Consensus Revenue Agreement
Executive Summary
May 20, 2022

Economic and Revenue Forecasts
Fiscal Years 2022, 2023 and 2024

Principals

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Table 1
Consensus Economic Forecast
May 2022

	Calendar 2021 Actual	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)	$19,427	$19,913	2.5%	$20,351	2.2%	$20,778	2.1%
Implicit Price Deflator GDP (2012 = 100)	118.4	125.9	6.3%	130.7	3.8%	134.0	2.5%
Consumer Price Index (1982-84 = 100)	270.970	290.978	7.4%	301.819	3.7%	309.703	2.6%
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 (2012 = 100)	115.5	122.2	5.8%	126.4	3.4%	129.6	2.5%
3-month Treasury Bills Interest Rate (percent)	0.1	1.3		2.9		3.0	
Unemployment Rate - Civilian (percent)	5.3	3.6		3.8		3.9	
Wage and Salary Employment (millions)	146,124	151,969	4.0%	153,793	1.2%	154,562	0.5%
Housing Starts (millions of starts)	1.601	1.650	3.1%	1.551	-6.0%	1.557	0.4%
Light Vehicle Sales (millions of units)	14.9	15.2	1.7%	16.4	7.9%	17.0	3.7%
Passenger Car Sales (millions of units)	3.4	3.3	-1.5%	3.2	-3.0%	3.2	0.0%
Light Truck Sales (millions of units)	11.6	11.9	2.6%	13.2	10.9%	13.8	4.5%
Big 3 Share of Light Vehicles (percent)	36.0	38.8		38.2		37.4	
Michigan							
Wage and Salary Employment (thousands)	4,194	4,349	3.7%	4,414	1.5%	4,441	0.6%
Unemployment Rate (percent)	5.9	4.4		4.5		4.5	
Personal Income (millions of dollars)	$558,330	$570,613	2.2%	$600,856	5.3%	$626,092	4.2%
Real Personal Income (millions of 1982-84 dollars)	$225,310	$214,460	-4.8%	$217,754	1.5%	$221,289	1.6%
Wages and Salaries (millions of dollars)	$264,563	$289,167	9.3%	$303,626	5.0%	$314,860	3.7%
Detroit Consumer Price Index (1982-84 = 100)	247.805	266.069	7.4%	275.933	3.7%	282.929	2.5%
Detroit CPI - Fiscal Year (1982-84 = 100)	244.089	262.185	7.4%	274.033	4.5%	281.360	2.7%

Table 2

May 2022 Consensus Forecast

(millions)

Net Revenue Estimates

	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	$12,449.7	$14,179.7	$1,730.0	$12,892.1	$13,973.5	$1,081.4	$13,314.3	$14,228.9	$914.6
Percent Growth	-3.9%	9.0%		3.6%	-1.5%		3.3%	1.8%	
Dollar Growth		$1,176.0			($206.2)			$255.4	
Net SAF Revenue	$16,078.2	$17,340.6	$1,262.4	$16,246.6	$17,195.3	$948.7	$16,557.7	$17,444.9	$887.2
Percent Growth	0.2%	8.0%		1.0%	-0.8%		1.9%	1.5%	
Dollar Growth		$1,284.2			($145.3)			$249.5	
Combined	$28,527.9	$31,520.3	$2,992.4	$29,138.7	$31,168.8	$2,030.1	$29,872.0	$31,673.8	$1,801.8
Percent Growth	-1.6%	8.5%		2.1%	-1.1%		2.5%	1.6%	
Dollar Growth		$2,460.2			($351.5)			$505.0	

Revenue Limit Calculation

	FY 2021	FY 2022	FY 2023	FY 2024
Personal Income	$491,632	$530,809	$558,330	$570,613
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	$46,655.9	$50,373.8	$52,985.5	$54,151.2
Revenue Subject to Limit	$38,708.0	$41,615.3	$41,494.0	$42,225.7
Amount Under (Over) Limit	**$7,947.9**	**$8,758.5**	**$11,491.5**	**$11,925.5**

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	$14,553.1	$15,089.4
Growth	2.3%	3.7%
Net SAF Revenue	$17,836.5	$18,240.6
Growth	2.2%	2.3%
Combined GF-GP/SAF	$32,389.6	$33,330.0
Growth	2.3%	2.9%

Income Tax Rate Under MCL 206.51(1)

	FY 2021	FY 2022	FY 2023
GF/GP Revenue	$12,525.5	$13,679.4	$13,423.0
Section 51d earmark (MTF)	$600.0	$600.0	$600.0
Total GF/GP Subject to MCL 206.51	$13,125.5	$14,279.4	$14,023.0
Percentage increase CPI from 2021		7.37%	12.51%
Multiplier		1.425	1.425
Capped GF/GP revenue		$14,503.6	$15,465.8
Total Estimated IIT revenue collected		$16,727.2	$15,699.4
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 $36.4 MILLION**
FY 2023 Calculations	**NO PAY-IN OR PAY-OUT**
FY 2024 Calculations	**NO PAY-IN OR PAY-OUT**

School Aid Index

	FY 2023	FY 2024
Revenue Adjustment Factor	**1.0341**	**1.0098**
Pupil Membership Factor	**1.0044**	**1.0050**
School Aid Index	**1.0387**	**1.0148**