

Consensus Revenue Agreement

Executive Summary

May 16, 2025

Economic and Revenue Forecasts
Fiscal Years 2025, 2026 and 2027



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

Ben Gielczyk
House Fiscal Agency

Table 1
Consensus Economic Forecast

May 2025								
	Calendar 2024 Actual	Percent Change from Prior Year	Calendar 2025 Forecast	Percent Change from Prior Year	Calendar 2026 Forecast	Percent Change from Prior Year	Calendar 2027 Forecast	Percent Change from Prior Year
United States								
Real Gross Domestic Product (Billions of Chained 2017 Dollars)	\$23,305	2.8%	\$23,561	1.1%	\$23,844	1.2%	\$24,297	1.9%
Implicit Price Deflator GDP (2017 = 100)	125.2	2.4%	129.0	3.0%	133.1	3.2%	136.6	2.6%
Consumer Price Index (1982-84 = 100)	313.689	2.9%	323.731	3.2%	335.600	3.7%	345.673	3.0%
Consumer Price Index - Fiscal Year (1982-84 = 100)	311.581	3.1%	320.735	2.9%	332.873	3.8%	343.223	3.1%
Personal Consumption Deflator (2012 = 100)	123.5	2.5%	126.7	2.6%	130.4	2.9%	133.6	2.5%
3-month Treasury Bills Interest Rate (percent)	5.0		4.1		3.6		3.4	
Unemployment Rate - Civilian (percent)	4.0		4.5		5.1		5.0	
Wage and Salary Employment (millions)	157.959	1.3%	159.381	0.9%	159.859	0.3%	160.818	0.6%
Housing Starts (millions of starts)	1.364	-3.9%	1.356	-0.6%	1.353	-0.2%	1.390	2.7%
Light Vehicle Sales (millions of units)	15.8	1.9%	15.6	-1.3%	15.1	-3.2%	15.2	0.7%
Passenger Car Sales (millions of units)	3.0	-4.7%	2.7	-9.1%	2.5	-7.4%	2.5	0.0%
Light Truck Sales (millions of units)	12.8	3.6%	12.9	0.5%	12.6	-2.3%	12.7	0.8%
Big 3 Share of Light Vehicles (percent)	34.2		33.4		33.4		32.5	
Michigan								
Wage and Salary Employment (thousands)	4,478	0.6%	4,500	0.5%	4,509	0.2%	4,518	0.2%
Unemployment Rate (percent)	4.7		5.6		6.1		6.0	
Personal Income (millions of dollars)	\$641,085	4.5%	\$664,164	3.6%	\$688,074	3.6%	\$713,533	3.7%
Real Personal Income (millions of 1982-84 dollars)	\$219,284	1.4%	\$222,176	1.3%	\$221,985	-0.1%	\$223,490	0.7%
Wages and Salaries (millions of dollars)	\$308,714	4.2%	\$317,975	3.0%	\$327,515	3.0%	\$337,668	3.1%
Detroit CPI (1982-84 = 100)	292.354	3.0%	298.936	2.3%	309.964	3.7%	319.269	3.0%
Detroit CPI - Fiscal Year (1982-84 = 100)	289.914	3.2%	296.321	2.2%	307.370	3.7%	316.909	3.1%

Table 2
May 2025 Consensus Forecast
(millions)

Net Revenue Estimates									
	FY 2025			FY 2026			FY 2027		
	Jan 2025 Consensus	May 2025 Consensus	Change From Consensus	Jan 2025 Consensus	May 2025 Consensus	Change From Consensus	Jan 2025 Consensus	May 2025 Consensus	Change From Consensus
Net GF-GP Revenue	\$14,715.5	\$14,493.9	(\$221.6)	\$15,477.7	\$15,114.6	(\$363.1)	\$15,743.5	\$15,343.7	(\$399.8)
Percent Growth	1.5%	-0.2%		5.2%	4.3%		1.7%	1.5%	
Dollar Growth		(\$33.2)			\$620.7			\$229.1	
Net SAF Revenue	\$18,459.6	\$18,545.2	\$85.6	\$18,891.5	\$18,934.3	\$42.8	\$19,354.5	\$19,398.6	\$44.1
Percent Growth	2.1%	2.6%		2.3%	2.1%		2.5%	2.5%	
Dollar Growth		\$470.7			\$389.1			\$464.4	
Combined	\$33,175.1	\$33,039.1	(\$136.0)	\$34,369.2	\$34,048.9	(\$320.3)	\$35,098.0	\$34,742.3	(\$355.7)
Percent Growth	1.8%	1.3%		3.6%	3.1%		2.1%	2.0%	
Dollar Growth		\$437.5			\$1,009.8			\$693.5	

Revenue Limit Calculation					Long Term Revenue Trend		
	FY 2024	FY 2025	FY 2026	FY 2027		FY 2028	FY 2029
Personal Income	\$572,325	\$613,719	\$641,085	\$664,164	Net GF-GP Revenue	\$15,926.5	\$16,447.9
Ratio	9.49%	9.49%	9.49%	9.49%	Growth	3.8%	3.3%
Revenue Limit	\$54,313.6	\$58,241.9	\$60,839.0	\$63,029.2	Net SAF Revenue	\$19,956.9	\$20,485.8
Revenue Subject to Limit	\$44,601.0	\$45,089.8	\$46,194.9	\$46,945.9	Growth	2.9%	2.7%
Amount Under (Over) Limit	\$9,712.6	\$13,152.1	\$14,644.1	\$16,083.3	Combined GF-GP/SAF	\$35,883.4	\$36,933.7
					Growth	3.3%	2.9%

Note: CY 2022 Personal Income is used for the FY 2024 revenue limit calculation, CY 2023 for FY 2025, CY 2024 for FY 2026, and CY 2025 for FY 2027.

Budget Stabilization Fund Calculation		School Aid Index		
FY 2025 Calculations	NO PAY-IN OR PAY-OUT	Revenue Adjustment Factor	FY 2026	FY 2027
FY 2026 Calculations	PAY-OUT UP TO \$538.5 M	Pupil Membership Factor	1.0246	1.0229
FY 2027 Calculations	NO PAY-IN OR PAY-OUT	School Aid Index	1.0049	1.0056
			1.0296	1.0286

Income Tax Rate Under MCL 206.51(1)	
With publication of the Annual Comprehensive Financial Report, it has been determined by the State Treasurer, the Director of the Senate Fiscal Agency, and the Director of the House Fiscal Agency the income tax rate will remain at 4.25% as prescribed under MCL 206.51(1). For more detail, please see: https://www.michigan.gov/treasury/reference/taxpayer-notice/2025-tax-year-income-tax-rate-for-individuals-and-fiduciaries	