



MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW

**FY 2024-25, FY 2025-26,
FY 2026-27, and FY 2027-28**

January 15, 2026



THE SENATE FISCAL AGENCY

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EXECUTIVE SUMMARY

ECONOMIC FORECAST

The United States economy slowed in 2025 and is expected to continue growing at roughly the same rate, or slightly slower, through the 2026-to-2028 period. Consumer spending is forecasted to grow more slowly than in recent years, as consumers adapt to limited inflation-adjusted wage gains and flat employment, while business investment is expected to grow more rapidly in response to changes in Federal fiscal policy and lower interest rates. Both labor productivity and the unemployment rate will rise slightly over the forecast but remain low by historical standards.

The Michigan economy will mirror the changes in the national economy, with employment growth relatively flat and the unemployment rate slowly rising. The interaction of growth and inflation will result in relatively flat inflation-adjusted personal income over the forecast.

REVENUE FORECAST

Preliminary fiscal year (FY) 2024-25 General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue increased 1.5% from FY 2023-24, reflecting relatively modest economic growth. Below-forecast individual income tax (IIT) and corporate income tax (CIT) revenue was essentially offset by less-than-expected business tax credits, above-forecast earnings from abandoned property, and greater-than-expected sales tax revenue, resulting in preliminary FY 2024-25 GF/GP and SAF combined revenue being \$50.9 million above the May 2025 consensus estimate.

Under the revised estimate for FY 2025-26, employment and incomes will rise despite slowing economic growth, lifting GF/GP and SAF revenue 1.5% above the FY 2024-25 level, without accounting for tax changes. Tax changes adopted in 2025, reflecting follow-on provisions to changes in Federal law and the 2025 transportation package, will cause net GF/GP and SAF revenue to decline 0.5%. Transfers to the transportation funds and SAF hold-harmless provisions will result in GF/GP revenue declining 4.1%, while SAF revenue will increase 2.2%. Economic activity combined with the tax policy changes results in a revised FY 2025-26 estimate \$1.1 billion below the May 2025 consensus estimate.

In FY 2026-27, weak economic growth and stable tax policy will cause GF/GP and SAF revenue to grow 1.0% above the revised estimate for FY 2025-26. Extending the tax policy changes that affected FY 2025-26 revenue, the revised estimate for FY 2026-27 is \$1.5 billion below the May 2025 consensus estimate.

In FY 2027-28, reduced business tax credits and modest growth will result in GF/GP and SAF revenue growing 2.8%.

YEAR-END BALANCE ESTIMATES

It is important to note that the books have not yet been closed for FY 2024-25. Based on the accounting of State revenue and expenditures as of December 30, 2025, the Senate Fiscal Agency (SFA) is estimating that the FY 2024-25 GF/GP budget will close the fiscal year with a \$661.5 million balance. The SFA estimates that the FY 2024-25 SAF budget will close the fiscal year with a \$1.3 billion balance. (Note that a large portion of these balances was assumed during the FY 2025-26 budget process and does not represent 'new' revenue.)

A comparison of the SFA's FY 2025-26 revenue estimates with enacted and projected appropriations leads to a \$433.0 million GF/GP year-end shortfall. The SFA estimates that the FY 2025-26 SAF budget will end the year with a \$653.2 million positive balance.

Looking ahead to the FY 2026-27 budget, comparing the SFA's FY 2026-27 GF/GP revenue estimate with FY 2026-27 GF/GP estimated expenditures results in a projected GF/GP shortfall of \$1.1 billion. These estimated expenditures freeze initial ongoing spending at the FY 2025-26 level, eliminate one-time appropriations from FY 2025-26, assume the current-year shortfall is resolved, and include various baseline adjustments. If the FY 2025-26 estimated year-end SAF balance of \$653.2 million is carried forward, comparing the SFA's FY 2026-27 SAF revenue estimate with the FY 2026-27 SAF estimated continuation expenditures adjusted for changes in estimated pupils and other costs results in a projected SAF year-end positive balance of \$1.5 billion for FY 2026-27.

The estimated FY 2024-25 ending balances may change when the State's book-closing process is completed and the Annual Comprehensive Financial Report (ACFR) is published. If the FY 2024-25 numbers change because of final supplemental spending or other book-closing issues or determinations related to work-project designations, the ending balances in this report would change. Additional policy changes or supplemental appropriations also would change the ending balances for FYs 2024-25, 2025-26, and 2026-27.

EXECUTIVE SUMMARY

SENATE FISCAL AGENCY ECONOMIC AND BUDGET SUMMARY

ECONOMIC PROJECTIONS (Calendar Year)					
	2024 Actual	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Real Gross Domestic Product (% change)	2.8%	2.0%	2.0%	1.7%	1.8%
US Consumer Price Index (% change)	2.9%	2.7%	3.0%	3.2%	3.1%
Light Motor Vehicle Sales (millions of units)	15.9	16.1	15.5	15.7	15.8
US Unemployment Rate (%)	4.0%	4.3%	4.8%	4.9%	5.0%
Real Michigan Personal Income (% change)	1.6%	2.2%	0.0%	0.3%	0.4%
Michigan Wage & Salary Employment (% change)	0.6%	0.8%	(0.1%)	0.2%	0.1%

REVENUE ESTIMATES GENERAL FUND/GENERAL PURPOSE (GF/GP) AND SCHOOL AID FUND (SAF) (millions of dollars)									
	FY 2025-26 Estimate			FY 2026-27 Estimate			FY 2027-28 Estimate		
	Baseline	Tax Changes	Net Available	Baseline	Tax Changes	Net Available	Baseline	Tax Changes	Net Available
GF/GP	\$17,176.3	(\$3,376.3)	\$13,800.0	\$17,546.1	(\$3,795.8)	\$13,750.3	\$18,082.9	(\$3,790.9)	\$14,292.0
% Change	0.7%	---	(4.1%)	2.2%	---	(0.4%)	3.1%	---	3.9%
School Aid Fund	\$19,226.2	(117.4)	\$19,108.8	\$19,604.0	(113.4)	\$19,490.6	\$20,000.2	(115.5)	\$19,884.7
% Change	2.2%	---	2.2%	2.0%	---	2.0%	2.0%	---	2.0%
Total GF/GP & SAF	\$36,402.5	(\$3,493.7)	\$32,908.8	\$37,150.1	(\$3,909.2)	\$33,240.9	\$38,083.1	(\$3,906.4)	\$34,176.7
% Change	1.5%	---	(0.5%)	2.1%	---	1.0%	2.5%	---	2.8%
Revenue Limit – Under (Over)		\$12,484.5			\$14,041.4			\$14,969.4	
	<u>FY 2024-25 Estimate</u>			<u>FY 2025-26 Estimate</u>			<u>FY 2026-27 Estimate</u>		
<u>Revision from May Consensus</u>									
GF/GP		(\$99.9)			(\$1,314.6)			(\$1,593.4)	
SAF		<u>150.8</u>			<u>174.5</u>			<u>92.0</u>	
Total		\$50.9			(\$1,140.1)			(\$1,501.4)	

YEAR-END BALANCE ESTIMATES (Fiscal Year, millions of dollars)			
	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
General Fund/General Purpose.....	\$661.5	(\$433.0)	(\$1,146.4)
School Aid Fund	\$1,303.3	\$653.2	\$1,465.6
Budget Stabilization Fund (with enacted deposits).....	\$2,147.9	\$2,223.1	\$2,289.8

ECONOMIC REVIEW AND OUTLOOK

State revenue, particularly tax revenue, depends heavily on economic conditions. This section presents the SFA's latest economic forecast for 2026, 2027, and 2028, as well as a summary of recent economic activity.

RECENT US ECONOMIC HIGHLIGHTS

- The economy remains in transition, moving from a post-COVID-19 period to adapting in response to changes in trade policy, Federal tax and policy changes, demographics shifts, and increased adoption of artificial intelligence processes into many economic sectors. On an annual basis the transition has seen economic growth slow, although the quarterly changes have remained volatile.
- Labor markets have relaxed but remain constrained. While the economy continues to transition from the distortions created by the pandemic, economic growth has combined with population demographics to depress employment growth. As a result, unemployment rates have slowly risen, although remain relatively low by historical standards.
- Inflation remains elevated but has slowed. After peaking in the middle of 2022, inflation has eased to levels consistent with the early 1990s, but above the levels between 2009 and 2020.

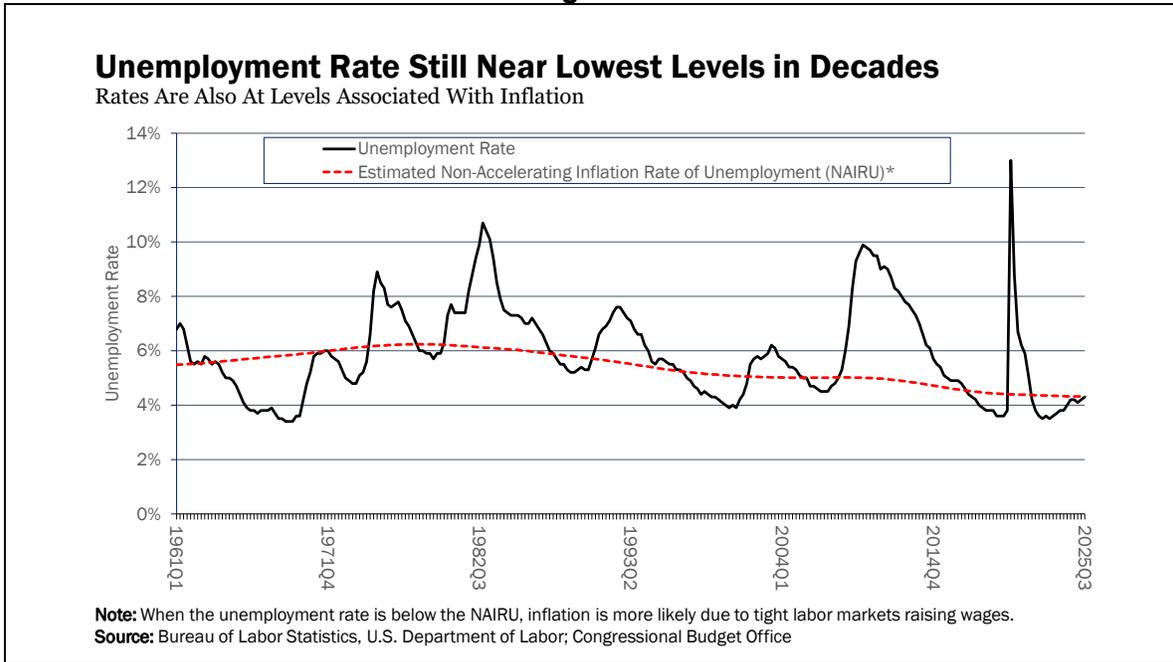
The COVID-19 pandemic and the subsequent economic recovery were characterized by significant imbalances between different parts of the economy, particularly differing impacts between goods-producing and service-producing sectors, between brick-and-mortar retailers and online merchants, and between sectors more reliant on international supply chains and those less reliant on supply chains. While the pandemic's impact on the economic has waned, the economy has remained in transition due to continuing demographic shifts, the ongoing war in Ukraine, and both tax and non-tax policy changes at the Federal level. Adapting to these changes has produced marked swings in the economy on a quarterly basis, with inflation-adjusted Gross Domestic Product (GDP) swinging from a 4.7% seasonally adjusted annual growth rate in the fourth quarter of 2023 to a 0.6% decline in the first quarter of 2025 back to a 3.8% increase in the second quarter in 2025.

Inflation has exhibited similar movements, with changes in the GDP price deflator varying over the same period from a high of 3.6% to a low of 1.6%. On an annual basis, the changes have averaged a downward trend, with both economic growth and inflation largely trending downward. Inflation-adjusted GDP has declined from 2.9% growth in 2023 to 2.8% growth in 2024 and an estimated 2.0% growth in 2025, while inflation (as measured by the GDP price deflator) has declined from 3.7% in 2023 to 2.5% in 2024 and an estimated 2.7% in 2025. Inflation, as measured by the Consumer Price Index (CPI) has declined from 4.1% in 2023 to 2.9% in 2024 and an estimated 2.7% in 2025. The slowing economy has also reduced employment gains, with payroll employment growth falling from 2.2% in 2023 to 1.3% in 2024 and an estimated 0.9% in 2025, pushing the unemployment rate to rise from 3.6% in 2023 (the lowest annual employment rate since 1969) to 4.0% in 2024 (still lower than every year between 1970 and 2017, excluding the year 2000) and an estimated 4.3% in 2025 ([Figure 1](#)).

RECENT MICHIGAN ECONOMIC HIGHLIGHTS

- Michigan's economy has mirrored changes in the national economy, but Michigan's comparative over-reliance on the motor vehicle industry and relatively older population has limited the ability of the State economy to keep pace with the US economy.
- Productivity gains and market share declines in the motor vehicle industry caused Michigan to lose jobs from 2000 to 2010 and Michigan has yet to regain employment levels experienced before the 2000-01 recession.
- Like the US economy, the Michigan economy continues to grow, albeit at a slower rate. Inflation has slowed and the unemployment rate has risen, although the unemployment rate remains low by historical standards.

