MEMORANDUM

HOUSE FISCAL AGENCY

DATE: May 15, 2026

TO: Members of the Michigan House of Representatives

FROM: Mary Ann Cleary, Director

RE: Consensus Revenue Agreement – May 15, 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 May 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 May 2026 conference. These consensus estimates will be reviewed and updated at the January 2027 conference.

Table 1: Consensus Economic Forecast
Provides estimates of various state and national economic variables. Real gross domestic product (GDP) is projected to increase 2.0% in calendar year (CY) 2026, 1.6% in CY 2027, and 2.1% in CY 2028. Michigan personal income is forecast to increase 3.3% in CY 2026, 3.2% in CY 2027, and 3.2% in CY 2028.

Table 2: Consensus Estimates of GF/GP and SAF
Provides revised revenue estimates for FY 2025-26 through FY 2027-28. Relative to FY 2024-25, net GF/GP and SAF revenue is estimated to increase $382.0 million or 1.2% in FY 2025-26, increase $240.0 million or 0.7% in FY 2026-27, and increase $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
Reports calculations of the amounts that revenues exceed or fall below the constitutional state revenue limit established in Article IX, Section 26 of the Constitution of the State of Michigan. Total state revenue subject to the limit is estimated to be $11.37 billion below the limit in FY 2024-25, $12.49 billion below in FY 2025-26, $14.17 billion below in FY 2026-27, and $14.99 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 2.5% growth for 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 1.0334 and FY 2027-28 is 1.0323. The index would equal a 3.3% increase in the foundation allowance in FY 2026-27 and 3.2% increase in FY 2027-28.

Table 8: Consensus Estimate—Child Development and Care (CDC) Caseload and Costs

Reports consensus estimates of CDC caseload costs for FY 2025-26 and FY 2026-27. The annual CDC cost is estimated at $587.2 million for FY 2025-26 and $631.4 million for FY 2026-27.

Table 9: Consensus Estimate— Medicaid Expenditures and Human Services

Reviews consensus Gross and GF/GP expenditure estimates for Medicaid and Human Services caseload programs. Medicaid GF/GP expenditures are estimated to increase $263.0 million in FY 2025-26 and increase $21.5 million in both FY 2026-27 and FY 2027-28. Human Services caseload program GF/GP expenditures are estimated to increase $38.5 million in FY 2025-26 and increase $12.3 million in both FY 2026-27 and FY 2027-28.

Income Tax Rate Under MCL 206.51(1)

In accordance with Section 51(1)(c) of the Income Tax Act, it has been determined that a formulary reduction to the rate for tax year 2026 is not required.

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

Attachments

Table 1
Consensus Economic Forecast
May 2026

	Calendar 2025 Actual	% 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)	$23,849	2.1%	$24,326	2.0%	$24,715	1.6%	$25,234	2.1%
Implicit Price Deflator GDP (2017 = 100)	128.8	2.8%	133.7	3.8%	137.6	2.9%	140.8	2.3%
Consumer Price Index (1982-84 = 100)	322.122	2.7%	333.418	3.5%	342.991	2.9%	351.329	2.4%
Consumer Price Index – Fiscal Year (1982-84 = 100)	319.997	2.7%	330.515	3.3%	341.026	3.2%	349.375	2.4%
Personal Consumption Deflator (2012 = 100)	126.8	2.6%	131.4	3.6%	134.8	2.6	137.7	2.1%
3-month Treasury Bills Interest Rate (Percent)	4.1%		3.6%		3.1%		3.0%	
Unemployment Rate - Civilian (Percent)	4.3%		4.5%		4.8%		4.8%	
Wage and Salary Employment (Millions)	158.439	0.5%	158.597	0.1%	158.756	0.1%	159.550	0.5%
Housing Starts (Millions of Starts)	1.356	(1.1%)	1.330	(1.9%)	1.320	(0.8%)	1.367	3.6%
Light Vehicle Sales (Millions of Units)	16.2	2.2%	15.6	(3.7%)	15.5	(0.6%)	15.6	0.6%
Passenger Car Sales (Millions of Units)	2.7	(8.7%)	2.6	(5.9%)	2.6	1.4%	2.6	0.0%
Light Truck Sales (Millions of Units)	13.5	4.7%	13.0	(3.3%)	12.9	(1.0%)	13.0	0.8%
Big 3 Share of Light Vehicles (Percent)	35.2%		34.2%		34.1%		33.6%	
Michigan								
Wage and Salary Employment (Thousands)	4,483	(0.1%)	4,474	(0.2%)	4,474	0.0%	4,478	0.1%
Unemployment Rate (Percent)	5.2%		5.3%		5.5%		5.5%	
Personal Income (Millions of Dollars)	$674,264	4.4%	$696,515	3.3%	$718,803	3.2%	$741,805	3.2%
Real Personal Income (Millions of 1982-84 Dollars)	$226,448	2.4%	$226,608	0.1%	$227,166	0.2%	$228,705	0.7%
Wages and Salaries (Millions of Dollars)	$322,261	3.9%	$331,284	2.8%	$341,554	3.1%	$352,484	3.2%
Detroit Consumer Price Index (1982-84 = 100)	297.757	1.9%	307.366	3.2%	316.422	2.9%	324.350	2.5%
Detroit CPI – Fiscal Year (1982-84 = 100)	296.005	2.1%	304.769	3.0%	314.592	3.2%	322.501	2.5%

Note: Percentages may not calculate exactly due to rounding.

