

# FISCAL SNAPSHOT

## CONSENSUS REVENUE ESTIMATING CONFERENCE

Date: December 2022

Analysts: Jim Stansell and Ben Gielczyk

### Summary

Revenue projections from the [Consensus Revenue Estimating Conference \(CREC\)](#) are the basis for the administration's annual budget proposal and are used by the legislature as it works through the budget process.

### Background

As required by [statute](#), a consensus revenue estimating conference is to be held during the second week of January and the third week of May each year. The purpose of the conference is to establish consensus economic forecasts for the United States and Michigan, along with revenue estimates of Michigan's major taxes for the current fiscal year and the two upcoming fiscal years. From these estimates, revenues accruing to the state general fund and School Aid Fund, projections of the school foundation index, compliance with the constitutional state revenue limit, and pay-ins to or payouts from the Budget Stabilization Fund are also developed.

### CREC Process

The conference principals are the director of the House Fiscal Agency, the director of the Senate Fiscal Agency, and a representative from the administration, typically the state treasurer. The host of the CREC rotates between the three representatives on an annual basis, and additional conferences can be held upon a written request from one of the principals to that year's host. Meetings are open to the public.

Each of the three agencies produces independent economic and revenue forecasts incorporating the most recent economic and revenue data. The forecasts are based on current law and are not adjusted for anticipated tax changes or economic policies. Prior to the conference they meet to develop a staff recommendation that will be presented to the principals at the CREC. The conference also includes presentations from economists at the Research Seminar on Quantitative Economics (RSQE) at the University of Michigan, along with other professional economists and researchers providing expertise on issues of particular importance to Michigan at that juncture.

Following the presentations, the principals evaluate the staff recommendation in conjunction with the other information provided by the other participants and adjust the staff recommendation where advisable. To establish the staff recommendation as the official consensus economic and revenue forecast, the principals must vote unanimously to accept it. If the vote is not unanimous, the deliberations continue until a consensus is reached. By law, this must occur within five days unless an extension is approved.