Figure 1



Michigan's economy spent the 2000-2010 period in an employment recession, largely driven by the same fundamental restructuring that affected manufacturing globally. Michigan's manufacturing sector experienced, and continues to experience, economic circumstances that limit the prospects for employment growth. In addition, Michigan's over-reliance on the motor vehicle industry has meant those impacts are transmitted through the rest of the Michigan economy. Economic changes in the motor vehicle sector affect the amount of money employees in the sector have to spend on eating out, recreation, legal and financial services, and consumer goods, which affects economic activity in sectors across the State economy and creates feedback effects for those secondarily affected sectors.

These swings are exemplified by the changes in Michigan payroll employment since 2000. Payroll employment fell from a high of 4.7 million workers in June 2000 to 3.8 million in July 2009, a loss of 862,600 jobs (of which more than 220,000, or more than 25%, were in the transportation equipment manufacturing sector). Although Michigan payroll employment recovered 627,800 jobs between the July 2009 Michigan employment trough and the pre-COVID-19 employment peak in December 2019, the pandemic lowered Michigan payroll employment below the 2009 employment trough. The rapid recovery in motor vehicle sales at the national level helped Michigan's employment levels recover from the pandemic recession more rapidly than almost any other state, adding more than 1.1 million jobs to Michigan payroll employment by June 2023. As vehicle sales have stabilized, the economy has continued to grow. Michigan's payroll employment totaled 4.5 million workers in September 2025, up more than 1.1 million jobs (33.6%) from the pandemic trough of 3.4 million jobs (although payroll employment remained 160,200 jobs (3.4%) below the June 2000 all-time peak).

As the national economy has slowed, Michigan has followed suit. Michigan personal income slowed from 5.8% growth in 2023 to 4.6% in 2024 and an estimated 4.2% growth in 2025. Payroll employment increased 2.0% in 2023 but 0.6% in 2024 and an estimated 0.8% in 2025, and the slower rate of job growth helped increase the unemployment rate from 3.9% in 2023 to 4.7% in 2024 and an estimated 5.3% in 2025. However, slower economic growth helped reduce inflationary pressures, and the Detroit CPI rose an estimated 2.0% in 2025, after rising 5.8% in 2023 and 3.0% in 2024.

Historical and forecasted details for select US and Michigan economic indicators are presented in [Table 1](#) and [Table 2](#).

Table 1

THE SENATE FISCAL AGENCY ECONOMIC FORECAST					
(Calendar Years)					
	2024	2025	2026	2027	2028
	Actual	Estimate	Estimate	Estimate	Estimate
<u>United States</u>					
Nominal GDP (year-to-year growth)	5.3%	4.7%	4.9%	4.5%	4.6%
Inflation-Adjusted GDP (year-to-year growth)	2.8%	2.0%	2.0%	1.7%	1.8%
Unemployment Rate	4.0%	4.3%	4.8%	4.9%	5.0%
Wage & Salary Employment (year-to-year growth)	1.3%	0.9%	0.1%	0.2%	0.2%
Inflation					
Consumer Price Index (year-to-year growth)	2.9%	2.7%	3.0%	3.2%	3.1%
GDP Implicit Price Deflator (yr.-to-yr. growth)	2.5%	2.7%	2.8%	2.8%	2.7%
Interest Rates					
90-day Treasury Bill	4.97%	4.05%	3.12%	2.60%	2.29%
10-year Treasury Bill	4.21%	4.27%	3.87%	3.65%	3.50%
Corporate Aaa Bond	5.04%	5.31%	4.93%	4.77%	4.63%
Federal Funds Rate	5.15%	4.20%	3.23%	2.63%	2.34%
Light Motor Vehicle Sales (millions of units)					
Auto	15.9	16.1	15.5	15.7	15.8
Truck	3.0	2.7	2.5	2.5	2.6
	12.9	13.4	13.0	13.1	13.2
<u>Michigan</u>					
Personal Income (millions)	\$645,847	\$673,075	\$694,521	\$719,067	\$744,807
Year-to-year growth	4.6%	4.2%	3.2%	3.5%	3.6%
Inflation-Adjusted Personal Income (year-to-year growth)					
	1.6%	2.2%	0.0%	0.3%	0.4%
Wage & Salary Income (millions)	\$310,165	\$322,135	\$332,120	\$343,445	\$355,385
Year-to-year growth	4.4%	3.9%	3.1%	3.4%	3.5%
Detroit Consumer Price Index (year-to-year growth)					
	3.0%	2.0%	3.2%	3.2%	3.1%
Wage & Salary Employment (thousands)	4,487.3	4,524.0	4,518.7	4,528.0	4,534.1
Year-to-year growth	0.6%	0.8%	-0.1%	0.2%	0.1%
Unemployment Rate	4.7%	5.3%	5.7%	5.7%	5.7%

Table 2

THE SENATE FISCAL AGENCY US ECONOMIC FORECAST DETAIL (Calendar Years)					
	2024	2025	2026	2027	2028
	Actual	Estimate	Estimate	Estimate	Estimate
Gross Domestic Product (billions of dollars)	\$29,298.0	\$30,684.6	\$32,173.2	\$33,631.7	\$35,180.2
Year-to-year growth	5.3%	4.7%	4.9%	4.5%	4.6%
<i><u>Inflation-Adjusted GDP and Components</u></i>					
Gross Domestic Product (billions of 2017 dollars)	\$23,358.4	\$23,824.3	\$24,308.9	\$24,713.0	\$25,162.8
Year-to-year growth	2.8%	2.0%	2.0%	1.7%	1.8%
Consumption (billions of 2017 dollars)	\$16,088.5	\$16,497.4	\$16,764.0	\$17,004.6	\$17,287.7
Year-to-year growth	2.9%	2.5%	1.6%	1.4%	1.7%
Business Fixed Investment (billions of 2017 dollars)	\$3,518.9	\$3,660.1	\$3,787.9	\$3,940.8	\$4,096.8
Year-to-year growth	2.9%	4.0%	3.5%	4.0%	4.0%
Change in Business Inventories (billions of 2017 dollars)	\$43.5	\$45.3	\$27.0	\$38.3	\$43.6
Residential Investment (billions of 2017 dollars)	\$790.4	\$773.3	\$757.0	\$770.6	\$786.3
Year-to-year growth	3.2%	-2.2%	-2.1%	1.8%	2.0%
Government Spending (billions of 2017 dollars)	\$3,945.3	\$3,989.2	\$4,028.5	\$4,057.7	\$4,094.3
Year-to-year growth	3.8%	1.1%	1.0%	0.7%	0.9%
Federal budget surplus (billions of dollars, NIPA basis)	(\$1,874.5)	(\$1,933.1)	(\$1,915.0)	(\$2,020.2)	(\$2,111.4)
Net Exports (billions of 2017 dollars)	(\$1,032.6)	(\$1,119.7)	(\$995.2)	(\$1,028.4)	(\$1,064.7)
Exports (billions of 2017 dollars)	\$2,633.6	\$2,643.5	\$2,649.9	\$2,684.2	\$2,718.4
Imports (billions of 2017 dollars)	\$3,666.2	\$3,763.2	\$3,645.1	\$3,712.6	\$3,783.2
Personal Income (year-to-year growth)	5.6%	5.0%	4.0%	4.0%	4.1%
Adjusted for Inflation	2.6%	2.3%	1.0%	0.8%	1.1%
Wage & Salary Income (year-to-year growth)	5.6%	5.0%	3.9%	3.6%	3.8%
Personal Savings Rate	5.4%	5.0%	4.8%	4.9%	5.0%
Output per hour (Labor productivity, annual growth)	2.8%	1.4%	1.8%	1.6%	1.6%
Unit labor costs (annual growth)	2.4%	2.6%	2.0%	2.0%	2.1%
Housing Starts (millions of units)	1.367	1.351	1.278	1.295	1.317
Conventional Mortgage Rates	6.7%	6.6%	6.0%	5.8%	5.6%

FORECAST SUMMARY

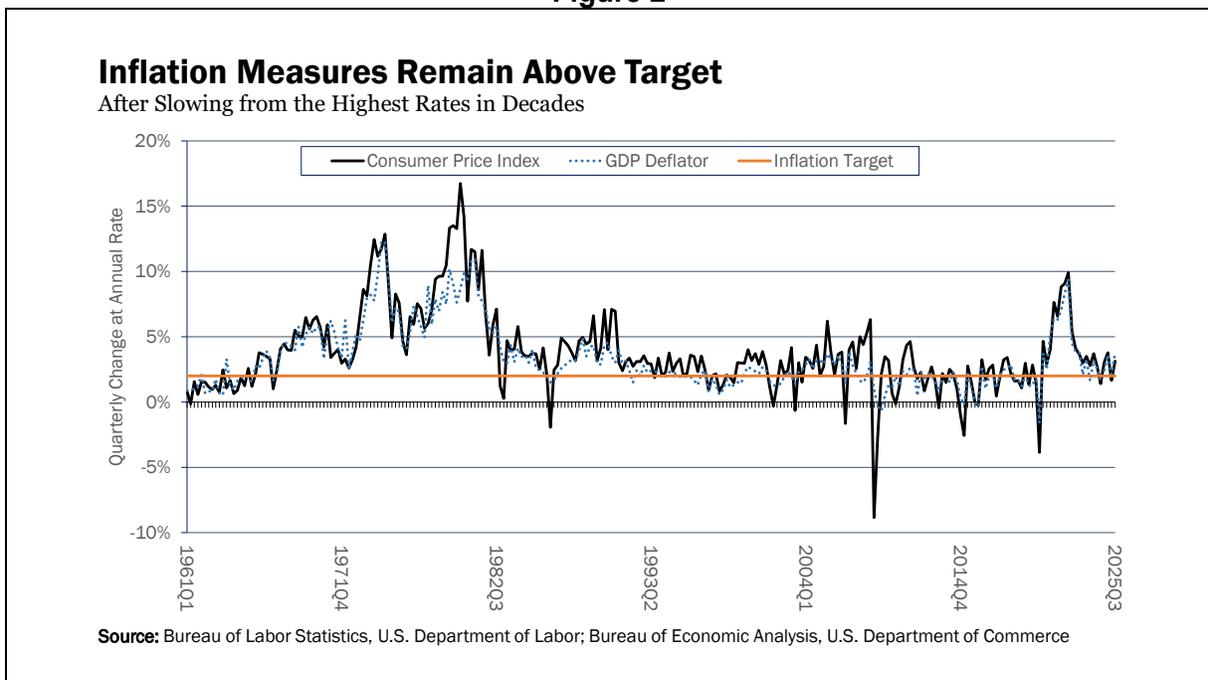
- The US economy is expected to grow at rates at or below those experienced in 2025. Throughout the forecast, Michigan is expected to grow more slowly than the nation as a whole, with inflation-adjusted personal income remaining relatively flat.
- Both the US and Michigan economies will experience limited employment growth over the forecast, resulting in higher unemployment rates.
- Light vehicle sales will weaken in 2026 and remain relatively stable throughout the forecast at levels below the 2014-2019 period. The Detroit Three are expected to continue to lose market share.
- Inflationary pressures will persist through much of the forecast, reflecting events in the national economy.

The US economy is expected to grow at rates at or below the growth experienced in 2025. Throughout the forecast, Michigan is expected to grow more slowly than the nation as a whole. [Table 1](#) and [Table 2](#) provide a summary of key economic indicators from the SFA's economic forecast, with references to recent years.

Nationally, inflation-adjusted GDP is projected to have increased 2.0% in 2025, after growing 2.9% in 2023 and 2.8% in 2024. Inflation-adjusted GDP is forecast to expand 2.0% in 2026, 1.7% in 2027, and 1.8% in 2028. The slowdown in economic growth reflects consumption and government spending (at the Federal, state, and local levels) growing more slowly and combining with the effects of labor market constraints and anticipated changes in trade policy, although the slowing will be partially offset by higher levels of business investment.

The economic dynamics of the forecast will mean that unemployment rates will rise but remain low by historical standards, and inflation will remain above target levels. Nationally, payroll employment is anticipated to slow from 0.9% growth in 2025 to 0.1% growth in 2026 and 0.2% growth in 2027 and 2028. As a result, the US unemployment rate will rise, increasing from the 4.0% rate in 2024 to an estimated 4.3% in 2025, 4.8% in 2026, 4.9% in 2027, and 5.0% in 2028. Inflation rates are forecast to have declined slightly in 2025, with growth in the CPI declining from 2.9% in 2024 to a projected 2.7% in 2025, but are expected to increase over the forecast, with the CPI rising 3.0% in 2026, 3.2% in 2027, and 3.1% in 2028 ([Figure 2](#)).

Figure 2



In Michigan, the economy will mirror many of the changes in the national economy, although growth will generally be at lower levels (Figures 3 and 4). Michigan payroll employment will shift from a 0.8% increase in 2025 to a 0.1% decline in 2026 before rising 0.2% in 2027 and 0.1% in 2028. In 2024, inflation-adjusted personal income increased 1.6%, and is forecasted to have risen 2.2%, as wage and salary income increased 3.9% and inflation rose only 2.0%. Reflecting the changes in the national economy in 2026 through 2028, Michigan's inflation-adjusted personal income is predicted to remain flat in 2026, growing 0.0%, and increase 0.3% in 2027 and 0.4% in 2028.

