Consensus Revenue Agreement Executive Summary May 20, 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

May 2022

	Percent Percent							
	Calendar	Calendar	Change	Calendar	Change	Calendar	Change	
	2021	2022	from Prior	2023	from Prior	2024	from Prior	
	Actual	Forecast	Year	Forecast	Year	Forecast	Year	
United States								
Real Gross Domestic Product	\$19,427	\$19,913	2.5%	\$20,351	2.2%	\$20,778	2.1%	
(Billions of Chained 2012 Dollars)								
Implicit Price Deflator GDP	118.4	125.9	6.3%	130.7	3.8%	134.0	2.5%	
(2012 = 100)								
Consumer Price Index	270.970	290.978	7.4%	301.819	3.7%	309.703	2.6%	
(1982-84=100)								
Consumer Price Index - Fiscal Year (1982-84 = 100)	266.616	286.520	7.5%	299.618	4.6%	307.807	2.7%	
Personal Consumption Deflator	115.5	122.2	5.8%	126.4	3.4%	129.6	2.5%	
(2012 = 100)	110.0	122.2	2.070	120	2	12,10	2.070	
3-month Treasury Bills	0.1	1.3		2.9		3.0		
Interest Rate (percent)								
Unemployment Rate - Civilian	5.3	3.6		3.8		3.9		
(percent)								
Wage and Salary Employment	146,124	151,969	4.0%	153,793	1.2%	154,562	0.5%	
(millions)		,		,		,		
Housing Starts	1.601	1.650	3.1%	1.551	-6.0%	1.557	0.4%	
(millions of starts)		-1000					*****	
Light Vehicle Sales	14.9	15.2	1.7%	16.4	7.9%	17.0	3.7%	
(millions of units)	11.7	13.2	1.//0	10.1	7.570	17.0	3.770	
Passenger Car Sales	3.4	3.3	-1.5%	3.2	-3.0%	3.2	0.0%	
(millions of units)	3.4	3.3	-1.570	3.2	-3.070	3.2	0.070	
Light Truck Sales	11.6	11.9	2.6%	13.2	10.9%	13.8	4.5%	
(millions of units)	11.0	11.7	2.070	13.2	10.770	13.6	T.J/0	
Big 3 Share of Light Vehicles	36.0	38.8		38.2		37.4		
(percent)	30.0	30.0		36.2		37.4		
Michigan								
Wage and Salary Employment	4,194	4,349	3.7%	4,414	1.5%	4,441	0.6%	
(thousands)	5.0			4.5		4.5		
Unemployment Rate	5.9	4.4		4.5		4.5		
(percent)	Φ.5.50.22.0	Φ550 (12)	2.20/	A.COO. 0.7.C	5.20 /	Φ.(2.(002	4.007	
Personal Income	\$558,330	\$570,613	2.2%	\$600,856	5.3%	\$626,092	4.2%	
(millions of dollars)	#225.21 0	0014460	4.007	0015.554	1.50/	#221 2 00	1.60/	
Real Personal Income	\$225,310	\$214,460	-4.8%	\$217,754	1.5%	\$221,289	1.6%	
(millions of 1982-84 dollars)	0064.560	#200 167	0.20/	#202 (2)	7 00/	#214 060	2.70/	
Wages and Salaries	\$264,563	\$289,167	9.3%	\$303,626	5.0%	\$314,860	3.7%	
(millions of dollars)	247.005	266.060	7 40/	275 222	2.70/	202.022	2.50/	
Detroit Consumer Price Index	247.805	266.069	7.4%	275.933	3.7%	282.929	2.5%	
(1982-84 = 100)	244.000	262 105	7 40/	274.022	4.50/	201.270	0.70/	
Detroit CPI - Fiscal Year	244.089	262.185	7.4%	274.033	4.5%	281.360	2.7%	
(1982-84=100)								

Table 2 May 2022 Consensus Forecast (millions)

			Net	Revenue Es	timates					
	FY 2022				FY 2023			FY 2024		
	Jan 2022 Consensus	May 2022 Consensus	Change From Consensus	Jan 2022 Consensus	May 2022 Consensus	Change From Consensus	Jan 2022 Consensus	May 2022 Consensus	Change From Consensus	
Net GF-GP Revenue Percent Growth Dollar Growth	\$12,449.7 -3.9%	\$14,179.7 9.0% \$1,176.0	\$1,730.0	\$12,892.1 3.6%	\$13,973.5 -1.5% (\$206.2)	\$1,081.4	\$13,314.3 3.3%	\$14,228.9 1.8% \$255.4	\$914.6	
Net SAF Revenue Percent Growth Dollar Growth	\$16,078.2 0.2%	\$17,340.6 8.0% \$1,284.2	\$1,262.4	\$16,246.6 1.0%	\$17,195.3 -0.8% (\$145.3)	\$948.7	\$16,557.7 1.9%	\$17,444.9 1.5% \$249.5	\$887.2	
Combined Percent Growth Dollar Growth	\$28,527.9 -1.6%	\$31,520.3 8.5% \$2,460.2	\$2,992.4	\$29,138.7 2.1%	\$31,168.8 -1.1% (\$351.5)	\$2,030.1	\$29,872.0 2.5%	\$31,673.8 1.6% \$505.0	\$1,801.8	
Revenue Limit Calculation					Long Term Revenue Trend					
							FY 2025	FY 2026		
Personal Income Ratio	FY 2021 \$491,632 9.49%	FY 2022 \$530,809 9.49%	FY 2023 \$558,330 9.49%	FY 2024 \$570,613 9.49%	Net GF-GP Revenue Growth		\$14,553.1 2.3%	\$15,089.4 3.7%		
Revenue Limit Revenue Subject to Limit	\$46,655.9 \$38,708.0	\$50,373.8 \$41,615.3	\$52,985.5 \$41,494.0	\$54,151.2 \$42,225.7	Net SAF Revenue Growth		\$17,836.5 2.2%	\$18,240.6 2.3%		
Amount Under (Over) Limit Note: CY 2019 Personal Income CY 2021 for FY 2023, and CY		\$8,758.5 2021 revenue limi	\$11,491.5 it calculation, CY 20	\$11,925.5 020 for FY 2022,	Combined G Growth	F-GP/SAF	\$32,389.6 2.3%	\$33,330.0 2.9%		
Income Tax	Rate Under	MCL 206.51	I(1)			Budget	Stabilizatio	n Fund Cald	culation	
		FY 2021	FY 2022	FY 2023	FY 2022 C	Calculations	PA	Y-IN \$36.4 MILL	.ION	
GF/GP Revenue		\$12,525.5	\$13,679.4	\$13,423.0	FY 2023 Calculations		NO PAY-IN OR PAY-OUT			
Section 51d earmark (MT	F)	\$600.0	\$600.0	\$600.0	FY 2024 Calculations		NO PAY-IN OR PAY-OU		-OUT	
Total GF/GP Subject to M	ICL 206.51	\$13,125.5	\$14,279.4	\$14,023.0						
Percentage increase CPI	from 2021		7.37%	12.51%	School Aid Index					
Multiplier			1.425	1.425				FY 2023	FY 2024	
Capped GF/GP revenue Total Estimated IIT reven	ue collected		\$14,503.6 \$16,727.2	\$15,465.8 \$15,699.4			1.0341 1.0044	1.0098 1.0050		
Estimated Tax Rate for Tay 123 Revenue Impact	ax Year 2023			4.25% \$0.0		School Aid Inde	x	1.0387	1.0148	
Estimated Tax Rate for Tax FY 24 Revenue Impact	ax Year 2024			4.25% \$0.0						