

Consensus Revenue Agreement Executive Summary January 14, 2022

**Economic and Revenue Forecasts
Fiscal Years 2022, 2023 and 2024**



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 2022

	Calendar 2020 Actual	Calendar 2021 Forecast	Percent Change from Prior Year	Calendar 2022 Forecast	Percent Change from Prior Year	Calendar 2023 Forecast	Percent Change from Prior Year	Calendar 2024 Forecast	Percent Change from Prior Year
United States									
Real Gross Domestic Product (Billions of Chained 2012 Dollars)	\$18,385	\$19,396	5.5%	\$20,191	4.1%	\$20,736	2.7%	\$21,192	2.2%
Implicit Price Deflator GDP (2012 = 100)	113.6	118.1	4.0%	123.4	4.5%	127.1	3.0%	130.3	2.5%
Consumer Price Index (1982-84 = 100)	258.811	270.970	4.7%	283.622	4.7%	290.892	2.6%	297.838	2.4%
Consumer Price Index - Fiscal Year (1982-84 = 100)	258.014	266.616	3.3%	281.413	5.6%	289.002	2.7%	296.082	2.4%
Personal Consumption Deflator (2012 = 100)	111.2	115.4	3.8%	120.1	4.1%	123.2	2.6%	126.2	2.4%
3-month Treasury Bills Interest Rate (percent)	0.4	0.05		0.41		1.07		1.55	
Unemployment Rate - Civilian (percent)	8.1	5.3		4.1		3.8		4.0	
Wage and Salary Employment (millions)	142.185	146.122	2.8%	151.380	3.6%	153.950	1.7%	155.340	0.9%
Housing Starts (millions of starts)	1.380	1.586	15.0%	1.640	3.4%	1.645	0.3%	1.590	-3.3%
Light Vehicle Sales (millions of units)	14.5	14.9	3.0%	15.7	5.4%	16.9	7.6%	17.1	1.2%
Passenger Car Sales (millions of units)	3.4	3.3	-3.0%	3.3	0.0%	3.3	0.0%	3.2	-3.0%
Light Truck Sales (millions of units)	11.1	11.6	4.8%	12.4	6.9%	13.6	9.7%	13.9	2.2%
Big 3 Share of Light Vehicles (percent)	40.5	36.0		37.1		36.4		35.7	
Michigan									
Wage and Salary Employment (thousands)	4,033	4,153	3.0%	4,286	3.2%	4,376	2.1%	4,416	0.9%
Unemployment Rate (percent)	9.9	5.4		5.3		4.6		4.6	
Personal Income (millions of dollars)	\$530,809	\$558,411	5.2%	\$560,644	0.4%	\$587,555	4.8%	\$611,645	4.1%
Real Personal Income (millions of 1982-84 dollars)	\$223,349	\$225,343	0.9%	\$216,233	-4.0%	\$221,149	2.3%	\$225,048	1.8%
Wages and Salaries (millions of dollars)	\$242,644	\$265,210	9.3%	\$285,366	7.6%	\$301,061	5.5%	\$312,501	3.8%
Detroit Consumer Price Index (1982-84 = 100)	237.659	247.805	4.3%	259.278	4.6%	265.683	2.5%	271.785	2.3%
Detroit CPI - Fiscal Year (1982-84 = 100)	237.292	244.089	2.9%	257.616	5.5%	264.176	2.5%	270.288	2.3%

Table 2
January 2022 Consensus Forecast
(millions)

	Net Revenue Estimates								
	FY 2021		FY 2022		Change From Consensus	FY 2023		Change From Consensus	FY 2024
	Jan 2022 Preliminary	May 2021 Consensus	Jan 2022 Consensus	May 2021 Consensus		Jan 2022 Consensus	May 2021 Consensus		Jan 2022 Consensus
Net GF-GP Revenue	\$12,950.7	\$11,673.1	\$12,449.7	\$776.6	\$12,270.7	\$12,892.1	\$621.4	\$13,314.3	
Percent Growth	20.2%	3.5%	-3.9%		5.1%	3.6%		3.3%	
Dollar Growth	\$2,175.1		(\$501.0)			\$442.4		\$422.2	
Net SAF Revenue	\$16,050.3	\$15,131.0	\$16,078.2	\$947.2	\$15,427.6	\$16,246.6	\$819.0	\$16,557.7	
Percent Growth	14.7%	0.7%	0.2%		2.0%	1.0%		1.9%	
Dollar Growth	\$2,059.8		\$27.9			\$168.4		\$311.1	
Combined	\$29,001.0	\$26,804.1	\$28,527.9	\$1,723.8	\$27,698.3	\$29,138.7	\$1,440.4	\$29,872.0	
Percent Growth	17.1%	1.9%	-1.6%		3.3%	2.1%		2.5%	
Dollar Growth	\$4,234.9		(\$473.1)			\$610.8		\$733.3	

Revenue Limit Calculation				
	FY 2021	FY 2022	FY 2023	FY 2024
Personal Income	\$491,632	\$530,809	\$558,411	\$560,644
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$46,655.9	\$50,373.8	\$52,993.2	\$53,205.1
Revenue Subject to Limit	\$38,370.1	\$38,208.8	\$38,994.2	\$39,907.8
Amount Under (Over) Limit	\$8,285.8	\$12,165.0	\$13,999.0	\$13,297.3

Note: CY 2019 Personal Income is used for the FY 2021 revenue limit calculation, CY 2020 for FY 2022, CY 2021 for FY 2023, and CY 2022 for FY 2024.

Long Term Revenue Trend		
	FY 2025	FY 2026
Net GF-GP Revenue Growth	\$13,654.1 2.6%	\$14,042.4 2.8%
Net SAF Revenue Growth	\$16,929.8 2.2%	\$17,311.1 2.3%
Combined GF-GP/SAF Growth	\$30,583.9 2.4%	\$31,353.5 2.5%

Income Tax Rate Under MCL 206.51(1)			
	FY 2021	FY 2022	FY 2023
GF/GP Revenue	\$12,950.7	\$12,449.7	\$12,892.1
Section 51d earmark (MTF)	\$600.0	\$600.0	\$600.0
Total GF/GP Subject to MCL 206.51	\$13,550.7	\$13,049.7	\$13,492.1
Percentage increase CPI from 2021		5.55%	8.40%
Multiplier		1.425	1.425
Capped GF/GP revenue		\$14,622.4	\$15,172.0
Total Estimated IIT revenue collected	\$14,550.2	\$13,533.7	\$13,973.9
Estimated Tax Rate for Tax Year 2023			4.25%
FY 23 Revenue Impact			\$0.0
Estimated Tax Rate for Tax Year 2024			4.25%
FY 24 Revenue Impact			\$0.0

Budget Stabilization Fund Calculation		
FY 2022 Calculations	PAY-IN \$51.8 MILLION	
FY 2023 Calculations	NO PAY-IN OR PAY-OUT	
FY 2024 Calculations	PAY-IN \$148.3 MILLION	
School Aid Index		
	FY 2023	FY 2024
Revenue Adjustment Factor	1.0047	1.0181
Pupil Membership Factor	1.0034	1.0037
School Aid Index	1.0081	1.0219