

# **Consensus Revenue Agreement**

## **Executive Summary**

**January 13, 2023**

**Economic and Revenue Forecasts**  
**Fiscal Years 2023, 2024 and 2025**



### **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**

**Jim Stansell**  
**House Fiscal Agency**

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

January 2023

	Calendar 2021 Actual	Percent Change from Prior Year	Calendar 2022 Estimated	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
<b>United States</b>										
Real Gross Domestic Product (Billions of Chained 2012 Dollars)	\$19,610	5.9%	\$19,982	1.9%	\$20,022	0.2%	\$20,183	0.8%	\$20,627	2.2%
Implicit Price Deflator GDP (2012 = 100)	118.9	4.5%	127.3	7.1%	133.2	4.6%	136.8	2.7%	139.9	2.3%
Consumer Price Index (1982-84 = 100)	270.970	4.7%	292.655	8.0%	306.095	4.6%	315.374	3.0%	323.937	2.7%
Consumer Price Index - Fiscal Year (1982-84 = 100)	266.616	3.3%	287.723	7.9%	303.535	5.5%	313.133	3.2%	321.536	2.7%
Personal Consumption Deflator (2012 = 100)	115.6	4.0%	122.9	6.3%	127.9	4.1%	131.4	2.7%	134.5	2.4%
3-month Treasury Bills Interest Rate (percent)	0.1		2.1		5.5		5.2		4.4	
Unemployment Rate - Civilian (percent)	5.3		3.6		4.0		4.5		4.2	
Wage and Salary Employment (millions)	146.124	2.8%	152.115	4.1%	153.788	1.1%	153.481	-0.2%	154.555	0.7%
Housing Starts (millions of starts)	1.601	16.0%	1.544	-3.6%	1.218	-21.1%	1.210	-0.7%	1.330	9.9%
Light Vehicle Sales (millions of units)	14.9	3.3%	13.8	-7.7%	14.9	8.0%	15.6	4.7%	16.4	5.1%
Passenger Car Sales (millions of units)	3.4	-1.5%	2.9	-13.4%	3.0	3.4%	3.0	0.0%	3.1	3.3%
Light Truck Sales (millions of units)	11.6	4.8%	10.9	-6.0%	11.9	9.2%	12.6	5.9%	13.3	5.6%
Big 3 Share of Light Vehicles (percent)	35.9		38.9		38.8		38.1		37.6	
<b>Michigan</b>										
Wage and Salary Employment (thousands)	4,194	3.8%	4,332	3.3%	4,367	0.8%	4,388	0.5%	4,428	0.9%
Unemployment Rate (percent)	5.9		4.3		4.7		4.8		4.5	
Personal Income (millions of dollars)	\$567,807	5.6%	\$568,375	0.1%	\$594,520	4.6%	\$619,490	4.2%	\$644,270	4.0%
Real Personal Income (millions of 1982-84 dollars)	\$229,135	1.3%	\$211,984	-7.5%	\$212,196	0.1%	\$214,726	1.2%	\$217,665	1.4%
Wages and Salaries (millions of dollars)	\$261,812	7.9%	\$283,542	8.3%	\$298,286	5.2%	\$308,130	3.3%	\$320,147	3.9%
Detroit Consumer Price Index (1982-84 = 100)	247.805	4.3%	268.121	8.2%	280.175	4.5%	288.503	3.0%	295.992	2.6%
Detroit CPI - Fiscal Year (1982-84 = 100)	244.089	2.9%	263.397	7.9%	277.938	5.5%	286.591	3.1%	294.221	2.7%

Table 2  
**January 2023 Consensus Forecast**  
(millions)

<b>Net Revenue Estimates</b>								
	FY 2022		FY 2023		FY 2024		FY 2025	
	Preliminary	May 2022 Consensus	Jan 2023 Consensus	Change From Consensus	May 2022 Consensus	Jan 2023 Consensus	Change From Consensus	Jan 2023 Consensus
	<b>Net GF-GP Revenue</b>	\$15,205.5	\$13,973.5	\$14,777.9	\$804.4	\$14,228.9	\$15,092.2	\$863.3
Percent Growth	16.9%	-1.5%	-2.8%		1.8%	2.1%		3.0%
Dollar Growth	\$2,201.8		(\$427.7)			\$314.3		\$453.3
<b>Net SAF Revenue</b>	\$17,825.2	\$17,195.3	\$17,635.1	\$439.8	\$17,444.9	\$17,846.0	\$401.1	\$18,257.6
Percent Growth	11.0%	-0.8%	-1.1%		1.5%	1.2%		2.3%
Dollar Growth	\$1,768.8		(\$190.0)			\$210.9		\$411.6
<b>Combined</b>	\$33,030.7	\$31,168.8	\$32,413.0	\$1,244.2	\$31,673.8	\$32,938.2	\$1,264.4	\$33,803.1
Percent Growth	13.8%	-1.1%	-1.9%		1.6%	1.6%		2.6%
Dollar Growth	\$3,970.6		(\$617.7)			\$525.2		\$864.9

<b>Revenue Limit Calculation</b>				
	FY 2022	FY 2023	FY 2024	FY 2025
Personal Income	\$530,809	\$567,807	\$568,375	\$594,520
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$50,373.8	\$53,884.9	\$53,938.8	\$56,419.9
Revenue Subject to Limit	\$43,267.5	\$42,884.4	\$43,573.0	\$44,614.0
<b>Amount Under (Over) Limit</b>	<b>\$7,106.3</b>	<b>\$11,000.5</b>	<b>\$10,365.8</b>	<b>\$11,805.9</b>

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.

<b>Long Term Revenue Trend</b>		
	FY 2026	FY 2027
<b>Net GF-GP Revenue</b>	\$15,907.3	\$16,224.7
Growth	2.3%	2.0%
<b>Net SAF Revenue</b>	\$18,687.8	\$19,205.8
Growth	2.4%	2.8%
<b>Combined GF-GP/SAF</b>	\$34,595.1	\$35,430.5
Growth	2.3%	2.4%

**Income Tax Rate Under MCL 206.51(1)**

\*As of the January 2023 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.

<b>Budget Stabilization Fund Calculation</b>	
FY 2023 Calculations	<b>NO PAY-IN OR PAY-OUT</b>
FY 2024 Calculations	<b>NO PAY-IN OR PAY-OUT</b>
FY 2025 Calculations	<b>NO PAY-IN OR PAY-OUT</b>

  

<b>School Aid Index</b>		
	FY 2024	FY 2025
Revenue Adjustment Factor	<b>1.0067</b>	<b>1.0182</b>
Pupil Membership Factor	<b>1.0043</b>	<b>1.0037</b>
School Aid Index	<b>1.0110</b>	<b>1.0220</b>