MEMORANDUM

DATE: January 16, 2026

TO: Members of the Michigan House of Representatives

FROM: Mary Ann Cleary, Director

RE: Consensus Revenue Agreement – January 16, 2026

Pursuant to the Management and Budget Act Sections 367(a) through 367(f), the Consensus Revenue Estimating Conference establishes an official economic forecast of major variables of the national and state economies and establishes a forecast of anticipated state General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue.

The conference principals at the January 2026 meeting were the Director of the House Fiscal Agency, the Director of the Senate Fiscal Agency, and the State Treasurer. The Director of the Senate Fiscal Agency is the 2026 Conference Chairperson.

The attached tables provide a summation of the agreements reached at the January 2026 conference. These consensus estimates will be revised and updated at the May 2026 conference.

Table 1: Consensus Economic Forecast
Provides estimates of various state and national economic variables. The forecast projects that real gross domestic product (GDP) will increase 2.2% in calendar year (CY) 2026, 1.9% in CY 2027, and 2.0%in CY 2028. Michigan personal income is forecast to increase 3.3% in CY 2026, 3.6% in CY 2027 and 3.7% in CY 2028.

Table 2: Consensus Estimates of GF/GP and SAF
Preliminary final FY 2024-25 revenue, revised revenue estimates for FY 2025-26 and FY 2026-27, and the initial estimates for FY 2027-28 are presented in Table 2. Relative to FY 2024-25, net combined GF/GP and SAF revenue is estimated to increase $80.4 million or 0.2% in FY 2025-26, $373.4 million or 1.1% in FY 2026-27, and $807.0 million or 2.4% in FY 2027-28.

Table 3: Consensus Estimate—Budget and Economic Stabilization Fund (BSF) Calculation
There are no calculated pay-ins for FY 2025-26 through FY 2027-28. A pay-out of up to $538.7 million would be permitted based on statute for FY 2025-26; no pay-outs are anticipated for FY 2026-27 or FY 2027-28. It should be noted that the deposits to, or withdrawals from, the BSF are not automatic, and that they require an appropriation. Pay-ins and pay-outs from the BSF are based on growth in real adjusted personal income (Management and Budget Act, 1984 PA 431, Section 352).

Table 4: Consensus Estimate—Constitutional Revenue Limit Calculation
Calculations of the amounts that revenue exceed or do not exceed the constitutional state revenue limit established in Article IX, Section 26 of the Constitution of the State of Michigan are reported in Table 4. Total state revenue subject to the limit is estimated to be $11.37 billion below the limit in FY 2024-25, $12.79 billion below in FY 2025-26, $14.21 billion below in FY 2026-27, and $15.02 billion below the limit in FY 2027-28.

Table 5: Long Term Revenue Trend

The long term revenue trend for combined GF/GP and SAF revenue is 2.5% growth for FY 2028-29 and 2.4% FY 2029-30.

Table 6 and Table 7:
Consensus Estimate—School Aid Revenue Adjustment Factor and Pupil Membership Adjustment Factor

Reports consensus estimates of revenue adjustment factor and pupil membership for FY 2026-27 and FY 2027-28. The revenue adjustment factor is multiplied by the pupil membership adjustment factor to determine the index, the statutorily recommended increase or decrease in the per pupil foundation allowance. The School Aid Index for FY 2026-27 is 1.0310 and FY 2027-28 is 1.0298. The index would equal a 3.1% increase in the foundation allowance in FY 2026-27 and 3.0% in FY 2027-28.

If you have any questions regarding this information, please do not hesitate to call.