Nationally, light vehicle sales are estimated to decline slightly and then remain relatively stable over the forecast. After increasing from 15.5 million units in 2023 and 15.9 million units in 2024, light vehicle sales are expected to total an estimated 16.1 million units in 2025, but then decline to 15.5 million units in 2026, 15.7 million units in 2027, and 15.8 million units in 2028 (Figure 5). For comparison purposes, light vehicles sales averaged 17.1 million units per year during the 2014-2019 period. The “Detroit 3” market share is expected to increase nominally in 2025 and 2026 before resuming its decades long downward trend in 2027 and 2028.

The Michigan unemployment rate, which averaged 3.9% in 2023 and 4.7% in 2024, is predicted to increase from an estimated 5.3% in 2025 to 5.7% in 2026 and remain there through 2028. In comparison, Michigan's unemployment rate averaged 5.1% over the 2014-2019 period.

Compared with the May 16, 2025, Consensus Revenue Estimating Conference (CREC) forecast, economic growth is expected to be slightly stronger at the national level and slightly weaker in Michigan. Generally, for both the US and Michigan economies, employment growth is expected to be slower and both unemployment rates and inflation are expected to be higher than was predicted in May 2025.

Figure 3

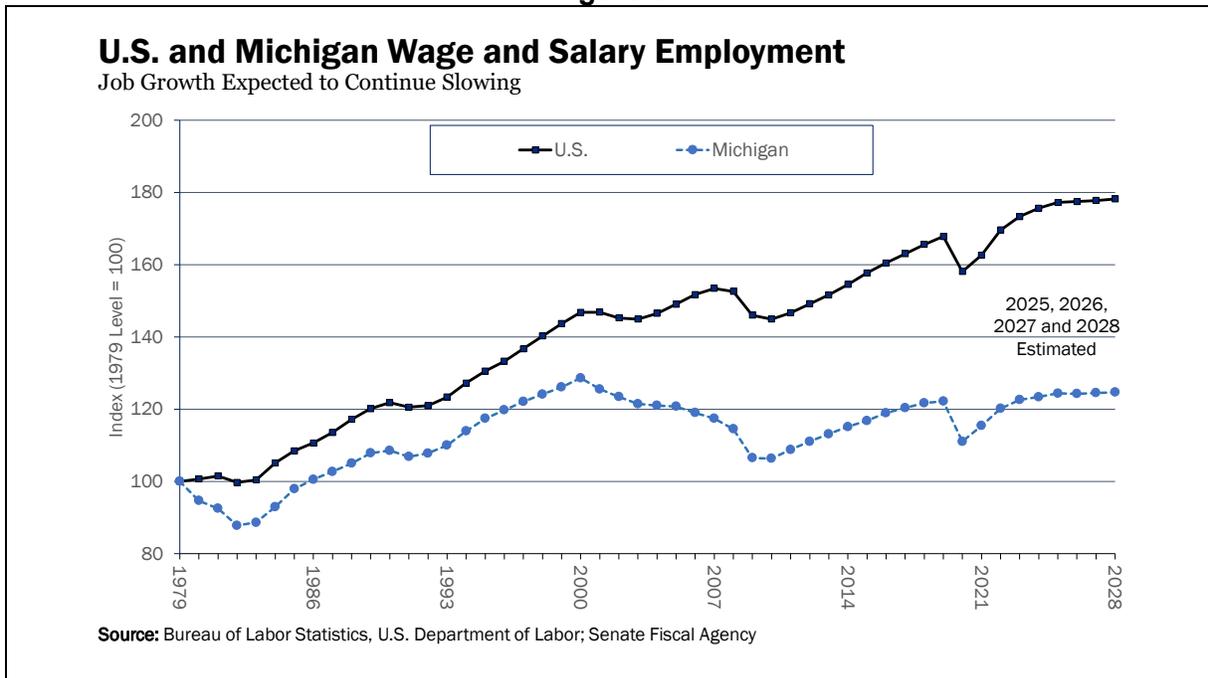


Figure 4

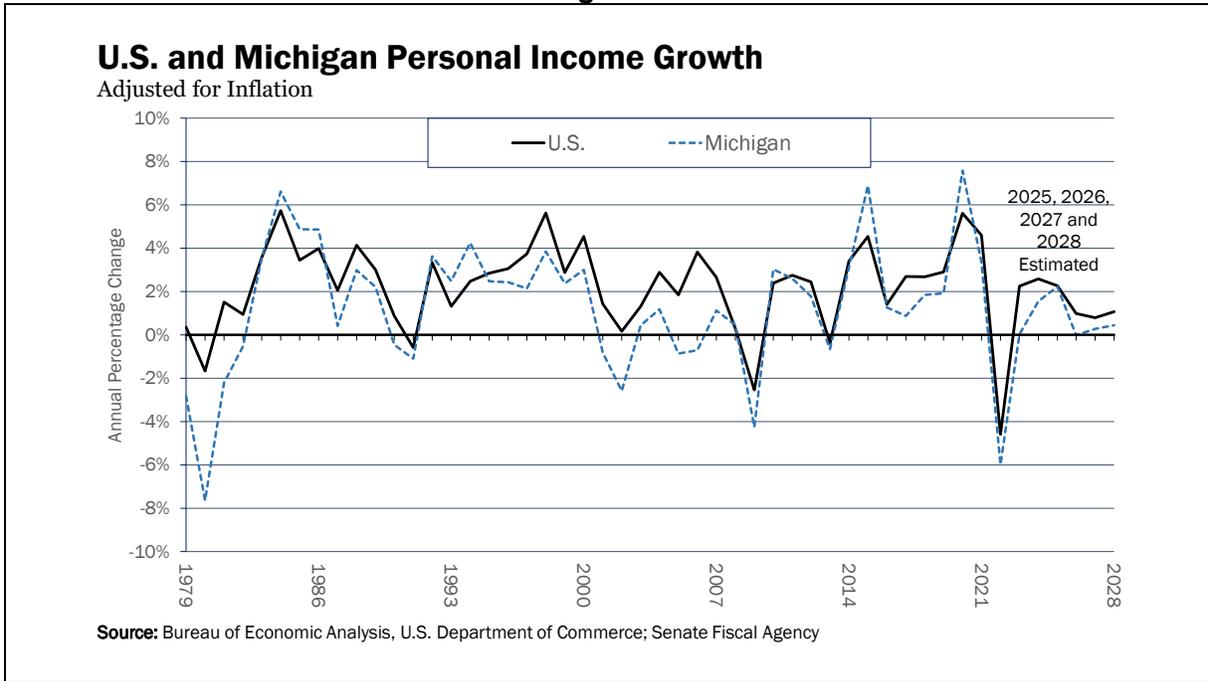
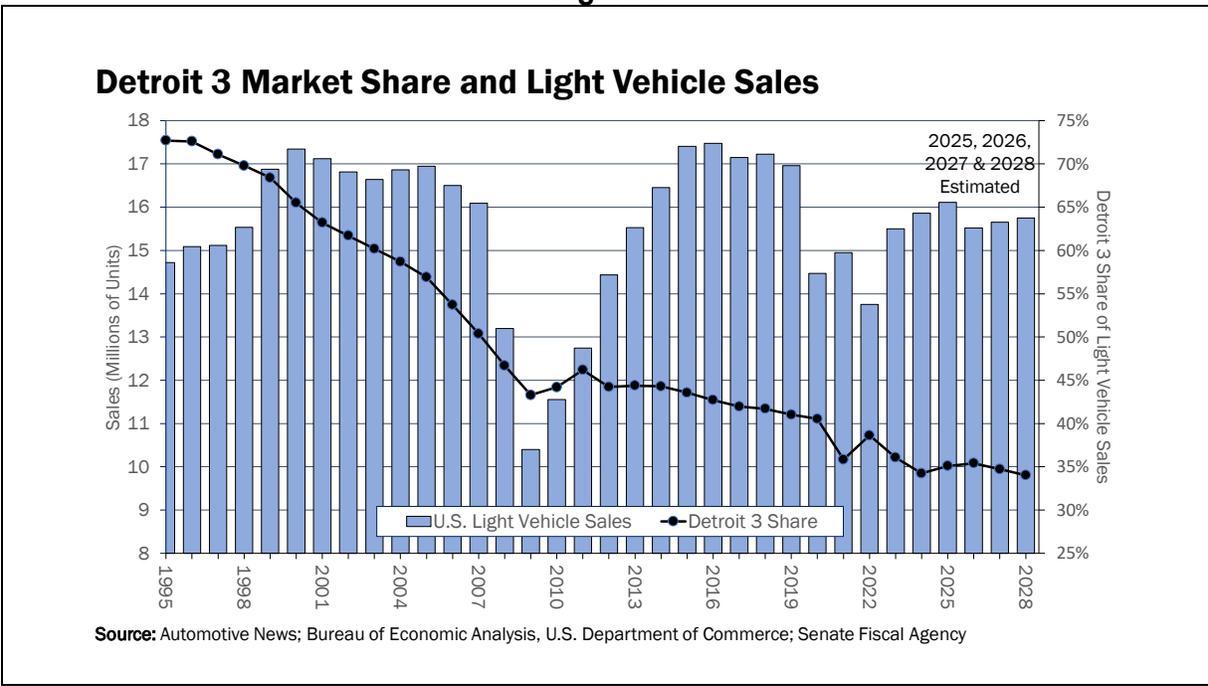


Figure 5



FORECAST RISKS

- Inflationary risks are expected to remain, with monetary policy working to balance price pressures with a softening labor market. Above-forecast interest rates would result in less inflation but slower job growth and higher unemployment rates, causing economic growth to be weaker than forecasted. Similarly, below-forecast interest rates would increase inflationary pressures, with the outcome on employment and economic growth uncertain due to labor market demographics and the incentive rates would have to increase labor substitution.

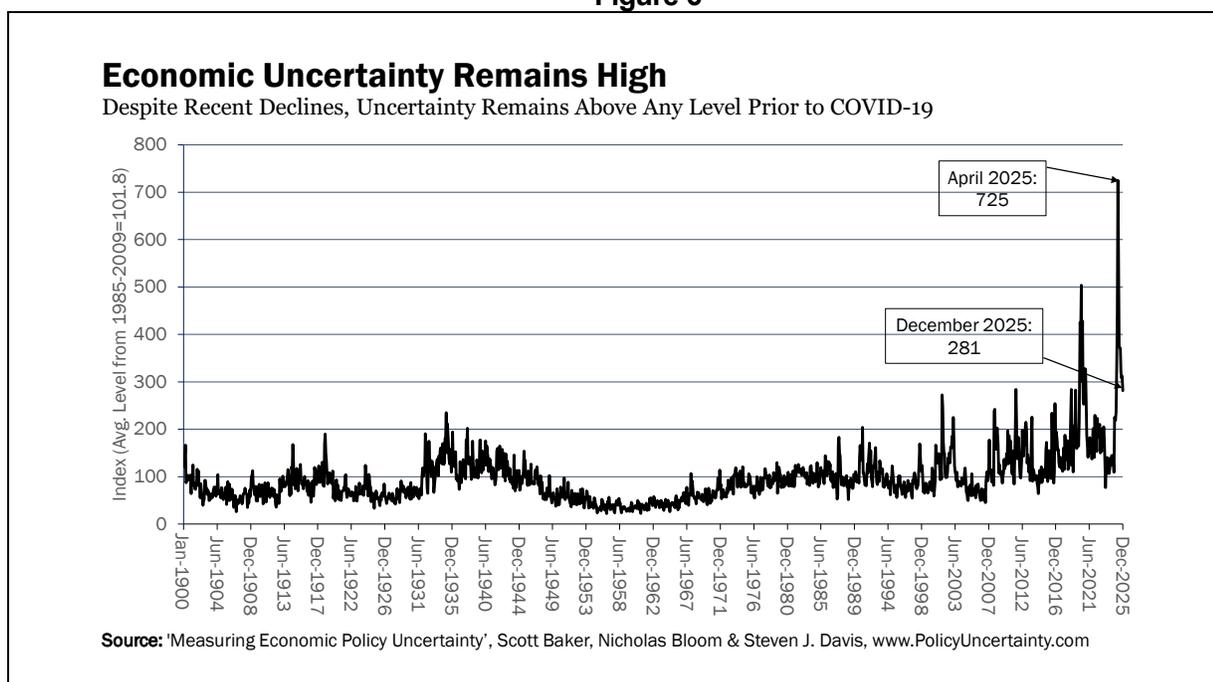
- Uncertainty, whether due to policy changes or geopolitical risks, tends to reduce economic activity. The accuracy of the forecast will be affected by the degree to which monetary and fiscal policy remain stable and predictable and that geopolitical risks remain contained.
- Both the US and Michigan labor markets will face labor market constraints on growth resulting from aging workforces lowering labor force participation.
- Recovery in the Michigan economy will be dominated by what happens with the motor vehicle industry.

Forecasting the behavior of the economy requires making assumptions about the behavior of certain key economic variables. As a result, all forecasts carry a certain amount of error. Traditionally, unexpected changes in economic fundamentals often represent the greatest source of error. Forecast models are driven by historical experience: when circumstances change within a range represented by an adequate history, the models will provide a relatively accurate prediction of the result. What is more difficult is predicting when those changes in economic fundamentals will occur. As the economy continues along a new demographic path and policy represents an additional source of uncertainty, the current forecast suggests a significant number of risks and a large possibility for estimation error.

This section will focus more on several major categories of risk that will affect the validity of the forecast even if there is no estimation error due to statistical difficulties associated with unpredictable and/or extreme changes in the data.

