

# **Consensus Revenue Agreement**

## **Executive Summary**

**January 12, 2024**

**Economic and Revenue Forecasts**  
**Fiscal Years 2024, 2025 and 2026**



### **Principals**

**Rachael Eubanks**  
**State Treasurer**

**Kathryn Summers, Director**  
**Senate Fiscal Agency**

**Mary Ann Cleary, Director**  
**House Fiscal Agency**

### **Staff**

**Eric Bussis**  
**Michigan Department of Treasury**

**David Zin**  
**Senate Fiscal Agency**

**Ben Gielczyk**  
**House Fiscal Agency**

**Table 1**  
**Consensus Economic Forecast**

January 2024

	Calendar 2023 Forecast	Percent Change from Prior Year	Calendar 2024 Forecast	Percent Change from Prior Year	Calendar 2025 Forecast	Percent Change from Prior Year	Calendar 2026 Forecast	Percent Change from Prior Year
<b>United States</b>								
Real Gross Domestic Product (Billions of Chained 2017 Dollars)	\$22,368	2.5%	\$22,770	1.8%	\$23,226	2.0%	\$23,713	2.1%
Implicit Price Deflator GDP (2017 = 100)	122.4	3.8%	125.8	2.8%	128.8	2.4%	131.8	2.3%
Consumer Price Index (1982-84 = 100)	304.795	4.1%	313.872	3.0%	321.660	2.5%	329.525	2.4%
Consumer Price Index - Fiscal Year (1982-84 = 100)	302.289	5.1%	311.765	3.1%	319.745	2.6%	327.541	2.4%
Personal Consumption Deflator (2017 = 100)	120.5	3.9%	123.9	2.8%	126.9	2.4%	129.8	2.3%
3-month Treasury Bills Interest Rate (percent)	5.1		5.2		4.6		4.0	
Unemployment Rate - Civilian (percent)	3.7		4.2		4.2		4.1	
Wage and Salary Employment (millions)	156.237	2.4%	157.955	1.1%	158.903	0.6%	160.015	0.7%
Housing Starts (millions of starts)	1.384	-10.8%	1.360	-1.7%	1.398	2.8%	1.420	1.6%
Light Vehicle Sales (millions of units)	15.5	12.7%	16.0	3.2%	16.4	2.5%	16.3	-0.6%
Passenger Car Sales (millions of units)	3.1	8.4%	3.2	3.2%	3.2	0.0%	3.2	0.0%
Light Truck Sales (millions of units)	12.4	13.8%	12.8	3.2%	13.2	3.1%	13.1	-0.8%
Big 3 Share of Light Vehicles (percent)	36.8		36.1		35.3		34.5	
<b>Michigan</b>								
Wage and Salary Employment (thousands)	4,428	1.5%	4,459	0.7%	4,485	0.6%	4,499	0.3%
Unemployment Rate (percent)	3.9		4.4		4.4		4.3	
Personal Income (millions of dollars)	\$596,935	4.3%	\$617,231	3.4%	\$642,537	4.1%	\$666,311	3.7%
Real Personal Income (millions of 1982-84 dollars)	\$210,483	-1.4%	\$211,047	0.3%	\$214,576	1.7%	\$217,378	1.3%
Wages and Salaries (millions of dollars)	\$298,766	5.6%	\$311,015	4.1%	\$322,523	3.7%	\$333,166	3.3%
Detroit Consumer Price Index (1982-84 = 100)	283.602	5.8%	292.461	3.1%	299.445	2.4%	306.522	2.4%
Detroit CPI - Fiscal Year (1982-84 = 100)	281.054	6.7%	290.563	3.4%	297.827	2.5%	304.849	2.4%

Table 2  
**January 2024 Consensus Forecast**  
(millions)

<b>Net Revenue Estimates</b>								
	<u>FY 2023</u>	<u>FY 2024</u>			<u>FY 2025</u>			<u>FY 2026</u>
	<u>Preliminary</u>	<u>May 2023 Consensus</u>	<u>Jan 2024 Consensus</u>	<u>Change From Consensus</u>	<u>May 2023 Consensus</u>	<u>Jan 2024 Consensus</u>	<u>Change From Consensus</u>	<u>Jan 2024 Consensus</u>
<b>Net GF-GP Revenue</b>	\$13,965.9	\$13,238.3	\$13,597.4	\$359.1	\$13,916.4	\$14,022.2	\$105.8	\$14,707.6
Percent Growth	-8.2%	-4.0%	-2.6%		5.1%	3.1%		4.9%
Dollar Growth			(\$368.6)			\$424.9		\$685.4
<b>Net SAF Revenue</b>	\$17,859.4	\$17,888.1	\$17,946.9	\$58.8	\$18,265.9	\$18,307.0	\$41.1	\$18,706.0
Percent Growth	-0.1%	0.8%	0.5%		2.1%	2.0%		2.2%
Dollar Growth			\$87.6			\$360.0		\$399.0
<b>Combined</b>	\$31,825.3	\$31,126.4	\$31,544.3	\$417.9	\$32,182.3	\$32,329.2	\$146.9	\$33,413.6
Percent Growth	-3.8%	-1.3%	-0.9%		3.4%	2.5%		3.4%
Dollar Growth			(\$281.0)			\$784.9		\$1,084.4

  

<b>Revenue Limit Calculation</b>					<b>Long Term Revenue Trend</b>		
	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>		<u>FY 2027</u>	<u>FY 2028</u>
Personal Income	\$567,807	\$572,325	\$596,935	\$617,231	<b>Net GF-GP Revenue</b>	\$15,071.5	\$15,534.3
Ratio	9.49%	9.49%	9.49%	9.49%	Growth	2.5%	3.1%
Revenue Limit	\$53,884.9	\$54,313.6	\$56,649.1	\$58,575.2	<b>Net SAF Revenue</b>	\$19,204.7	\$19,703.6
Revenue Subject to Limit	\$41,985.2	\$41,959.2	\$43,021.9	\$44,362.7	Growth	2.7%	2.6%
<b>Amount Under (Over) Limit</b>	<b>\$11,899.7</b>	<b>\$12,354.4</b>	<b>\$13,627.2</b>	<b>\$14,212.5</b>	<b>Combined GF-GP/SAF</b>	\$34,276.2	\$35,237.9
					Growth	2.6%	2.8%

Note: CY 2021 Personal Income is used for the FY 2023 revenue limit calculation, CY 2022 for FY 2024, CY 2023 for FY 2025, and CY 2024 for FY 2026.

  

<b>Budget Stabilization Fund Calculation</b>			<b>School Aid Index</b>		
				<u>FY 2025</u>	<u>FY 2026</u>
FY 2024 Calculations		<b>NO PAY-IN OR PAY-OUT</b>	Revenue Adjustment Factor	<u>1.0177</u>	<u>1.0235</u>
FY 2025 Calculations		<b>NO PAY-IN OR PAY-OUT</b>	Pupil Membership Factor	<u>1.0042</u>	<u>1.0046</u>
FY 2026 Calculations		<b>NO PAY-IN OR PAY-OUT</b>	School Aid Index	<u>1.0220</u>	<u>1.0282</u>

  

<b>Income Tax Rate Under MCL 206.51(1)</b>
*As of the January 2024 Consensus Revenue Estimating Conference, the Annual Comprehensive Financial Report has not been published. A determination of the comparison between capped GF/GP revenue and actual revenue can not yet be made as prescribed under MCL 206.51(1). The determination calculation and rate determination will be made after publication of the ACFR.