

Consensus Revenue Agreement

Executive Summary

May 19, 2023

Economic and Revenue Forecasts
Fiscal Years 2023, 2024 and 2025



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Table 1
Consensus Economic Forecast

May 2023

	Calendar 2022 Actual	Percent Change from Prior Year	Calendar 2023 Forecast	Percent Change from Prior Year	Calendar 2024 Forecast	Percent Change from Prior Year	Calendar 2025 Forecast	Percent Change from Prior Year
United States								
Real Gross Domestic Product (Billions of Chained 2012 Dollars)	\$20,014	2.1%	\$20,254	1.2%	\$20,396	0.7%	\$20,804	2.0%
Implicit Price Deflator GDP (2012 = 100)	127.2	7.0%	132.6	4.2%	136.4	2.9%	139.4	2.2%
Consumer Price Index (1982-84 = 100)	292.655	8.0%	305.689	4.5%	314.825	3.0%	322.834	2.5%
Consumer Price Index - Fiscal Year (1982-84 = 100)	287.723	7.9%	302.949	5.3%	312.737	3.2%	320.778	2.6%
Personal Consumption Deflator (2012 = 100)	122.8	6.2%	127.7	4.0%	131.5	2.9%	134.5	2.3%
3-month Treasury Bills Interest Rate (percent)	2.0		5.00		4.73		4.07	
Unemployment Rate - Civilian (percent)	3.6		3.7		4.2		4.0	
Wage and Salary Employment (millions)	152.575	4.3%	155.779	2.1%	155.779	0.0%	156.714	0.6%
Housing Starts (millions of starts)	1.553	-3.0%	1.314	-15.4%	1.293	-1.6%	1.347	4.2%
Light Vehicle Sales (millions of units)	13.8	-8.0%	15.1	9.8%	15.5	2.6%	16.1	3.9%
Passenger Car Sales (millions of units)	2.9	-14.7%	3.1	8.4%	3.1	0.0%	3.1	0.0%
Light Truck Sales (millions of units)	10.9	-6.0%	12.0	10.1%	12.4	3.3%	13.0	4.8%
Big 3 Share of Light Vehicles (percent)	38.6		37.7		37.4		36.7	
Michigan								
Wage and Salary Employment (thousands)	4,362	3.9%	4,419	1.3%	4,437	0.4%	4,468	0.7%
Unemployment Rate (percent)	4.2		4.3		4.8		4.3	
Personal Income (millions of dollars)	\$570,065	0.4%	\$593,438	4.1%	\$613,021	3.3%	\$636,316	3.8%
Real Personal Income (millions of 1982-84 dollars)	\$212,615	-7.2%	\$211,622	-0.5%	\$212,515	0.4%	\$215,309	1.3%
Wages and Salaries (millions of dollars)	\$285,475	9.0%	\$300,890	5.4%	\$309,616	2.9%	\$320,762	3.6%
Detroit Consumer Price Index (1982-84 = 100)	268.121	8.2%	280.423	4.6%	288.460	2.9%	295.536	2.5%
Detroit CPI - Fiscal Year (1982-84 = 100)	263.397	7.9%	278.061	5.6%	286.760	3.1%	293.836	2.5%

Table 2
May 2023 Consensus Forecast
(millions)

Net Revenue Estimates									
	FY 2023			FY 2024			FY 2025		
	Jan 2023 Consensus	May 2023 Consensus	Change From Consensus	Jan 2023 Consensus	May 2023 Consensus	Change From Consensus	Jan 2023 Consensus	May 2023 Consensus	Change From Consensus
Net GF-GP Revenue	\$14,777.9	\$13,788.0	(\$989.9)	\$15,092.2	\$13,238.3	(\$1,853.9)	\$15,545.5	\$13,916.4	(\$1,629.1)
Percent Growth	-2.8%	-9.4%		2.1%	-4.0%		3.0%	5.1%	
Dollar Growth		(\$1,424.0)			(\$549.7)			\$678.2	
Net SAF Revenue	\$17,635.1	\$17,741.6	\$106.5	\$17,846.0	\$17,888.1	\$42.1	\$18,257.6	\$18,265.9	\$8.3
Percent Growth	-1.1%	-0.8%		1.2%	0.8%		2.3%	2.1%	
Dollar Growth		(\$139.3)			\$146.5			\$377.7	
Combined	\$32,413.0	\$31,529.6	(\$883.4)	\$32,938.2	\$31,126.4	(\$1,811.8)	\$33,803.1	\$32,182.3	(\$1,620.8)
Percent Growth	-1.9%	-4.7%		1.6%	-1.3%		2.6%	3.4%	
Dollar Growth		(\$1,563.4)			(\$403.2)			\$1,055.9	

Revenue Limit Calculation				
	FY 2022	FY 2023	FY 2024	FY 2025
Personal Income	\$537,493	\$567,807	\$570,065	\$593,438
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$51,008.1	\$53,884.9	\$54,099.2	\$56,317.3
Revenue Subject to Limit	\$43,334.7	\$42,231.3	\$42,122.9	\$43,433.9
Amount Under (Over) Limit	\$7,673.4	\$11,653.6	\$11,976.3	\$12,883.4

Note: CY 2020 Personal Income is used for the FY 2022 revenue limit calculation, CY 2021 for FY 2023, CY 2022 for FY 2024, and CY 2023 for FY 2025.

Long Term Revenue Trend		
	FY 2026	FY 2027
Net GF-GP Revenue	\$14,153.7	\$14,519.1
Growth	1.7%	2.6%
Net SAF Revenue	\$18,672.0	\$19,198.5
Growth	2.2%	2.8%
Combined GF-GP/SAF	\$32,825.7	\$33,717.6
Growth	2.0%	2.7%

Calculation of Income Tax Rate Under MCL 206.51(1)			
	FY 2021	FY 2022	
GF/GP (1)	\$12,525.5	\$14,709.1	
Section 51d earmark (transportation)	\$600.0	\$600.0	
Total GF/GP revenue	\$13,125.5	\$15,309.1	
Percentage increase CPI		7.92%	
Multiplier		1.425	
Adjustment factor from FY 2021		1.112812	
Capped GF/GP revenue		\$14,606.2	
Total GF/GP revenue less Capped GF/GP revenue		\$702.9	
Total IIT revenue collected (gross)		\$15,306.3	
Calculated tax rate for tax year 2023		4.05%	

Budget Stabilization Fund Calculation		
	FY 2024	FY 2025
FY 2023 Calculations		NO PAY-IN OR PAY-OUT
FY 2024 Calculations		NO PAY-IN OR PAY-OUT
FY 2025 Calculations		NO PAY-IN OR PAY-OUT
School Aid Index		
Revenue Adjustment Factor	1.0071	1.0201
Pupil Membership Factor	1.0039	1.0037
School Aid Index	1.0110	1.0239