millions of units)	7.6	6.7	-11.8%	4.9	-26.9%	5.8	18.4%
Light Truck Sales (millions of units)	8.5	6.4	-24.7%	4.7	-26.6%	5.3	12.8%
Import Share of Light Vehicles (percent)	23.3	25.4		32.0		30.0	
Michigan							
Wage and Salary Employment (thousands)	4,268	4,159	-2.6%	3,814	-8.3%	3,639	-4.6%
Unemployment Rate (percent)	7.1	8.4		14.0		15.3	
Personal Income (millions of dollars)	\$345,940	\$353,113	2.1%	\$339,342	-3.9%	\$329,840	-2.8%
Real Personal Income (millions of 1982-84 dollars)	\$172,859	\$172,462	-0.2%	\$166,753	-3.3%	\$159,036	-4.6%
Wages and Salaries (millions of dollars)	\$188,116	\$187,914	-0.1%	\$174,760	-7.0%	\$169,168	-3.2%
Detroit Consumer Price Index (1982-84 = 100)	200.1	204.7	2.3%	203.5	-0.6%	207.4	1.9%
Detroit CPI Fiscal Year (1982-84 = 100)	199.0	204.6	2.8%	202.6	-1.0%	206.2	1.8%

Table 2
May 2009 Consensus Forecast
(millions)

Net Revenue Estimates

	FY 2008	FY 2009		Change From January	FY 2010		Change From January
	Actual	Jan 2009 Consensus	May 2009 Consensus		Jan 2009 Consensus	May 2009 Consensus	
Net GF-GP Revenue	\$9,358.7	\$8,306.1	\$7,435.3	(\$870.8)	\$7,934.5	\$6,949.7	(\$984.8)
Growth	12.5%	-11.2%	-20.6%		-4.5%	-6.5%	
Net SAF Revenue	\$11,512.9	\$11,368.7	\$10,943.7	(\$425.0)	\$11,295.8	\$10,563.0	(\$732.8)
Growth	3.2%	-1.3%	-4.9%		-0.6%	-3.5%	
Combined GF-GP/SAF	\$20,871.6	\$19,674.8	\$18,378.9	(\$1,295.9)	\$19,230.3	\$17,512.7	(\$1,717.6)
Growth	7.2%	-5.7%	-11.9%		-2.3%	-4.7%	

Revenue Limit Calculation

	Actual FY 2008	FY 2009	FY 2010
Personal Income	\$341,075	\$345,885	\$353,113
Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$32,368.0	\$32,824.5	\$33,510.4
Revenue Subject to Limit	\$27,716.3	\$25,295.2	\$24,497.7
Amount Under (Over) Limit	\$4,651.7	\$7,529.3	\$9,012.7

Note: CY 2006 Personal Income is used for the FY 2008 revenue limit calculation, CY 2007 for FY 2009, and CY 2008 for FY 2010.

Budget Stabilization Fund Calculation

FY 2009 Calculated Withdrawal	(\$557.6)
FY 2010 Calculated Withdrawal	(\$375.3)

School Aid Index

Revenue Adjustment Factor	<u>0.9452</u>
Pupil Membership Factor	<u>1.0171</u>
School Aid Index	0.9614