Attachments

Table 1
Consensus Economic Forecast
January 2026

	Calendar 2025 Forecast	% Change from Prior Year	Calendar 2026 Forecast	% Change from Prior Year	Calendar 2027 Forecast	% Change from Prior Year	Calendar 2028 Forecast	% Change from Prior Year
United States								
Real Gross Domestic Product (Billions of Chained 2017 Dollars)	$23,794	2.1%	$24,318	2.2%	$24,780	1.9%	$25,276	2.0%
Implicit Price Deflator GDP (2017 = 100)	128.6	2.7%	132.3	2.9%	135.8	2.6%	139.2	2.5%
Consumer Price Index (1982-84 = 100)	322.141	2.7%	331.794	3.0%	341.673	3.0%	351.522	2.9%
Consumer Price Index – Fiscal Year (1982-84 = 100)	319.998	2.7%	329.224	2.9%	339.284	3.1%	349.090	2.9%
Personal Consumption Deflator (2017 = 100)	126.7	2.6%	130.3	2.8%	133.5	2.5%	136.9	2.5%
3-month Treasury Bills Interest Rate (Percent)	4.0%		3.2%		2.9%		2.8%	
Unemployment Rate - Civilian (Percent)	4.3%		4.8%		4.8%		4.8%	
Wage and Salary Employment (Millions)	159.391	0.9%	159.869	0.3%	160.669	0.5%	161.633	0.6%
Housing Starts (Millions of Starts)	1.352	-0.9%	1.315	-2.7%	1.334	1.4%	1.371	2.8%
Light Vehicle Sales (Millions of Units)	16.2	2.2%	15.6	-3.7%	15.8	1.3%	16.0	1.1%
Passenger Car Sales (Millions of Units)	2.8	-7.7%	2.6	-7.3%	2.6	0.4%	2.6	1.7%
Light Truck Sales (Millions of Units)	13.4	4.5%	13.0	-3.0%	13.2	1.5%	13.4	0.9%
Detroit-3 Share of Light Vehicles (Percent)	35.1%		35.4%		34.8%		34.1%	
Michigan								
Wage and Salary Employment (Thousands)	4,523	0.8%	4,523	0.0%	4,537	0.3%	4,550	0.3%
Unemployment Rate (Percent)	5.3%		5.5%		5.5%		5.6%	
Personal Income (Millions of Dollars)	$672,972	4.2%	$695,180	3.3%	$720,207	3.6%	$746,855	3.7%
Real Personal Income (Millions of 1982-84 Dollars)	$225,952	2.3%	$225,836	-0.1%	$227,177	0.6%	$228,703	0.7%
Wages and Salaries (Millions of Dollars)	$321,951	3.8%	$331,931	3.1%	$342,885	3.3%	$354,886	3.5%
Detroit Consumer Price Index (1982-84 = 100)	297.838	1.9%	307.825	3.4%	317.024	3.0%	326.561	3.0%
Detroit CPI – Fiscal Year (1982-84 = 100)	295.933	2.1%	305.255	3.2%	314.779	3.1%	324.290	3.0%

NOTE: Percentages may not calculate exactly due to rounding.

Table 2
January 2026: Revenue Comparison and Consensus Estimates of GF/GP and SAF
(Millions of Dollars)

		FY 2025-26				FY 2026-27				FY 2027-28		
	FY 2024-25 Preliminary Final	January 2026 Consensus	Change From FY 2024-25		$ Change From May 2025 Consensus	January 2026 Consensus	Change From FY 2025-26		$ Change From May 2025 Consensus	January 2026 Consensus	Change From FY 2026-27	
Net GF/GP Revenue	$14,475.8	$14,134.1	($341.7)	-2.4%	($980.5)	$14,074.6	($59.5)	-0.4%	($1,269.1)	$14,484.2	$409.6	2.9%
Net SAF Revenue	$18,713.3	$19,135.4	$422.1	2.3%	$201.1	$19,568.3	$432.9	2.3%	$169.7	$19,965.7	$397.4	2.0%
Net GF/GP and SAF	$33,189.1	$33,269.5	$80.4	0.2%	($779.4)	$33,642.9	$373.4	1.1%	($1,099.4)	$34,449.9	$807.0	2.4%

Numbers may not calculate exactly due to rounding.