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

	FY 2025-26				FY 2026-27				FY 2027-28			
	May 2026 Consensus	Change From FY 2024-25		$ Change From January 2026 Consensus	May 2026 Consensus	Change From FY 2025-26		$ Change From January 2026 Consensus	May 2026 Consensus	Change From FY 2026-27		$ Change From January 2026 Consensus
Net GF/GP Revenue	$14,362.0	($119.2)	(0.8%)	$227.9	$14,168.8	($193.1)	(1.3%)	$94.2	$14,559.9	$391.0	2.8%	$75.7
Net SAF Revenue	$19,214.8	$501.2	2.7%	$79.4	$19,647.9	$433.1	2.3%	$79.6	$20,063.8	$416.0	2.1%	$98.1
Net GF/GP and SAF	$33,576.8	$382.0	1.2%	$307.3	$33,816.7	$240.0	0.7%	$173.8	$34,623.7	$807.0	2.4%	$173.8

Numbers may not calculate exactly due to rounding.

Table 3
May 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	$674,264	$674,264	$696,515	$696,515	$718,803	$718,803	$741,805
Less Transfer Payments[1]	$140,945	$152,242	$152,242	$159,573	$159,573	$165,610	$165,610	$172,076
Income Net of Transfers	$504,902	$522,022	$522,022	$536,942	$536,942	$553,193	$553,193	$569,729
Detroit CY CPI[2]	2.924	2.978	2.978	3.074	3.074	3.164	3.164	3.243
Real Adjusted Michigan Personal Income	$172,705	$175,318	$175,318	$174,691	$174,691	$174,828	$174,828	$175,653
Change in Real Adjusted Personal Income		1.5%		(0.4%)		0.1%		0.5%
Amount Under 0%		N/A		(0.4%)		N/A		N/A
Between 0% and 2%		1.5%		N/A		0.1%		0.5%
Excess Over 2%		N/A		N/A		N/A		N/A
GF/GP Revenue	FY 2024-25	$14,481.2	FY 2025-26	$14,362.0	FY 2026-27	$14,168.8	FY 2027-28	$14,559.9
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 May 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 May 2026 consensus estimates.
3. Calculation done per MCL 18.1352.

Table 4
May 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	$674,264	$696,515
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	**$58,241.9**	**$61,290.9**	**$63,987.7**	**$66,099.3**
Total Revenue Subject to Limit	**$46,873.1**	**$48,803.7**	**$49,817.9**	**$51,113.0**
Amount Under (Over) Limit	**$11,368.8**	**$12,487.2**	**$14,169.8**	**$14,986.3**

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
May 2026 Consensus Estimate
Long Term Revenue Trend
(Millions of Dollars)

	FY 2028-29	FY 2029-30
Net GF/GP Revenue	$14,926.5	$15,284.4
Growth	2.5%	2.4%
Net SAF Revenue	$20,556.7	$21,075.9
Growth	2.5%	2.5%
Combined GF/GP and SAF	$35,483.2	$36,360.3
Growth	2.5%	2.5%

Table 6
May 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	$18,837.2		$19,332.4		$19,775.3
Balance Sheet Adjustments	($122.9)		($117.6)		($127.5)
Net SAF Estimate	$18,714.3		$19,214.8		$19,647.8
Subtotal Adjustments to FY 2026-27 Base	($4.6)		($9.9)		$0.0
Baseline Revenue on an FY 2026-27 Base	$18,709.7		$19,204.9		$19,647.8
Percent Change			2.65%		2.31%
SAF Revenue Adjustment Calculation for FY 2026-27:					
Sum of FY 2024-25 and FY 2025-26	$18,709.7	+	$19,204.9	=	$37,914.6
Sum of FY 2025-26 and FY 2026-27	$19,204.9	+	$19,647.8	=	$38,852.7

FY 2026-27 Revenue Adjustment Factor	**1.0247**

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

Pupil Membership Adjustment Factor	**January 2026 Consensus Estimate**	**May 2026 Consensus Estimate**	**Change**
FY 2025-26			
Local Districts	1,216,600	1,216,300	(300)
Public School Academies	155,200	155,200	0
Total	**1,371,800**	**1,371,500**	**(300)**
FY 2026-27			
Local Districts	1,205,000	1,204,000	(1,000)
Public School Academies	156,700	156,000	(700)
Total	**1,361,700**	**1,360,000**	**(1,700)**