Economic Uncertainty and Federal Policy. Federal policy has become a source of substantial uncertainty for both consumers and businesses. Many Federal policies have changed, in some cases significantly, relative to practices of recent years or even decades. However, in some cases, the new policies themselves have been issued, revised or suspended, modified, or come with guidance indicating the policies may change in the future. As a result, many consumers and businesses are more uncertain about the economy than in recent years (Figure 6). Swings in the stock market during the first four months of 2025 illustrated this uncertainty, as did announcements earlier in the year from major firms such as General Motors, UPS, Jet Blue, Stellantis, and Snap to cease issuing guidance regarding sales, profits and operations in the near term.

Figure 6



The changes in Federal policy have been broad-based and continued to evolve, creating uncertainty that compounds what is created by the initial change. Under the 2025 reconciliation bill (often referenced as the “One Big Beautiful Bill Act” or OBBBA), Federal tax policy significantly altered the tax treatment of many different types of income and spending, thus affecting the relative prices of different types of economic activity. As with all tax changes, many of the new provisions require the Federal government to provide additional guidance as to the specifics covered by the provisions and often these more precise definitions will differ from what the public has perceived to be covered by the changes. Regardless of definitional clarity, many provisions of the legislation are designed to lower the cost of capital (i.e. non-labor components of production, such as machinery and equipment) and will change the relative costs of labor and capital. Beyond the reconciliation bill, tariff policy has exhibited considerable variability, both over time and across different trading partners. Similarly, changes in immigration policy have affected both the cost and availability of workers that fill demand in the labor market.

On the spending side, despite Federal actions covered in the media regarding Federal layoffs, frozen grants, and cuts to various programs, many of these changes reflect relatively small portions of the Federal budget and/or do not represent reductions in spending as much as redirection to other programs. In some cases, such as under the reconciliation bill, the impact of changes will depend on actions beyond most consumers’ and business’ control. For example, some changes with the Medicaid program will depend on how effective states are at addressing administrative issues, meaning that recipients and providers have little ability to judge how the changes will affect them until if, and when, states make the specified administrative changes. However, to the extent that significant cuts occur and for redirections that are significant, any affected sectors will confront substantial uncertainty and spillover effects create uncertainty for the rest of the economy.

Consumers and businesses typically respond to uncertainty by slowing or postponing economic activity. Regardless of whether the economy or a policy change is viewed favorably or unfavorably, if certainty exists then consumers and businesses know the activities they may be able to pursue and can calculate the return on investments. During uncertain times, consumers and businesses will wait until they can reliably determine the costs and benefits of economic actions, such as investments in plant and equipment, major purchases such as homes or motor vehicles, or how much cash to retain on hand or save for retirement, and what financial precautions are necessary to protect against the risk uncertainty represents. To the extent that uncertainty increases or decreases, as well as how long it lasts, will significantly affect the accuracy of the forecast. If the current period of uncertainty is less, or resolved more quickly, than estimated, then economic growth will likely be stronger, while more severe uncertainty or prolonged uncertainty will slow economic growth more than forecasted.

Monetary and Fiscal Policy. The forecast does not anticipate any additional major changes in overall Federal spending, although where funds are directed is anticipated to change somewhat over the forecast. On the revenue side, the extension and/or expansion of tax cuts, particularly under the 2025 reconciliation bill, will reduce Federal revenue in the short term and increase the budget deficit. As a result, from both the spending and revenue sides of the budget, Federal fiscal policy is predicted to remain stimulative, albeit at a slightly reduced magnitude. Net Federal saving declined from -6.4% of GDP in 2024 to an estimated -6.3% in 2025 but is forecasted to remain at -6.0% of GDP from 2026 through 2028. Budget deficits, whether the result of spending increases or tax reductions, tend to increase inflationary pressure.

Despite inflationary pressures, monetary policy is expected to become more accommodative, as the Federal Reserve seeks to balance concerns about a weaker labor market with the possibility of higher long-term inflationary expectations. The forecast anticipates limited job growth and rising unemployment rates, while tax cuts, tariff policies, budget deficits, and restrictive immigration policies will work to maintain inflationary pressures. The forecast assumes a relatively consistent pattern of rate reductions, with the effective Federal Funds Rate falling from 4.20% in 2025 to 2.34% in 2028. As a result, interest rates are unlikely to be high enough to lower inflation over the forecast to the long-term target of 2.0%.

A major risk affecting how well monetary policy will succeed in slowing inflation relates to consumer spending. Many consumers saw their net worth and cash balances rise in 2020 and 2021 (Figures 7 and 8). Despite the changes in inflation and a variety of stock market swings, consumers remain wealthier than before the pandemic, particularly those consumers with high-income or who are homeowners. Ultimately, inflation has reflected strong consumer demand and the way that demand is transmitted through the rest of the economy, whether by increasing the demand for goods that supply chains struggle to fulfill or a need for additional workers (who are in short supply) to provide goods and services. Whether that demand is fueled by wage growth, boosted by high checking and savings balances, financed by rising consumer borrowing or strong stock market gains, the demand puts pressure on firms to increase output. Because consumer balances and net worth remain above trend, consumers can feel wealthy enough to maintain (or increase) consumption in a world with rising consumer prices and rising interest rates. Consumer spending in the 2022-through-2025 period reflected this behavior, with inflation at the highest levels in decades and inflation-adjusted spending still exhibiting solid growth. The forecast expects consumer spending will slow in 2026 and 2027. To the extent that spending is stronger than forecasted, both economic growth and inflation are likely to be greater, while if spending declines more than forecast, both growth and inflation will be lower, although unemployment rates will also be higher.

Similarly, if inflation falls more rapidly than expected, economic growth will be stronger, especially if lower inflation allows the Federal Reserve to lower interest rates more rapidly than predicted. However, to the extent that the Federal Reserve finds it necessary to raise interest rates higher than expected or keep them at high levels for longer than expected (perhaps because consumers respond less than expected to rising interest rates), economic growth will be slower than forecasted and unemployment will be higher. Higher-than-anticipated interest rates are likely to curtail loan demand from both consumers and businesses, reducing both consumption and investment.

Figure 7

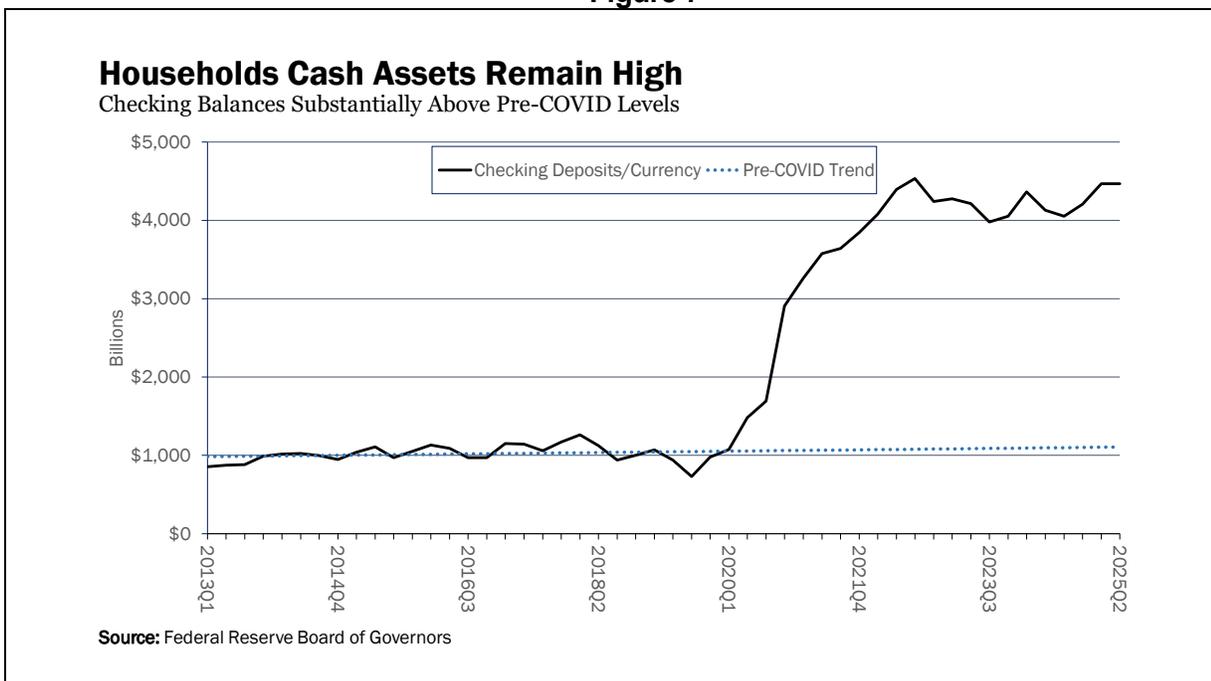
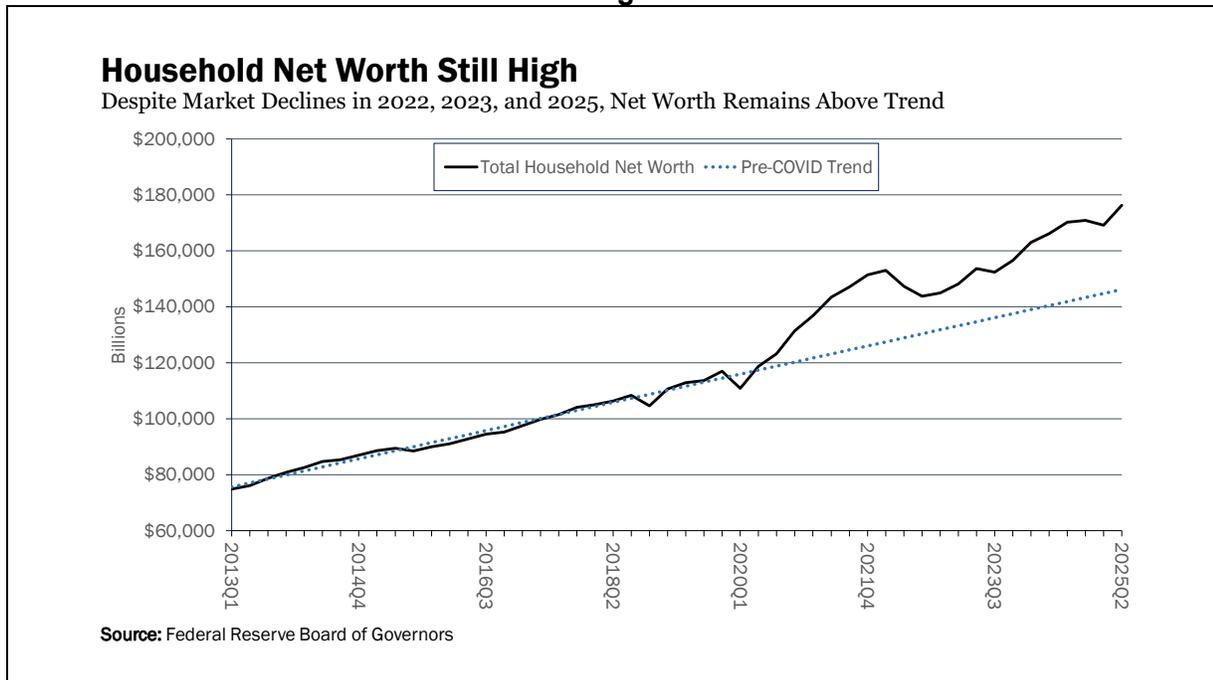


