

Consensus Revenue Agreement

Executive Summary

May 17, 2024

Economic and Revenue Forecasts
Fiscal Years 2024, 2025 and 2026



Principals

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Table 1
Consensus Economic Forecast

May 2024

	Calendar 2023 Actual	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
United States								
Real Gross Domestic Product (Billions of Chained 2012 Dollars)	\$22,377	2.5%	\$22,914	2.4%	\$23,372	2.0%	\$23,886	2.2%
Implicit Price Deflator GDP (2012 = 100)	122.3	3.6%	125.0	2.2%	127.6	2.1%	130.3	2.1%
Consumer Price Index (1982-84 = 100)	304.702	4.1%	313.951	3.0%	321.639	2.4%	329.598	2.5%
Consumer Price Index - Fiscal Year (1982-84 = 100)	302.289	5.1%	311.589	3.1%	320.052	2.7%	327.311	2.3%
Personal Consumption Deflator (2012 = 100)	120.4	3.7%	122.9	2.1%	125.5	2.1%	128.1	2.1%
3-month Treasury Bills Interest Rate (percent)	5.1		5.0		4.4		3.6	
Unemployment Rate - Civilian (percent)	3.6		4.0		4.2		4.2	
Wage and Salary Employment (millions)	156.051	2.3%	158.548	1.6%	159.975	0.9%	161.415	0.9%
Housing Starts (millions of starts)	1.420	-8.5%	1.410	-0.7%	1.443	2.3%	1.485	2.9%
Light Vehicle Sales (millions of units)	15.5	12.6%	16.0	3.1%	16.4	2.5%	16.3	-0.6%
Passenger Car Sales (millions of units)	3.1	8.6%	3.2	2.5%	3.2	-0.9%	3.2	0.9%
Light Truck Sales (millions of units)	12.4	13.6%	12.8	3.2%	13.2	3.4%	13.1	-1.0%
Big 3 Share of Light Vehicles (percent)	36.1		35.3		34.7		33.7	
Michigan								
Wage and Salary Employment (thousands)	4,451	1.8%	4,487	0.8%	4,531	1.0%	4,545	0.3%
Unemployment Rate (percent)	3.9		4.2		4.3		4.3	
Personal Income (millions of dollars)	\$599,366	4.7%	\$620,344	3.5%	\$647,639	4.4%	\$670,306	3.5%
Real Personal Income (millions of 1982-84 dollars)	\$211,246	-1.0%	\$213,122	0.9%	\$217,124	1.9%	\$219,199	1.0%
Wages and Salaries (millions of dollars)	\$300,571	6.2%	\$313,195	4.2%	\$326,036	4.1%	\$336,143	3.1%
Detroit CPI (1982-84 = 100)	283.729	5.8%	291.074	2.6%	298.280	2.5%	305.798	2.5%
Detroit CPI - Fiscal Year (1982-84 = 100)	281.054	6.7%	288.382	2.6%	296.460	2.8%	303.214	2.3%

Table 2
May 2024 Consensus Forecast
(millions)

Net Revenue Estimates									
	FY 2024			FY 2025			FY 2026		
	Jan 2024 Consensus	May 2024 Consensus	Change From Consensus	Jan 2024 Consensus	May 2024 Consensus	Change From Consensus	Jan 2024 Consensus	May 2024 Consensus	Change From Consensus
Net GF-GP Revenue	\$13,597.4	\$13,948.8	\$351.4	\$14,022.2	\$14,257.8	\$235.6	\$14,707.6	\$14,886.5	\$178.9
Percent Growth	-2.6%	-0.1%		3.1%	2.2%		4.9%	4.4%	
Dollar Growth		(\$18.0)			\$309.0			\$628.7	
Net SAF Revenue	\$17,946.9	\$17,783.6	(\$163.3)	\$18,307.0	\$18,146.9	(\$160.1)	\$18,706.0	\$18,572.5	(\$133.5)
Percent Growth	0.5%	-0.4%		2.0%	2.0%		2.2%	2.3%	
Dollar Growth		(\$76.4)			\$363.3			\$425.6	
Combined	\$31,544.3	\$31,732.4	\$188.1	\$32,329.2	\$32,404.7	\$75.5	\$33,413.6	\$33,459.0	\$45.4
Percent Growth	-0.9%	-0.3%		2.5%	2.1%		3.4%	3.3%	
Dollar Growth		(\$94.4)			\$672.3			\$1,054.3	

Revenue Limit Calculation					Long Term Revenue Trend		
	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027	FY 2028
Personal Income	\$567,807	\$572,325	\$599,366	\$620,344	Net GF-GP Revenue	\$15,240.0	\$15,707.3
Ratio	9.49%	9.49%	9.49%	9.49%	Growth	2.4%	3.1%
Revenue Limit	\$53,884.9	\$54,313.6	\$56,879.8	\$58,870.6	Net SAF Revenue	\$19,071.5	\$19,567.8
Revenue Subject to Limit	\$43,610.7	\$43,677.3	\$44,445.0	\$45,589.8	Growth	2.7%	2.6%
Amount Under (Over) Limit	\$10,274.2	\$10,636.3	\$12,434.8	\$13,280.8	Combined GF-GP/SAF	\$34,311.5	\$35,275.1
					Growth	2.5%	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.

Income Tax Rate Under MCL 206.51(1)			School Aid Index		
Fiscal Year	Total GF/GP Revenue⁽¹⁾	Consumer Price Index⁽²⁾		FY 2025	FY 2026
2022	\$15,309.1	287.723	Revenue Adjustment Factor	1.0132	1.0245
2023	\$14,033.6	302.289	Pupil Membership Factor	1.0045	1.0048
			School Aid Index	1.0178	1.0294
Percentage Change	-8.33%	5.06%			

(1) MCL 206.51(1)(c)(ii)
(2) MCL 206.51(10)(b)

In accordance with Section 51(1)(c) of the Income Tax Act, it has been determined that a formulary reduction to the rate for tax year 2024 is not required.

Budget Stabilization Fund Calculation	
FY 2024 Calculations	NO PAY-IN OR PAY-OUT
FY 2025 Calculations	NO PAY-IN OR PAY-OUT
FY 2026 Calculations	PAY-IN \$15.7