

Consensus Revenue Agreement

Executive Summary

January 15, 2021

Economic and Revenue Forecasts
Fiscal Years 2021, 2022 and 2023



Principals

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Table 1
Consensus Economic Forecast

January 2021

	Calendar 2019 Actual	Percent Change from Prior Year	Calendar 2020 Forecast	Percent Change from Prior Year	Calendar 2021 Forecast	Percent Change from Prior Year	Calendar 2022 Forecast	Percent Change from Prior Year	Calendar 2023 Forecast	Percent Change from Prior Year
United States										
Real Gross Domestic Product (Billions of Chained 2012 Dollars)	\$19,092	2.4%	\$18,404	-3.6%	\$19,067	3.6%	\$19,601	2.8%	\$20,091	2.5%
Implicit Price Deflator GDP (2012 = 100)	112.3	1.7%	113.6	1.1%	115.4	1.6%	117.5	1.8%	119.9	2.0%
Consumer Price Index (1982-84 = 100)	255.657	1.8%	258.686	1.2%	264.121	2.1%	269.900	2.2%	275.703	2.2%
Consumer Price Index - Fiscal Year (1982-84 = 100)	254.376	1.9%	258.014	1.4%	262.663	1.8%	268.514	2.2%	274.210	2.1%
Personal Consumption Deflator (2012 = 100)	109.7	1.4%	111.0	1.2%	113.1	1.9%	115.4	2.0%	117.7	2.0%
3-month Treasury Bills Interest Rate (percent)	2.1		0.4		0.1		0.1		0.1	
Unemployment Rate - Civilian (percent)	3.7		8.1		6.4		5.8		5.3	
Wage and Salary Employment (millions)	150.939	1.4%	142.340	-5.7%	145.900	2.5%	149.260	2.3%	151.500	1.5%
Housing Starts (millions of starts)	1.290	3.2%	1.350	4.7%	1.380	2.2%	1.360	-1.5%	1.365	0.4%
Light Vehicle Sales (millions of units)	17.0	-1.4%	14.5	-14.6%	16.0	10.3%	16.2	1.3%	16.3	0.6%
Passenger Car Sales (millions of units)	4.7	-10.9%	3.4	-28.0%	3.5	2.9%	3.2	-8.6%	3.1	-3.1%
Light Truck Sales (millions of units)	12.2	2.8%	11.1	-9.3%	12.5	12.6%	13.0	4.0%	13.2	1.5%
Big 3 Share of Light Vehicles (percent)	41.0		40.5		40.3		40.1		39.6	
Michigan										
Wage and Salary Employment (thousands)	4,433	0.3%	4,012	-9.5%	4,132	3.0%	4,252	2.9%	4,320	1.6%
Unemployment Rate (percent)	4.1		9.8		7.1		6.2		5.4	
Personal Income (millions of dollars)	\$491,632	1.6%	\$521,130	6.0%	\$506,017	-2.9%	\$518,667	2.5%	\$539,933	4.1%
Real Personal Income (millions of 1982-84 dollars)	\$208,968	0.3%	\$219,015	4.8%	\$207,956	-5.0%	\$208,727	0.4%	\$212,697	1.9%
Wages and Salaries (millions of dollars)	\$246,831	2.7%	\$235,230	-4.7%	\$238,759	1.5%	\$252,845	5.9%	\$262,453	3.8%
Detroit Consumer Price Index (1982-84 = 100)	235.267	1.3%	237.943	1.1%	243.329	2.3%	248.491	2.1%	253.851	2.2%
Detroit CPI - Fiscal Year (1982-84 = 100)	233.840	1.0%	237.511	1.6%	242.232	2.0%	247.296	2.1%	252.509	2.1%

Table 2
January 2021 Consensus Forecast
(millions)

Net Revenue Estimates								
	FY 2020	FY 2021			FY 2022			FY 2023
	Jan 2021 Consensus	Aug 2020 Consensus	Jan 2021 Consensus	Change From Consensus	Aug 2020 Consensus	Jan 2021 Consensus	Change From Consensus	Jan 2021 Consensus
Net GF-GP Revenue	\$10,770.6	\$9,536.7	\$10,237.5	\$700.8	\$10,392.5	\$10,897.1	\$504.6	\$11,167.1
Percent Growth	-3.1%	-7.4%	-4.9%		9.0%	6.4%		2.5%
Dollar Growth	(\$345.2)		(\$533.1)			\$659.6		\$270.0
Net SAF Revenue	\$14,002.4	\$13,501.9	\$14,030.2	\$528.3	\$14,053.5	\$14,423.7	\$370.2	\$14,730.4
Percent Growth	3.3%	-1.5%	0.2%		4.1%	2.8%		2.1%
Dollar Growth	\$450.0		\$27.8			\$393.5		\$306.7
Combined	\$24,773.0	\$23,038.6	\$24,267.7	\$1,229.1	\$24,446.0	\$25,320.8	\$874.8	\$25,897.5
Percent Growth	0.4%	-4.1%	-2.0%		6.1%	4.3%		2.3%
Dollar Growth	\$104.8		(\$505.3)			\$1,053.1		\$576.7

Revenue Limit Calculation				
	FY 2020	FY 2021	FY 2022	FY 2023
Personal Income	\$484,030	\$491,632	\$521,130	\$506,017
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$45,934.4	\$46,655.9	\$49,455.2	\$48,021.0
Revenue Subject to Limit	\$34,527.8	\$34,135.5	\$35,332.8	\$36,063.3
Amount Under (Over) Limit	\$11,406.6	\$12,520.4	\$14,122.4	\$11,957.7

Note: CY 2018 Personal Income is used for the FY 2020 revenue limit calculation, CY 2019 for FY 2021, CY 2020 for FY 2022, and CY 2021 for FY 2023.

Long Term Revenue Trend		
	FY 2024	FY 2025
Net GF-GP Revenue Growth	\$11,446.5 2.5%	\$11,747.6 2.6%
Net SAF Revenue Growth	\$15,143.1 2.8%	\$15,547.1 2.7%
Combined GF-GP/SAF Growth	\$26,589.6 2.7%	\$27,294.7 2.7%

Income Tax Rate Under MCL 206.51(1)		
	FY 2021	FY 2022
GF/GP Revenue	\$10,237.5	\$10,897.1
Section 51d earmark (MTF)	\$600.0	\$600.0
Total GF/GP Subject to MCL 206.51	\$10,837.5	\$11,497.1
Percentage increase CPI from 2021		2.23%
Multiplier		1.425
Capped GF/GP revenue		\$11,181.5
Total Estimated IIT revenue collected	\$13,237.0	\$13,372.7
Estimated Tax Rate as of 1/1/2023		4.15%
FY 23 Revenue Impact		(\$193.0)

Budget Stabilization Fund Calculation			
FY 2021 Calculations	NO PAY-IN OR PAY-OUT		
FY 2022 Calculations	NO PAY-IN OR PAY-OUT		
FY 2023 Calculations	NO PAY-IN OR PAY-OUT		
School Aid Index			
	FY 2022	FY 2023	
Revenue Adjustment Factor	1.0111	1.0207	
Pupil Membership Factor	1.0102	1.0060	
School Aid Index	1.0214	1.0268	