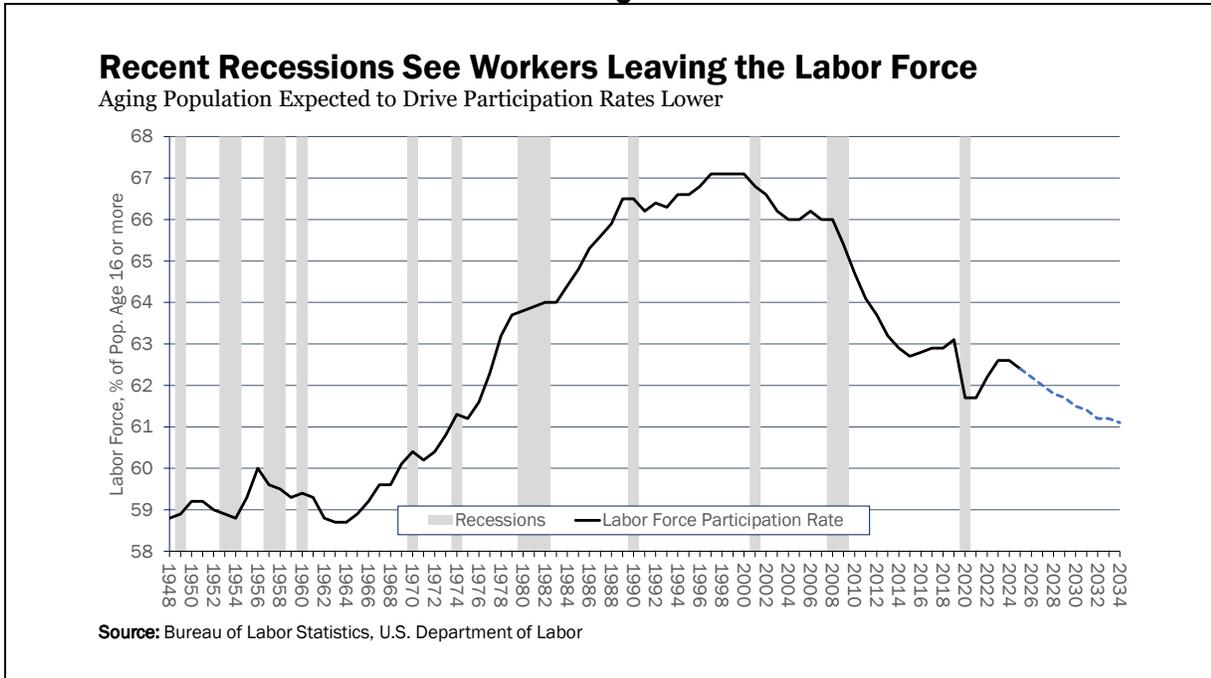
Figure 8



The Labor Market and Long-Term Constraints on Growth. Unemployment rate declines since 2009 have been accelerated by reduced labor market participation, although falling labor force participation rates have played a greater role in lowering the Michigan unemployment rate than they have in reducing the national unemployment rate. Labor force participation can decline for a variety of reasons, ranging from individuals' choosing to permanently retire, to discouraged unemployed individuals giving up their search for jobs. Regardless of the reasons for their departure from the labor force, the withdrawal has implications for the economy. To the extent that those individuals remain out of the labor force, they generally face more limited income growth and reduce the pool of workers from which businesses can hire, potentially putting upward pressure on wages. On the other hand, to the extent that these individuals have only temporarily left the labor force, while they still face limited income growth, they represent a somewhat hidden group of unemployed individuals who will depress wages as the economy continues to recover. A March 2018 study from the Congressional Budget Office projected that population demographics would lower labor force participation by more than three percentage points (i.e., 3% of the population) over the next 10 years. Data from the Bureau of Labor Statistics project between 2024 and 2034, the labor force participation rate will fall by 1.5 percentage points, including a 2.2 percentage point decline for men. A declining labor force participation rate will lower unemployment rates, but also will mean it is more difficult for firms to find the necessary workers, particularly in a growing economy (as well as restricting economic growth), and will increase labor costs.

Both nationally and in Michigan, the large number of individuals who have left (or will leave) the labor force represents a factor that may exert a substantial slowing effect on the future growth of the economy. In 2020 and 2021, the pandemic drastically reduced labor force participation, particularly among women and older adults. By late 2023, labor force participation had largely recovered to pre-pandemic levels, and for some demographics was even above where demographic trends would have predicted. Even absent COVID-19-related concerns and issues, recent history suggests that many who have left the labor force will not return (Figure 9). As a result, unemployment rates have declined relatively rapidly as output has expanded, and the economy has experienced slower employment growth and worker shortages have been widespread. Despite expecting slowing economic activity in 2026 and 2027, the forecast anticipates that labor force dynamics and immigration policy will constrain growth over the next few years (or, in the case of aging population demographics, decades). Moreover, unemployment rates will continue to be lower than suggested by the rate of job growth, and worker shortages will maintain greater pressure on business both to increase investment in labor-reducing equipment and to raise wages.

Figure 9



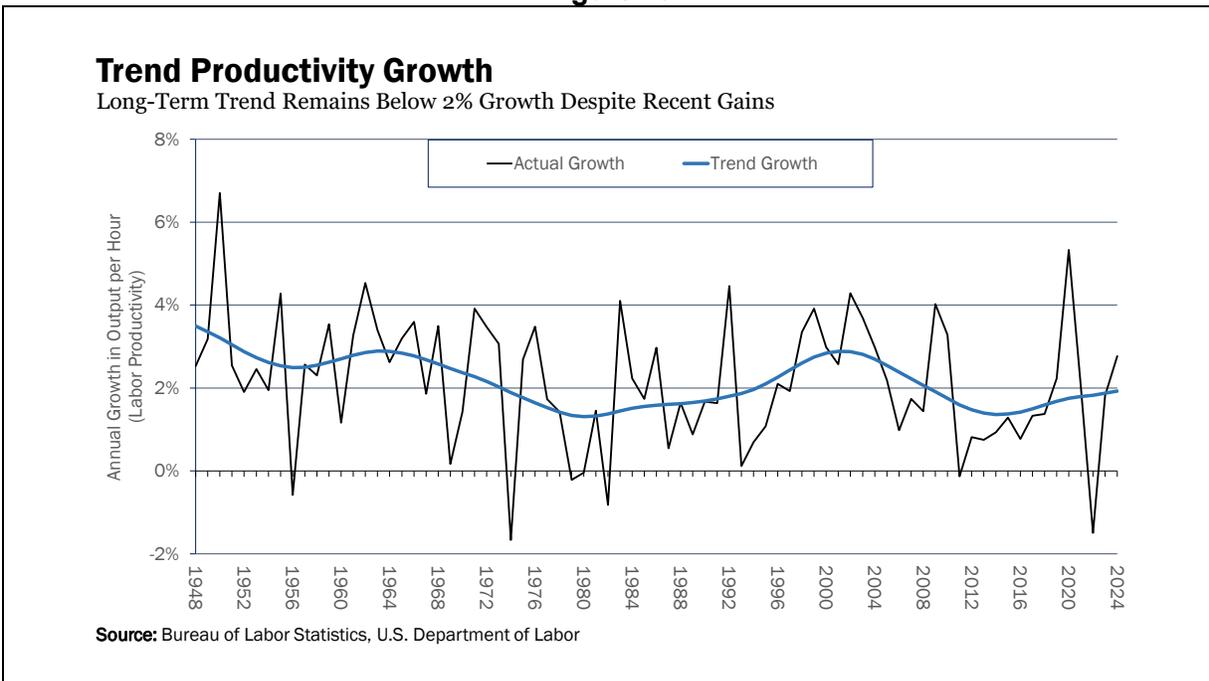
Low population growth and a longer-term slowing in productivity growth will reduce the long-term economic growth potential of the Michigan and US economies. The long-run growth of an economy generally is limited by two factors: population growth and productivity growth. These two factors essentially represent how many people participate in an economy and how effectively they produce goods and services. While short-term deviations inevitably occur, especially as a result of variations in labor force participation and the number of unemployed workers, the trend growth of an economy (or at least of its maximum potential growth) will tend to equal the sum of the growth rates of these two factors. As a result, a portion of the lower growth experienced since the 2008-09 recession can be attributed to slower rates of both population growth and productivity growth. From 1991 to 2010, the average potential growth based on the sum of population growth and productivity was 3.5% per year. From 2011 to 2019, this potential growth averaged 1.6% per year.

For the US as a whole, and Michigan specifically, the rate of population growth has slowly declined for decades. Similarly, productivity growth since the 2008-2009 recession has been much slower than what occurred before the recession. During the 1985-2005 period, productivity grew by approximately 2.3% per year, while productivity averaged 1.0% growth per year between 2010 and 2019, the longest and most severe slowdown in productivity experienced since at least World War II (Figure 10). This decline in productivity has occurred despite business investment growing at roughly the same rates as in previous recoveries, at least through mid-2014. Business investment affects not only current economic growth but also future economic growth because investment generally is associated with improving the long-run ability of the economy to grow by increasing productivity. In addition to productivity's role in influencing long-term economic growth, by increasing output and income in the long run, productivity can reduce the need for additional workers in the short run. Conversely, the low productivity growth experienced between 2010 and 2019 boosted employment growth over what it would have been had labor productivity grown at historical rates.

After falling 1.5% in 2022, productivity growth increased 1.8% in 2023 and 2.8% in 2024 but slowed to an estimated 1.4% in 2025. The forecast expects output per hour (the measure of productivity discussed here) to increase 1.8% in 2026 and average approximately 1.6% in both 2027 and 2028, reflecting stronger rates of business investment than the economy might otherwise expect due to the changes in Federal tax policy and expanded adoption of artificial intelligence technologies. If productivity growth is

less than forecasted, in the short run it will reduce economic growth and risk higher inflation than presented in the forecast. Similarly, if productivity growth is greater than forecasted, output will increase and inflation will decline more rapidly, but employment growth will be slower.

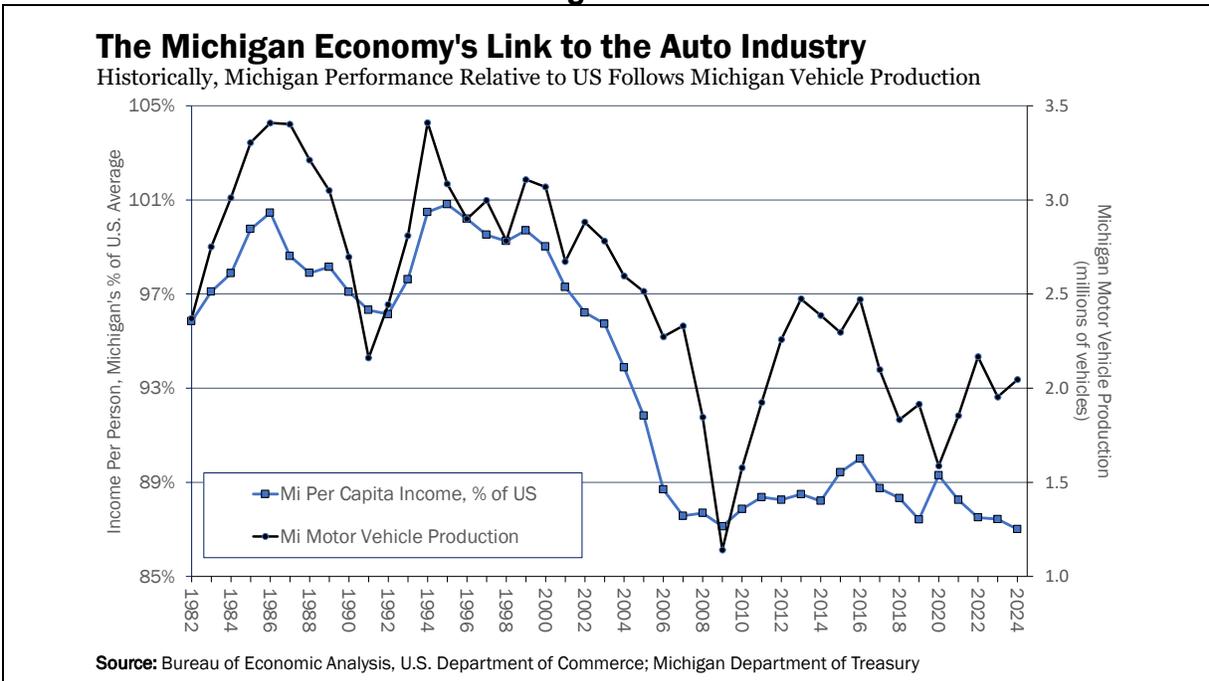
Figure 10



Michigan's Situation. While over the 2000-2009 period Michigan's employment situation fared worse than the national average (and in some cases or time periods within that range, worse than any other state), Michigan's performance was not inconsistent with other states when Michigan's economic composition is considered. Generally, states with higher manufacturing concentrations (particularly in the transportation equipment manufacturing sector) experienced weaker job performance during that decade, both because of the economic changes occurring in that sector and because of the dependence of other sectors within those states on manufacturing activity. As indicated earlier, productivity gains have made American manufacturing firms more profitable and more competitive but have reduced the need for hiring additional employees to meet increased demand.

Michigan's economic fortunes historically have been very closely linked with sales of domestically produced light vehicles ([Figure 11](#)). While that reliance has declined over the long term (for example, in 1998, wages and salaries from transportation equipment manufacturing represented 11.7% of total Michigan wage and salary income, compared to 6.3% in 2024), Michigan still is heavily dependent on manufacturing—particularly motor vehicle manufacturing—and far more dependent than any other state in the country. As a result, when the vehicle market recovered between 2009 and 2016, Michigan generally performed better than other states, particularly those less reliant on the vehicle sector. (A notable exception was that states with large energy sectors grew quite rapidly when oil prices were high, although when oil prices started to fall, these states faced challenges.) Similarly, the relatively rapid recovery in vehicle sales during 2020 helped mute the impact of the COVID-19 pandemic on the Michigan economy.