Table 3
January 2026: Consensus Estimate for Budget and Economic Stabilization Fund Calculation
(Millions of Dollars)

	FY 2025-26 Pay-In Calculation		FY 2026-27 Pay-In / FY 2025-26 Pay-Out Calculation		FY 2027-28 Pay-In / FY 2026-27 Pay-Out Calculation		FY 2027-28 Pay-Out Calculation	
	CY 2024	**CY 2025**	**CY 2025**	**CY 2026**	**CY 2026**	**CY 2027**	**CY 2027**	**CY 2028**
Michigan Personal Income[1]	$645,847	$672,972	$672,972	$695,180	$695,180	$720,207	$720,207	$746,855
Less Transfer Payments[1]	$140,945	$151,408	$151,408	$157,704	$157,704	$158,089	$158,089	$160,950
Income Net of Transfers	$504,902	$521,564	$521,564	$537,476	$537,476	$562,118	$562,118	$585,905
Detroit CY CPI[2]	2.923	2.979	2.979	3.078	3.078	3.170	3.170	3.266
Real Adjusted Michigan Personal Income	$172,705	$175,089	$175,089	$174,604	$174,604	$177,311	$177,311	$179,417
Change in Real Adjusted Personal Income		1.4%		-0.3%		1.6%		1.2%
Amount Under 0%		N/A		-0.3%		N/A		N/A
Between 0% and 2%		1.4%		N/A		1.6%		1.2%
Excess Over 2%		N/A		N/A		N/A		N/A
GF/GP Revenue	FY 2024-25	$14,475.8	FY 2025-26	$14,134.1	FY 2026-27	$14,074.6	FY 2027-28	$14,484.2
BSF PAY-IN[3]	**FY 2025-26**	**No Pay-In**	**FY 2026-27**	**No Pay-In**	**FY 2027-28**	**No Pay-In**		
BSF PAY-OUT[3]			**FY 2025-26**	**$538.7**	**FY 2026-27**	**No Pay-Out**	**FY 2027-28**	**No Pay-Out**

Notes:

1. Personal Income and Transfer Payments: CY 2022 through CY 2024 values are reported by the U.S. Bureau of Economic Analysis. Subsequent years are January 2026 consensus estimates.
2. Detroit Consumer Price Index, CY 2022 through CY 2024 values are reported by the U.S. Bureau of Labor Statistics. Subsequent years are January 2026 consensus estimates.
3. Calculation done per MCL 18.1352.

Table 4
January 2026 Consensus Estimate
Constitutional Revenue Limit Calculation
(Millions of Dollars)

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Revenue Limit				
Personal Income	$613,719	$645,847	$672,972	$695,180
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	**$58,241.9**	**$61,290.9**	**$63,865.0**	**$65,972.6**
Total Revenue Subject to Limit	**$46,876.0**	**$48,504.8**	**$49,657.8**	**$50,955.3**
Amount Under (Over) Limit	**$11,365.9**	**$12,786.1**	**$14,207.2**	**$15,017.3**

Numbers may not calculate exactly due to rounding.

Note: CY 2023 Personal Income is used for the FY 2025 revenue limit calculation, CY 2024 for FY 2026, CY 2025 for FY 2027, and CY 2026 for FY 2028.

Table 5
Long Term Revenue Trend
(Millions of Dollars)

	FY 2028-29	FY 2029-30
Net GF/GP Revenue	$14,844.9	$15,186.8
Growth	2.5%	2.3%
Net SAF Revenue	$20,459.1	$20,974.4
Growth	2.5%	2.5%
Combined GF/GP and SAF	$35,304.0	$36,161.2
Growth	2.5%	2.4%

Table 6
January 2026 Consensus Estimate
Revenue Adjustment Factor and Pupil Membership Adjustment Factor
for FY 2026-27

Revenue Adjustment Factor (Millions of $)

