Consensus Revenue Agreement Executive Summary May 21, 2021

Economic and Revenue Forecasts Fiscal Years 2021, 2022 and 2023



Principals

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Table 1 Consensus Economic Forecast

May 2021 Percent Percent Percent Percent Percent Change Change Calendar Change Change Calendar Change Calendar Calendar Calendar 2019 from Prior 2020 from Prior 2021 from Prior 2022 from Prior 2023 from Prior Actual Year Actual Year Forecast Year Forecast Year Forecast Year **United States** Real Gross Domestic Product \$19,092 2.2% \$18,426 -3.5% \$19,605 6.4% \$20,468 \$20,959 2.4% 4.4% (Billions of Chained 2012 Dollars) Implicit Price Deflator GDP 1.2% 3.0% 120.2 112.3 1.8% 113.6 117.0 2.7% 123.2 2.5% (2012 = 100)Consumer Price Index 255.657 2.9% 279.363 2.4% 1.8% 258.811 1.2% 266.405 272.809 2.4% (1982-84 = 100)Consumer Price Index - Fiscal Year 254.376 1.9% 258.014 1.4% 264.469 2.5% 271.182 2.5% 277.718 2.4% (1982-84 = 100)Personal Consumption Deflator 109.9 1.5% 111.2 1.2% 114.0 2.6% 116.6 2.3% 119.3 2.3% (2012 = 100)3-month Treasury Bills 2.1 0.4 0.1 0.1 0.3 Interest Rate (percent) Unemployment Rate - Civilian 3.7 8.1 5.6 4.4 4.1 (percent) Wage and Salary Employment 150.905 1.3% 142.185 -5.8% 146.170 2.8% 151.430 3.6% 153.850 1.6% (millions) **Housing Starts** 1.380 6.9% -0.9% 1.290 3.2% 1.620 17.4% 1.615 -0.3% 1.600 (millions of starts) Light Vehicle Sales -1.5% 14.5 -14.6% 16.8% 17.0 0.6% 16.9 -0.6% 17.0 16.9 (millions of units) Passenger Car Sales 4.7 -11.1% 3.4 -27.9% 3.7 8.8% 3.4 -8.1% 3.2 -5.9% (millions of units) Light Truck Sales 12.2 2.8% 11.1 -9.5% 13.2 19.2% 13.6 3.0% 13.7 0.7%(millions of units) Big 3 Share of Light Vehicles 41.0 40.5 39.9 40.4 40.0 (percent) Michigan Wage and Salary Employment 4,443 0.4% 4.033 -9.2% 4.178 3.6% 4,320 3.4% 4,380 1.4% (thousands) Unemployment Rate 4.1 9.9 5.1 4.6 4.2 (percent) Personal Income \$491,632 \$528,093 \$541,296 2.5% \$535,341 -1.1% \$556,755 4.0% (millions of dollars) Real Personal Income \$208,968 \$222,206 \$221,944 -0.1% \$214,557 -3.3% \$218,161 1.7% (millions of 1982-84 dollars) Wages and Salaries \$239,866 3.8% \$246,831 2.6% -2.8% \$248,981 \$260,185 4.5% \$271,113 4.2% (millions of dollars) **Detroit Consumer Price Index** 235.267 237.659 243.888 2.6% 249.510 2.3% 255.204 2.3% 1.3% 1.0% (1982-84 = 100)Detroit CPI - Fiscal Year 233.843 1.0% 237.426 1.5% 242.035 1.9% 247.604 2.3% 253.301 2.3% (1982-84 = 100)

Table 2 May 2021 Consensus Forecast (millions)

			Net R	evenue Est	imates				
	FY 2021			FY 2022			FY 2023		
	Jan 2021 Consensus	May 2021 Consensus	Change From Consensus	Jan 2021 Consensus	May 2021 Consensus	Change From Consensus	Jan 2021 Consensus	May 2021 Consensus	Change From Consensus
Net GF-GP Revenue Percent Growth Dollar Growth	\$10,237.5 -4.9%	\$11,276.8 4.7% \$501.2	\$1,039.3	\$10,897.1 6.4%	\$11,673.1 3.5% \$396.3	\$776.0	\$11,167.1 2.5%	\$12,270.7 5.1% \$597.6	\$1,103.6
Net SAF Revenue Percent Growth Dollar Growth	\$14,030.2 0.2%	\$15,032.4 7.4% \$1,042.0	\$1,002.2	\$14,423.7 2.8%	\$15,131.0 0.7% \$98.6	\$707.3	\$14,730.4 2.1%	\$15,427.6 2.0% \$296.6	\$697.2
Combined Percent Growth Dollar Growth	\$24,267.7 -2.0%	\$26,309.2 6.2% \$1,543.2	\$2,041.5	\$25,320.8 4.3%	\$26,804.1 1.9% \$494.9	\$1,483.3	\$25,897.5 2.3%	\$27,698.3 3.3% \$894.2	\$1,800.8
Revenue Limit Calculation					Long Term Revenue Trend				
							FY 2024	FY 2025	
Personal Income Ratio	FY 2020 \$484,030 9.49%	FY 2021 \$491,632 9.49%	FY 2022 \$528,093 9.49%	FY 2023 \$541,296 9.49%	Net GF-GP Revenue Growth		\$12,510.6 2.0%	\$12,790.8 2.2%	
Revenue Limit Revenue Subject to Limit		\$46,655.9 \$36,198.7	\$50,116.0 \$36,833.5	\$51,369.0 \$37,876.7	Net SAF Revenue Growth		\$15,773.3 2.2%	\$16,155.2 2.4%	
Amount Under (Over) \$11,417.6 Limit Note: CY 2018 Personal Income is used for the FY CY 2020 for FY 2022, and CY 2021 for FY 2023.		\$10,457.2 2020 revenue limit	\$13,282.5 calculation, CY 20	\$13,492.3 019 for FY 2021,	Combined GF-GP/SAF Growth		\$28,283.9 2.1%	\$28,946.0 2.3%	
Income Tax	Rate Under	MCL 206.51	(1)			Budget	Stabilizatio	n Fund Cal	culation
		FY 2021	FY 2022	FY 2023	FY 2021 0	Calculations	NO F	PAY-IN OR PAY	-OUT
GF/GP Revenue		\$11,276.8	\$11,673.1	\$12,270.7	FY 2022 Calculations		NO PAY-IN OR PAY-OUT		-OUT
Section 51d earmark (MTF)		\$600.0	\$600.0	\$600.0	FY 2023 Calculations		PAY-IN \$29.2 MILLION		ION
Total GF/GP Subject to MCL 206.51		\$11,876.8	\$12,273.1	\$12,870.7					
Percentage increase CPI from 2021			2.54%	5.01%	School Aid Index				
Multiplier			1.425	1.425				FY 2022	FY 2023
Capped GF/GP revenue Total Estimated IIT revenue collected		\$13,390.3	\$12,306.3 \$13,631.6	\$12,724.5 \$14,060.3	Revenue Adjustment Factor Pupil Membership Factor			1.0354 1.0112	1.0076 1.0070
Estimated Tax Rate for Tax Year 2023 FY 23 Revenue Impact				4.25% \$0.0	School Aid Index		(1.0470	1.0147
Estimated Tax Rate for Ta FY 24 Revenue Impact	ax Year 2024			4.21% (\$90.0)					