		FY 2025-26	FY 2026-27
Consensus Estimate of Pupil Membership		1,371,500	1,360,000
Pupil Membership Adjustment Factor for FY 2026-27:			
FY 2025-26 Pupil Membership	=	1,371,500	
FY 2026-27 Pupil Membership	=	1,360,000	

FY 2026-27 Pupil Membership Adjustment Factor	**1.0085**

FY 2026-27 School Aid Index	**1.0334**

Table 7
May 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	$19,332.4		$19,775.3		$20,203.9
Balance Sheet Adjustments	($117.6)		($127.5)		($139.9)
Net SAF Estimate	$19,214.8		$19,647.8		$20,064.0
Subtotal Adjustments to FY 2027-28 Base	($22.3)		($12.4)		$0.0
Baseline Revenue on an FY 2027-28 Base	$19,192.5		$19,635.4		$20,064.0
Percent Change			2.31%		2.18%
SAF Revenue Adjustment Calculation for FY 2027-28:					
Sum of FY 2025-26 and FY 2026-27	$19,192.5	+	$19,635.4	=	$38,827.9
Sum of FY 2026-27 and FY 2027-28	$19,635.4	+	$20,064.0	=	$39,699.4

FY 2027-28 Revenue Adjustment Factor	**1.0224**

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

Pupil Membership Adjustment Factor	**January 2026 Consensus Estimate**	**May 2026 Consensus Estimate**	**Change**
FY 2026-27			
Local Districts	1,205,000	1,204,000	(1,000)
Public School Academies	156,700	156,000	(700)
Total	**1,361,700**	**1,360,000**	**(1,700)**
FY 2027-28			
Local Districts	1,193,200	1,190,000	(3,200)
Public School Academies	158,000	157,000	(1,000)
Total	**1,351,200**	**1,347,000**	**(4,200)**

	FY 2026-27	FY 2027-28
Consensus Estimate of Pupil Membership	1,360,000	1,347,000
Pupil Membership Adjustment Factor for FY 2027-28:		
FY 2026-27 Pupil Membership =	1,360,000	
FY 2027-28 Pupil Membership =	1,347,000	

FY 2027-28 Pupil Membership Adjustment Factor	**1.0097**

FY 2027-28 School Aid Index	**1.0323**

Table 8
May 2026 Consensus Estimate
Department of Lifelong Education, Advancement, and Potential
Estimate for Child Development and Care Caseloads and Costs
FY 2025-26 and FY 2026-27

	Current Law	May 2026 Consensus Estimate	Difference from Current Law
FY 2025-26 Total	$543,312,000	$587,172,000	$48,860,000
FY 2026-27 Total		$631,383,600	$88,071,600

Child Development and Care Caseloads and Costs History				
Fiscal Year	**Cases**	**$/Case**	**Total $/Month**	**Total $/Year**
2020-21	13,976	$1,301.97	$18,196,288	$218,355,451
2021-22	15,766	$1,720.65	$27,127,765	$325,533,181
2022-23	20,306	$1,785.30	$36,252,035	$435,024,424
2023-24	23,562	$1,412.42	$33,278,573	$399,342,872
2024-25	26,816	$1,604.18	$43,016,813	$516,201,751
2025-26 Est.	29,300	$1,670.00	$48,931,000	$587,172,000
2026-27 Est.	31,300	$1,681.00	$52,615,300	$631,383,600

Table 9
May 2026 Consensus Expenditure Estimate
Department of Health and Human Services
FY 2025-26 Through FY 2027-28

	Gross Change to Originally Proposed/Enacted Appropriation	GF/GP Change to Originally Proposed/Enacted Appropriation
Human Services		
FY 2025-26	$30,459,800	$38,465,600
FY 2026-27	$18,196,100	$12,304,100
FY 2027-28	$18,196,100	$12,304,100
Health Services		
FY 2025-26	$1,054,092,500	$262,950,500
FY 2026-27	$31,977,400	$21,480,500
FY 2027-28	$31,977,400	$21,480,500
Total for Department of Health and Human Services		
FY 2025-26[A]	$1,084,522,300	$301,416,100
FY 2026-27[B,C]	$50,173,500	$33,784,600
FY 2027-28[B,C]	$50,173,500	$33,784,600

[A] FY 2025-26 Consensus figures assume no change to Gross Medicaid provider tax authorization, as currently reflected in boilerplate Sections 1833 and 1834 of Article 6, Public Act 22 of 2025.
[B] FY 2026-27 and FY 2027-28 Consensus figures make no assumption regarding the allocation of Gross Medicaid provider tax authorization between Part 1 appropriations and boilerplate appropriations.
[C] FY 2026-27 and FY 2027-28 Consensus figures include caseload changes associated with H.R. 1 implementation, consistent with assumptions in the FY 2026–27 Executive Recommendation.