	FY 2024-25		FY 2025-26		FY 2026-27
Baseline SAF Revenue	$18,836.2		$19,280.1		$19,716.8
Balance Sheet Adjustments	($122.9)		($144.6)		($148.4)
Net SAF Estimate	$18,713.3		$19,135.5		$19,568.4
Subtotal Adjustments to FY 2026-27 Base	($25.5)		($3.8)		$0.0
Baseline Revenue on a FY 2026-27 Base	$18,687.8		$19,131.7		$19,568.4
Percent Change			2.38%		2.28%
SAF Revenue Adjustment Calculation for FY 2026-27:					
Sum of FY 2024-25 and FY 2025-26	$18,687.8	+	$19,131.7	=	$37,819.5
Sum of FY 2025-26 and FY 2026-27	$19,131.7	+	$19,568.4	=	$38,700.1

FY 2026-27 Revenue Adjustment Factor	**1.0234**

Note: Factor is calculated off a FY 2027 base year.

Pupil Membership Adjustment Factor	**May 2025 Consensus Estimate**	**January 2026 Consensus Estimate**	**Change**
FY 2025-26			
Local Districts	1,220,800	1,216,600	(4,200)
Public School Academies	157,000	155,200	(1,800)
Total	**1,377,800**	**1,371,800**	**(6,000)**
FY 2026-27			
Local Districts	1,210,100	1,205,000	(5,100)
Public School Academies	160,000	156,700	(3,300)
Total	**1,370,100**	**1,361,700**	**(8,400)**

	FY 2025-26	FY 2026-27
Consensus Estimate of Pupil Membership	1,371,800	1,361,700
Pupil Membership Adjustment Factor for FY 2026-27:		
FY 2025-26 Pupil Membership =	1,371,800	
FY 2026-27 Pupil Membership =	1,361,700	

FY 2026-27 Pupil Membership Adjustment Factor	**1.0074**

FY 2026-27 School Aid Index	**1.0310**

Table 7
January 2026 Consensus Estimate
Revenue Adjustment Factor and Pupil Membership Adjustment Factor
for FY 2027-28

Revenue Adjustment Factor (Millions of $)

	FY 2025-26		FY 2026-27		FY 2027-28
Baseline SAF Revenue	$19,280.1		$19,716.8		$20,122.9
Balance Sheet Adjustments	($144.6)		($148.4)		($157.2)
Net SAF Estimate	$19,135.5		$19,568.4		$19,965.7
Subtotal Adjustments to FY 2027-28 Base	($12.6)		($8.8)		$0.0
Baseline Revenue on a FY 2027-28 Base	$19,122.9		$19,559.6		$19,965.7
Percent Change			2.28%		2.08%
SAF Revenue Adjustment Calculation for FY 2027-28:					
Sum of FY 2025-26 and FY 2026-27	$19,122.9	+	$19,559.6	=	$38,682.5
Sum of FY 2026-27 and FY 2027-28	$19,559.6	+	$19,965.7	=	$39,525.3

FY 2027-28 Revenue Adjustment Factor	**1.0218**

Note: Factor is calculated off a FY 2028 base year.

Pupil Membership Adjustment Factor	**May 2025 Consensus Estimate**	**January 2026 Consensus Estimate**	**Change**
FY 2026-27			
Local Districts	1,210,100	1,205,000	(5,100)
Public School Academies	160,000	156,700	(3,300)
Total	**1,370,100**	**1,361,700**	**(8,400)**
FY 2027-28			
Local Districts	N/A	1,193,200	N/A
Public School Academies	N/A	158,000	N/A
Total	**N/A**	**1,351,200**	**N/A**

	FY 2026-27	FY 2027-28
Consensus Estimate of Pupil Membership	1,361,700	1,351,200
Pupil Membership Adjustment Factor for FY 2027-28:		
FY 2026-27 Pupil Membership =	1,361,700	
FY 2027-28 Pupil Membership =	1,351,200	

FY 2027-28 Pupil Membership Adjustment Factor	**1.0078**

FY 2027-28 School Aid Index	**1.0298**