Figure 11

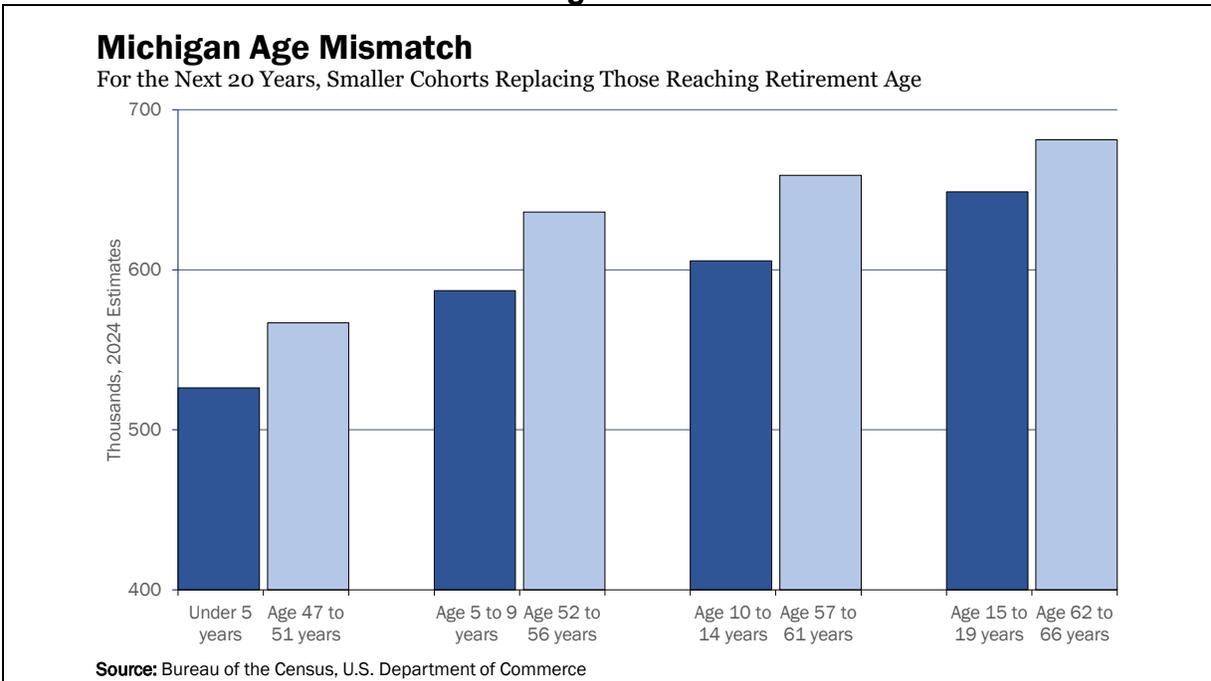


However, as vehicle sales remain relatively flat and productivity gains in the motor vehicle sector continue, there is a substantial risk that production needs could be met with existing, or even lower, employment levels. Between the May 2000 peak and June 2009, Michigan lost more than two-thirds of the jobs (67.6%, a decline of approximately 238,000 jobs) in transportation equipment manufacturing. However, the majority of those jobs will never return, and any employment gains in the vehicle sector are likely to be muted. As a result, for Michigan payroll employment to increase, other sectors will need to expand, and workers will have to develop the skills necessary in those sectors—a process that occurs slowly. For example, Michigan payroll employment took more than seven years, until May 2015, to return to the January 2008 level (the US pre-recession peak).

Compounding the employment situation, Michigan exhibits an older population. In 2022, Michigan ranked 12th in the share of population comprised of individuals between the ages of 50 and 64, meaning that age-related declines in the labor force are likely to reduce the Michigan labor force by proportionately more than in most states. Furthermore, not only does the forecast expect significant productivity growth within the motor vehicle industry but the forecast expects that Michigan vehicle manufacturers are likely to see declining market shares (although the declines will not be as steep as they were during the 1999-2009 period). The aging population is complicated by the lack of younger individuals available to replace workers lost to retirement (Figure 12). For much of the next 20 years, an average of roughly 9,000 more individuals will reach retirement age each year than will reach working age, implying that for the next 20 years Michigan is likely to see its labor force contract substantially each year. Combined with Michigan's reliance on the motor vehicle industry, Michigan's demographic trends suggest Michigan is unlikely to reach the level of total employment reported in April 2000 (the Michigan pre-recession peak) again until sometime in the second half of the 21st century.

The most significant risks to the Michigan economy under the forecast reflect the limited upward potential that exists while the State remains comparatively over-reliant on the motor vehicle industry and exhibits unfavorable population demographics from limited population growth and an aging population. For the Michigan economy and State tax revenue to improve markedly, substantial employment gains in the economy as a whole will need to occur.

Figure 12



THE FORECAST FOR STATE REVENUE

This section of the Economic Outlook and Budget Review presents the SFA's estimates for GF/GP and SAF revenue. The preliminary year-end revenue for FY 2024-25 is presented along with the revised estimates for FY 2025-26 and FY 2026-27 and the initial revenue estimates for FY 2027-28. The revenue estimates for each of these fiscal years include the estimates for baseline revenue, which measures what the revenue would be without any changes in the State's tax structure, and net revenue, which equals baseline revenue adjusted for the impact of all enacted tax changes. The revenue estimates (generally) do not include adjustments for tax changes proposed but not enacted at the time of the forecast. In addition, the revenue estimates represent the revenue generated from ongoing revenue sources and generally do not include any revenue included in the GF/GP or SAF budget from one-time revenue adjustments, beginning balances, transfers, or other non-recurring revenue items. The revenue adjustments and transfers used to balance the GF/GP and SAF budgets in FY 2024-25, FY 2025-26, and FY 2026-27 are discussed in the last section of this report.

REVENUE OVERVIEW

The preliminary GF/GP and SAF revenue for FY 2024-25, along with the revised estimates for FY 2025-26 and FY 2026-27, and the initial estimates for FY 2027-28 are presented in [Table 3](#) and are summarized below. Changes from the May 2025 CREC estimates are illustrated in [Figure 13](#).

Figure 13

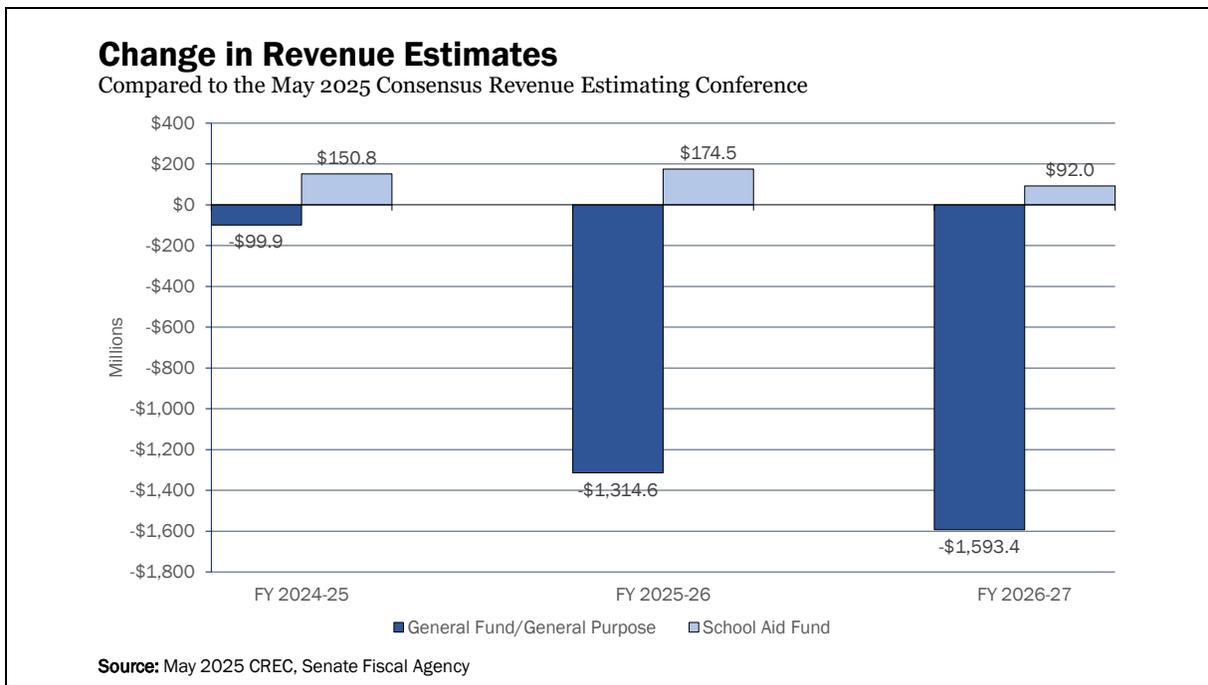


Table 3

SENATE FISCAL AGENCY REVENUE ESTIMATES FOR FY 2024-25 THROUGH FY 2027-28				
GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND				
(millions of dollars)				
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
	Prelim. Final	Revised Est.	Revised Est.	Initial Est.
GENERAL FUND/GENERAL PURPOSE				
Baseline Revenue ¹⁾	\$17,128.5	\$17,252.7	\$17,622.5	\$18,159.3
Tax Changes Not In Baseline	(2,734.5)	(3,452.7)	(3,872.2)	(3,867.3)
<u>Revenue After Tax Changes:</u>				
Net Income Tax	8,448.1	9,114.5	9,239.5	9,529.8
MBT, CIT, SBT & Insur. Tax	1,599.2	1,208.9	1,208.0	1,519.0
Other Taxes	3,316.8	2,818.5	2,720.7	2,687.1
Total Taxes	13,364.1	13,141.9	13,168.2	13,735.9
Nontax Revenue	1,029.9	658.1	582.1	556.1
TOTAL GF/GP REVENUE	\$14,394.0	\$13,800.0	\$13,750.3	\$14,292.0
SCHOOL AID FUND				
Baseline SAF	\$18,818.9	\$19,228.3	\$19,606.1	\$20,002.3
Tax Changes Not In Baseline	(122.9)	(119.5)	(115.5)	(117.6)
TOTAL SAF REVENUE	\$18,696.0	\$19,108.8	\$19,490.6	\$19,884.7
BASELINE GF/GP AND SAF REVENUE				
	\$35,947.4	\$36,481.0	\$37,228.6	\$38,161.6
Tax & Revenue Changes	(2,857.4)	(3,572.2)	(3,987.7)	(3,984.9)
GF/GP & SAF REV. AFTER CHANGES	\$33,090.0	\$32,908.8	\$33,240.9	\$34,176.7
ADDENDUM:				
Sales Tax	\$10,820.8	\$10,318.5	\$10,319.1	\$10,504.5
PERCENT CHANGE				
GENERAL FUND/GENERAL PURPOSE				
Baseline Revenue	(1.3%)	0.7%	2.1%	3.0%
<u>Revenue After Tax Changes:</u>				
Net Income Tax	1.4	7.9	1.4	3.1
MBT, CIT, SBT & Insur. Tax	(8.8)	(24.4)	(0.1)	25.7
Other Taxes	1.9	(15.0)	(3.5)	(1.2)
Total Taxes	0.2	(1.7)	0.2	4.3
Nontax Revenue	(13.1)	(36.1)	(11.5)	(4.5)
TOTAL GF/GP REVENUE	(0.9%)	(4.1%)	(0.4%)	3.9%
SCHOOL AID FUND				
Baseline SAF	3.5%	2.2%	2.0%	2.0%
TOTAL SAF REVENUE	3.4%	2.2%	2.0%	2.0%
BASELINE GF/GP and SAF Revenue				
	1.2%	1.5%	2.0%	2.5%
GF/GP & SAF REV. AFTER CHANGES	1.5%	(0.5%)	1.0%	2.8%
ADDENDUM:				
Sales Tax	2.3%	(4.6%)	0.0%	1.8%

¹⁾ FY 2023-24 is the base year for baseline revenue.

FY 2024-25 Preliminary Revenue

- General Fund/General Purpose and SAF revenue is expected to total \$33.1 billion in FY 2024-25.
- The year-end estimate for FY 2024-25 increased 1.5%, or \$488.4 million, from FY 2023-24 revenue, reflecting in part increases in gaming taxes, State Education Tax (SET), net IIT, and sales tax revenue, partially offset by a reduction in CIT, Michigan Business Tax (MBT), lottery, and use tax revenue.
- The preliminary estimate for FY 2024-25 is \$50.9 million above the May 2025 consensus revenue estimate.
- The books have not yet been closed for FY 2024-25; final revenue will be determined at bookclosing.

Based on the SFA's estimates for 2025, personal income increased 4.2%, wage and salary employment grew 0.8%, and wage and salary income increased 3.9% from 2024. As a result, total GF/GP and SAF revenue will reach an estimated \$33.1 billion in FY 2024-25, an increase of 1.5%, or \$488.4 million, from the revenue for FY 2023-24.

General Fund/General Purpose Revenue

General Fund/General Purpose revenue totaled an estimated \$14.4 billion in FY 2024-25, a decrease of 0.9%, or \$133.1 million, from FY 2023-24. The revised GF/GP estimate is \$99.9 million below the May 2025 consensus revenue estimate. Baseline GF/GP revenue decreased 1.3%. Total tax adjustments totaled \$1,029.9 million. The revised GF/GP revenue estimates for FY 2024-25 are summarized in [Table 4](#). The decrease of \$99.9 million from the May 2025 consensus estimate for FY 2024-25 reflects higher-than-expected IIT refunds and less-than-expected CIT revenue partially offset by higher-than-expected sales tax revenue and less-than-expected MBT refunds.

School Aid Fund

School Aid Fund revenue totaled an estimated \$18.7 billion in FY 2024-25, an increase of 3.4%, or \$621.4 million, from FY 2023-24. The increase in SAF revenue reflects growth in SET, sales tax, income tax, and gaming tax revenue. The revised SAF estimate is \$150.8 million higher than the May 2025 consensus revenue estimate. The above-forecast SAF revenue reflects greater-than-expected growth in most major earmarked tax sources, offsetting less-than-expected use tax revenue. The SAF revised revenue estimates for FY 2024-25 are summarized in [Table 4](#).

FY 2025-26 Revised Revenue Estimate

- General Fund/General Purpose and SAF revenue is expected to total \$32.9 billion in FY 2025-26.
- This revised estimate for FY 2025-26 is down 0.5%, or \$181.2 million, from the preliminary revenue for FY 2024-25. The projected revenue decrease in FY 2025-26 reflects decreases in sales tax and CIT revenue (due to a shift in taxes from the 2025 road funding bills), and higher MBT refunds. These decreases will be partially offset by increased IIT (due in part to a shift in taxes from the 2025 road funding bill) and SET.
- The revised estimate for FY 2025-26 is \$1,140.1 million below the May 2025 consensus revenue estimate.

Under the economic forecast for 2026, personal income will grow 3.2%, wage and salary employment will decrease 0.1%, and wage and salary income will grow 3.1%. As a result, GF/GP and SAF revenue will reach an estimated \$32.9 billion in FY 2025-26, a decrease of 0.5%, or \$181.2 million, from the revised estimate for FY 2024-25.

Table 4

**FY 2024-25 PRELIMINARY FINAL REVENUE
GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND
(millions of dollars)**

	FY 2023-24 Final	FY 2024-25 Preliminary Final	Change from FY 2024-25		\$ Change from 05/25 Consensus
			Dollar Change	Percent Change	
GENERAL FUND/GENERAL PURPOSE:					
Baseline Revenue¹⁾	\$17,352.5	\$17,128.5	(\$224.0)	(1.3%)	(\$417.6)
Tax Changes Not In Baseline	(2,825.5)	(2,734.5)	91.0	----	317.7
<u>Revenue After Tax Changes</u>					
<u>Personal Income Tax</u>					
Gross Collections	\$16,088.2	\$17,401.9	\$1,313.7	8.2%	\$79.0
Less: Refunds	(3,120.1)	(4,052.9)	(932.9)	29.9	(402.9)
Net Income Tax Collections	12,968.1	13,349.0	380.8	2.9	(324.0)
Less: Earmarking to SAF	(3,962.6)	(4,232.3)	(269.7)	6.8	(0.4)
Earmarking to MI Transp. Fund	(602.7)	(600.0)	2.7	----	0.0
Earmarking to Renew MI Fund	(69.0)	(69.0)	0.0	----	0.0
Campaign Fund	(0.5)	0.5	1.0	(191.2)	1.3
Net Income Tax to GF/GP	\$8,333.3	\$8,448.1	\$114.8	1.4%	(\$323.1)
<u>Other Taxes</u>					
Corporate Income Tax	\$1,574.0	\$1,501.4	(\$72.6)	(4.6%)	(\$91.1)
Michigan Business Tax	(356.9)	(429.1)	(72.2)	20.2	67.8
Sales	1,572.4	1,663.3	90.9	5.8	24.6
Use	1,188.2	1,151.8	(36.4)	(3.1)	(26.7)
Cigarette	132.0	122.6	(9.3)	(7.1)	(2.5)
Insurance Company Premiums	537.4	526.7	(10.7)	(2.0)	(21.8)
Telephone & Telegraph	43.0	48.0	5.0	11.6	6.0
Oil & Gas Severance	21.9	19.4	(2.5)	(11.4)	(2.6)
All Other	296.1	311.9	15.8	5.3	28.2
Subtotal Other Taxes	\$5,008.1	\$4,916.0	(\$92.1)	(1.8%)	(\$18.1)
Total Nontax Revenue	1,185.6	1,029.9	(155.7)	(13.1)	241.3
GF/GP REV. AFTER TAX CHANGES	\$14,527.1	\$14,394.0	(\$133.1)	(0.9%)	(\$99.9)
SCHOOL AID FUND:					
Baseline Revenue¹⁾	\$18,184.5	\$18,818.9	\$634.5	3.5%	\$150.8
Tax Changes Not In Baseline	(109.9)	(122.9)	(13.0)	----	0.0
<u>Revenue After Tax Changes</u>					
Sales Tax	\$7,757.8	\$7,930.8	\$173.0	2.2%	\$70.7
Use Tax	940.2	921.4	(18.8)	(2.0)	(5.1)
Lottery Revenue	1,249.0	1,157.4	(91.6)	(7.3)	2.4
State Education Property Tax	2,756.8	2,906.3	149.6	5.4	15.7
Real Estate Transfer Tax	404.5	440.2	35.7	8.8	15.7
Income Tax	3,962.6	4,232.3	269.7	6.8	0.4
Gaming Taxes	500.7	628.6	127.9	25.5	49.4
Other Revenue	503.0	479.0	(24.0)	(4.8)	1.6
SAF REV. AFTER TAX CHANGES	\$18,074.5	18,696.0	\$621.4	3.4%	\$150.8
BASELINE GF/GP AND SAF	\$35,537.0	\$35,947.4	\$410.4	1.2%	(\$266.8)
Tax & Revenue Changes	(2,935.4)	(2,857.4)	78.0	----	317.7
GF/GP & SAF REV. AFTER CHNGS	\$32,601.6	\$33,090.0	\$488.4	1.5%	\$50.9
Sales Tax	\$10,577.1	\$10,820.8	\$243.7	2.3%	\$92.0

¹⁾ FY 2023-24 is the base year for baseline revenue.

General Fund/General Purpose Revenue

General Fund/General Purpose revenue will total an estimated \$13.8 billion in FY 2025-26, a decrease of 4.1%, or \$594.0 million, from the revised estimate for FY 2024-25. Baseline GF/GP revenue is expected to increase 0.7% (\$124.3 million) from FY 2024-25. The decrease in GF/GP revenue reflects decreases in nearly all tax categories compared to FY 2024-25, including a decrease due to the road funding package of 2025 (although use tax revenue is higher compared to FY 2024-25). The revised GF/GP revenue estimates for FY 2025-26 are \$1,314.6 million below the May 2025 consensus estimates and are summarized in [Table 5](#).

School Aid Fund

School Aid Fund revenue from all earmarked taxes and the lottery will total an estimated \$19.1 billion in FY 2025-26, an increase of \$412.8 million, or 2.2%, from the revised estimate for FY 2024-25. The forecasted increase in SAF revenue reflects higher SET, sales tax revenue, income tax revenue, and gaming revenue, partially offset by reduced lottery revenue. The revised SAF revenue estimates for FY 2025-26 are \$174.5 million above the May 2025 consensus estimates and are summarized in [Table 5](#).

FY 2026-27 Revised Revenue Estimate

- General Fund/General Purpose and SAF revenue is expected to total \$33.2 billion in FY 2026-27.
- The revised estimate for FY 2026-27 is up 1.0%, or \$332.1 million, from the revised estimate for FY 2025-26. The revenue increase in FY 2026-27 reflects growth in net IIT revenue, sales and use tax revenue, and insurance company premiums. These increases will be partially offset by increased IIT refunds, increased MBT refunds, and lower lottery revenue.
- The revised estimate for FY 2026-27 is \$1,501.4 million below the May 2025 consensus revenue estimate.

Under the economic forecast for 2027, personal income will grow 3.5%, wage and salary employment will increase 0.2%, and wage and salary income will grow 3.4%. As a result, GF/GP and SAF revenue will reach an estimated \$33.2 billion in FY 2026-27, an increase of 1.0%, or \$332.1 million, from the revised estimate for FY 2025-26.

General Fund/General Purpose Revenue

General Fund/General Purpose revenue will total an estimated \$13.8 billion in FY 2026-27, a decrease of 0.4%, or \$49.7 million from the revised estimate for FY 2025-26. Baseline GF/GP revenue is expected to increase 2.2% (\$369.8 million) from FY 2025-26. Most of the decrease in net GF/GP revenue reflects increased net income tax collections, insurance company premiums, and use tax revenue being more than offset by higher MBT refunds, lower sales tax revenue, and lower non-tax revenue such as interest earnings. The revised GF/GP revenue estimates for FY 2026-27 are \$1,593.4 million below the May 2025 consensus estimates and are summarized in [Table 6](#).

School Aid Fund

School Aid Fund revenue from all earmarked taxes and the lottery will total an estimated \$19.5 billion in FY 2026-27, an increase of \$381.8 million, or 2.0%, from the revised estimate for FY 2025-26. The forecasted increase in SAF revenue reflects an increase in revenue from nearly all major taxes, partially offset by decreases in lottery revenue. The revised SAF revenue estimates for FY 2026-27 are \$92.0 million above the May 2025 consensus estimates and are summarized in [Table 6](#).

FY 2027-28 Initial Revenue Estimate

- General Fund/General Purpose and SAF revenue is expected to total \$34.2 billion in FY 2027-28.
- This initial estimate for FY 2027-28 is up 2.8%, or \$935.8 million, from the revised estimate for FY 2026-27.
- The revenue increase in FY 2027-28 primarily reflects growth in most major taxes, offset slightly by a decrease in lottery revenue and cigarette tax revenue.

Under the economic forecast for 2028, personal income will grow 3.6%, wage and salary employment will increase 0.1%, and wage and salary income will grow 3.5%. General Fund/General Purpose and SAF revenue will reach an estimated \$34.2 billion in FY 2027-28, an increase of 2.8%, or \$935.8 million, from the revised estimate for FY 2026-27.

General Fund/General Purpose Revenue

General Fund/General Purpose revenue will total an estimated \$14.3 billion in FY 2027-28, an increase of 3.9%, or \$541.7 million, from the revised estimate for FY 2026-27. Baseline GF/GP revenue is expected to increase 3.1% (\$536.8 million) due to continued growth in the economy. The initial GF/GP revenue estimates for FY 2027-28 are summarized in [Table 7](#).

School Aid Fund

School Aid Fund revenue from all earmarked taxes and the lottery will total an estimated \$19.9 billion in FY 2027-28, an increase of \$394.1 million, or 2.0%, from the revised estimate for FY 2026-27. Baseline SAF revenue is expected to increase 2.0% (\$396.2 million) from the revised estimate for FY 2026-27. The initial SAF revenue estimates for FY 2027-28 are summarized in [Table 7](#).

Table 5

FY 2025-26 REVISED REVENUE ESTIMATES
GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND
(millions of dollars)

	FY 2024-25 Preliminary Final	FY 2025-26 Revised Est.	Change from FY 2024-25		\$ Change from 05/25 Consensus
			Dollar Change	Percent Change	
GENERAL FUND/GENERAL PURPOSE:					
Baseline Revenue¹⁾	\$17,052.0	\$17,176.3	\$124.3	0.7%	(\$600.7)
Tax Changes Not In Baseline	(2,658.0)	(3,376.3)	(718.3)	----	(713.9)
<u>Revenue After Tax Changes</u>					
<u>Personal Income Tax</u>					
Gross Collections	\$17,401.9	\$17,576.7	\$174.8	1.0%	(\$28.4)
Less: Refunds	(4,052.9)	(4,013.5)	39.4	(1.0%)	(275.0)
Net Income Tax Collections	13,349.0	13,563.2	214.2	1.6	(303.4)
Less: Earmarking to SAF	(4,232.3)	(4,378.9)	(146.6)	3.5	(36.9)
Earmarking to MI Transp. Fund	(600.0)	0.0	600.0	(100.0)	600.0
Earmarking to Renew MI Fund	(69.0)	(69.0)	0.0	0.0	0.0
Campaign Fund	0.5	(0.8)	(1.3)	----	0.0
Net Income Tax to GF/GP	\$8,448.1	\$9,114.5	\$666.4	7.9%	\$259.7
<u>Other Taxes</u>					
Corporate Income Tax	\$1,501.4	\$1,212.0	(\$289.4)	(19.3%)	(\$953.5)
Michigan Business Tax	(429.1)	(533.1)	(104.0)	----	(25.4)
Sales	1,663.3	1,144.3	(519.0)	(31.2)	(517.2)
Use	1,151.8	1,192.0	40.2	3.5	(45.4)
Cigarette	122.6	117.2	(5.4)	(4.4)	(6.4)
Insurance Company Premiums	526.7	530.0	3.3	0.6	(35.4)
Telephone & Telegraph	48.0	46.0	(2.0)	(4.2)	5.0
Oil & Gas Severance	19.4	21.0	1.6	8.2	(2.0)
All Other	311.9	298.0	(13.9)	(4.5)	5.9
Subtotal Other Taxes	\$4,916.0	\$4,027.4	(\$888.6)	(18.1%)	(\$1,574.4)
Total Nontax Revenue	1,029.9	658.1	(371.8)	(36.1)	0.1
GF/GP REV. AFTER TAX CHANGES	\$14,394.0	\$13,800.0	(\$594.0)	(4.1%)	(\$1,314.6)
SCHOOL AID FUND:					
Baseline Revenue¹⁾	\$18,816.7	\$19,226.2	\$409.5	2.2%	\$164.7
Tax Changes Not In Baseline	(120.7)	(117.4)	3.3	----	9.8
<u>Revenue After Tax Changes</u>					
Sales Tax	\$7,930.8	\$8,029.0	\$98.2	1.2%	\$36.4
Use Tax	921.4	934.4	13.0	1.4	(22.6)
Lottery Revenue	1,157.4	1,140.3	(17.1)	(1.5)	(15.0)
State Education Property Tax	2,906.3	3,020.0	113.7	3.9	53.9
Real Estate Transfer Tax	440.2	471.8	31.6	7.2	40.0
Income Tax	4,232.3	4,378.9	146.6	3.5	36.9
Gaming Taxes	628.6	671.0	42.4	6.7	71.3
Other Revenue	479.0	463.3	(15.7)	(3.3)	(26.4)
SAF REV. AFTER TAX CHANGES	\$18,696.0	\$19,108.8	\$412.8	2.2%	\$174.5
BASELINE GF/GP AND SAF	\$35,868.7	\$36,402.5	\$533.8	1.5%	(\$436.0)
Tax & Revenue Changes	(2,778.7)	(3,493.7)	(715.0)	----	(704.1)
GF/GP & SAF REV. AFTER CHNGS	\$33,090.0	\$32,908.8	(\$181.2)	(0.5%)	(\$1,140.1)
Sales Tax	\$10,820.8	\$10,318.5	(\$502.3)	(4.6%)	(\$589.5)

¹⁾ FY 2024-25 is the base year for baseline revenue.

Table 6

FY 2026-27 REVISED REVENUE ESTIMATES
GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND
(millions of dollars)

	FY 2025-26 Revised Est.	FY 2026-27 Revised Est.	Change from FY 2025-26		\$ Change from 05/25 Consensus
			Dollar Change	Percent Change	
GENERAL FUND/GENERAL PURPOSE:					
Baseline Revenue¹⁾	\$17,176.3	\$17,546.1	\$369.8	2.2	(\$610.6)
Tax Changes Not In Baseline	(3,376.3)	(3,795.8)	(419.5)	----	(982.8)
<u>Revenue After Tax Changes</u>					
<u>Personal Income Tax</u>					
Gross Collections	\$17,576.7	\$17,906.2	\$329.5	1.9%	(\$53.0)
Less: Refunds	(4,013.5)	(4,147.6)	(134.1)	3.3	(290.0)
Net Income Tax Collections	13,563.2	13,758.6	195.4	1.4	(343.0)
Less: Earmarking to SAF	(4,378.9)	(4,449.3)	(70.4)	1.6	7.7
Earmarking to MI Transp. Fund	0.0	0.0	0.0	----	600.0
Earmarking to Renew MI Fund	(69.0)	(69.0)	0.0	----	0.0
Campaign Fund	(0.8)	(0.8)	0.0	0.0	0.0
Net Income Tax to GF/GP	\$9,114.5	\$9,239.5	\$125.0	1.4%	\$264.7
<u>Other Taxes</u>					
Corporate Income Tax	\$1,212.0	\$1,213.7	\$1.7	0.1%	(\$1,021.0)
Michigan Business Tax	(533.1)	(554.4)	(21.3)	4.0	(27.4)
Sales	1,144.3	1,004.6	(139.7)	(12.2%)	(698.2)
Use	1,192.0	1,225.8	33.8	2.8	(73.2)
Cigarette	117.2	114.2	(3.0)	(2.6)	(6.7)
Insurance Company Premiums	530.0	548.7	18.7	3.5	(33.0)
Telephone & Telegraph	46.0	47.0	1.0	2.2	7.0
Oil & Gas Severance	21.0	21.4	0.4	1.9	(2.5)
All Other	298.0	307.7	9.7	3.3	8.2
Subtotal Other Taxes	\$4,027.4	\$3,928.7	(\$98.7)	(2.5%)	(\$1,846.8)
Total Nontax Revenue	658.1	582.1	(76.0)	(11.5)	(11.3)
GF/GP REV. AFTER TAX CHANGES	\$13,800.0	\$13,750.3	(\$49.7)	(0.4%)	(\$1,593.4)
SCHOOL AID FUND:					
Baseline Revenue¹⁾	\$19,226.2	\$19,604.0	\$377.8	2.0%	\$77.0
Tax Changes Not In Baseline	(117.4)	(113.4)	4.0	----	15.0
<u>Revenue After Tax Changes</u>					
Sales Tax	\$8,029.0	\$8,183.4	\$154.4	1.9%	\$6.8
Use Tax	934.4	952.0	17.6	1.9	(36.6)
Lottery Revenue	1,140.3	1,125.5	(14.8)	(1.3)	(20.0)
State Education Property Tax	3,020.0	3,128.7	108.7	3.6	65.0
Real Estate Transfer Tax	471.8	492.8	21.0	4.5	43.0
Income Tax	4,378.9	4,449.3	70.4	1.6	(7.7)
Gaming Taxes	671.0	701.5	30.5	4.5	71.0
Other Revenue	463.3	457.4	(5.9)	(1.3)	(29.5)
SAF REV. AFTER TAX CHANGES	\$19,108.8	\$19,490.6	\$381.8	2.0%	\$92.0
BASELINE GF/GP AND SAF	\$36,402.5	\$37,150.1	\$747.6	2.1%	(\$533.6)
Tax & Revenue Changes	(3,493.7)	(3,909.2)	(415.5)	----	(967.8)
GF/GP & SAF REV. AFTER CHNGS	\$32,908.8	\$33,240.9	\$332.1	1.0%	(\$1,501.4)
Sales Tax	\$10,318.5	\$10,319.1	\$0.6	0.0%	(\$839.2)

¹⁾ FY 2024-25 is the base year for baseline revenue.

Table 7

FY 2027-28 INITIAL REVENUE ESTIMATES
GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND
(millions of dollars)

	FY 2026-27 Revised Est.	FY 2027-28 Initial Est.	Change from FY 2026-27	
			Dollar Change	Percent Change
GENERAL FUND/GENERAL PURPOSE:				
Baseline Revenue¹⁾	\$17,546.1	\$18,082.9	\$536.8	3.1%
Tax Changes Not In Baseline Revenue After Tax Changes	(3,795.8)	(3,790.9)	4.9	----
<u>Personal Income Tax</u>				
Gross Collections	\$17,906.2	\$18,260.1	\$353.9	2.0%
Less: Refunds	(4,147.6)	(4,162.6)	(15.0)	0.4
Net Income Tax Collections	13,758.6	14,097.5	338.9	2.5
Less: Earmarking to SAF	(4,449.3)	(4,497.9)	(48.6)	1.1
Earmarking to MI Transp. Fund	0.0	0.0	0.0	----
Earmarking to Renew MI Fund	(69.0)	(69.0)	0.0	----
Campaign Fund	(0.8)	(0.8)	0.0	0.0
Net Income Tax to GF/GP	\$9,239.5	\$9,529.8	\$290.3	3.1%
<u>Other Taxes</u>				
Corporate Income Tax	\$1,213.7	\$1,220.7	\$7.0	0.6%
Michigan Business Tax	(554.4)	(374.9)	179.5	(32.4)
Sales	1,004.6	1,005.6	1.0	0.1
Use	1,225.8	1,281.8	56.0	4.6
Cigarette	114.2	112.5	(1.7)	(1.5)
Insurance Company Premiums	548.7	573.2	24.5	4.5
Telephone & Telegraph	47.0	48.0	1.0	2.1
Oil & Gas Severance	21.4	21.9	0.5	2.3
All Other	307.7	317.3	9.6	3.1
Subtotal Other Taxes	\$3,928.7	\$4,206.1	\$277.4	7.1%
Total Nontax Revenue	582.1	556.1	(26.0)	(4.5)
GF/GP REV. AFTER TAX CHANGES	\$13,750.3	\$14,292.0	\$541.7	3.9%
SCHOOL AID FUND:				
Baseline Revenue¹⁾	\$19,604.0	\$20,000.2	\$396.2	2.0%
Tax Changes Not In Baseline Revenue After Tax Changes	(113.4)	(115.5)	(2.1)	----
Sales Tax	\$8,183.4	\$8,345.2	\$161.8	2.0%
Use Tax	952.0	980.6	28.6	3.0
Lottery Revenue	1,125.5	1,115.0	(10.5)	(0.9)
State Education Property Tax	3,128.7	3,248.7	120.0	3.8
Real Estate Transfer Tax	492.8	515.0	22.2	4.5
Income Tax	4,449.3	4,497.9	48.6	1.1
Gaming Taxes	701.5	726.0	24.5	3.5
Other Revenue	457.4	456.2	(1.1)	(0.2)
SAF REV. AFTER TAX CHANGES	\$19,490.6	\$19,884.7	\$394.1	2.0%
BASELINE GF/GP AND SAF	\$37,150.1	\$38,083.1	\$933.0	2.5%
Tax & Revenue Changes	(3,909.2)	(3,906.4)	2.8	----
GF/GP & SAF REV. AFTER CHNGS	\$33,240.9	\$34,176.7	\$935.8	2.8%
Sales Tax	\$10,319.1	\$10,504.5	\$185.4	1.8%

¹⁾ FY 2024-25 is the base year for baseline revenue.

TAX POLICY CHANGES

Individual Income Taxes. Indexing of the personal exemption adjusts the personal income tax exemption to the CPI and will reduce IIT revenue by \$345.0 million (\$262.9 million GF/GP and \$82.1 million SAF) in FY 2024-25, \$382.5 million (\$291.4 million GF/GP and \$91.1 million SAF) in FY 2025-26, \$442.5 million (\$337.1 million GF/GP and \$105.4 million SAF) in FY 2026-27, and \$502.5 million (\$382.8 million GF/GP and \$119.7 million SAF) in FY 2027-28.

Public Act 4 of 2023 expanded exemptions for certain retirement income, reducing IIT revenue by \$350.0 million (\$275.9 million GF/GP and \$74.1 million SAF) in FY 2024-25, \$453.0 million (\$356.2 million GF/GP and \$96.8 million SAF) in FY 2025-26, \$503.0 million (\$394.7 million GF/GP and \$108.3 million SAF) in FY 2026-27, and \$518.0 million (\$406.5 million GF/GP and \$111.5 million SAF) in FY 2027-28.

Decoupling and Federal Tax Reform. The 2025 reconciliation bill, i.e., the OBBBA, made a number of changes to Federal taxes. Absent changes in Michigan statute, some of those changes would automatically affect Michigan tax revenue, while other changes would not. Public Act 24 of 2025 altered Michigan statute to “decouple” from the Federal changes, so that many of the tax changes would not automatically flow through and alter Michigan tax liabilities. Public Act 24 also “coupled” to select changes in Federal law, particularly for retirement income, overtime pay and tip income, that would not have altered Michigan liabilities without statutory changes. The “decoupling” primarily affected CIT revenue, although there was some impact under the IIT due to flow-through entities and sole proprietorships. The “coupling” changes will have no impact on IIT revenue for FY 2024-25 and will reduce IIT revenue to the General Fund by \$153.6 million in FY 2025-26, \$178.0 million in FY 2026-27, and \$189.0 million in FY 2027-28.

Transportation Funding Legislation. Many of the changes enacted in 2025 to provide additional funds to highway and road construction and maintenance did not affect either the General Fund or the SAF. However, three changes did affect GF/GP and SAF revenue. First, the legislation eliminated, beginning in FY 2025-26, the \$600.0 million earmark of IIT revenue from the General Fund to the Michigan Transportation Fund. Second, the legislation created an earmark of CIT revenue from the General Fund to the Neighborhood Roads Fund (NRF), which totals \$688.0 million in FY 2025-26, \$776.0 million in FY 2026-27, and \$864.0 million in FY 2027-28. The earmark will continue to grow until FY 2029-30, when it will total slightly more than \$1.0 billion. Third, the legislation eliminated the sales tax on motor fuels, which reduced GF/GP revenue, as well as revenue to the Comprehensive Transportation Fund (CTF) and constitutional revenue sharing to local units of government. The sales tax exemption also would have reduced SAF revenue except that the legislation included a provision to require the General Fund to reimburse the SAF for any revenue losses due to the exemption. The exemption is forecasted to reduce sales tax collections by \$639.5 million in FY 2025-26 (\$545.8 million GF/GP), \$849.2 million in FY 2026-27 (\$724.8 million GF/GP), and \$883.2 million in FY 2027-28 (\$753.8 million GF/GP).

Personal Property Tax Reform. Use tax collections of \$569.8 million in FY 2024-25, \$571.4 million in FY 2025-26, \$572.2 million in FY 2026-27, and \$572.6 million in FY 2027-28 will be levied by the Local Community Stabilization Authority (LCSA). These collections finance reimbursements of local revenue losses associated with exempting eligible manufacturing personal property from property taxation and the continuing impact of the small taxpayer exemption. Use tax collections for the LCSA reduce GF/GP revenue.

Business Taxes. The credits allowed under the MBT will lower GF/GP revenue by \$531.3 million in FY 2024-25, \$533.1 million in FY 2025-26, and \$554.4 million in FY 2026-27, and \$374.9 million in FY 2027-28. All the impact of MBT credits reduces GF/GP revenue. As mentioned above, the transportation funding legislation created a new earmark of CIT revenue to the NRF, lowering GF/GP revenue beginning in FY 2025-26. In addition to the new CIT earmark to the NRF, the legislation eliminated a \$500.0 million earmark of FY 2024-25 CIT revenue from the General Fund to the Strategic Outreach and Attraction Reserve (SOAR) Fund and replaced it with a \$250.0 earmark to the Healthy Michigan Fund. Other earmarks of CIT revenue, adopted in Public Act 4 of 2023, will reduce GF/GP revenue by \$50.0 million in FY 2025-26, FY 2026-27, and FY 2027-28.

Other Changes. The LCSA small taxpayer exemption will reduce revenue by \$75.0 million, all GF/GP, in all forecasted fiscal years. The SAF hold-harmless provisions for several sales tax exemptions will reduce sales tax revenue \$55.0 million (\$49.5 million GF/GP and \$5.5 million other) in FY 2024-25, \$56.4 million (\$50.8 million GF/GP and \$5.6 million other) in FY 2025-26, \$57.0 million (\$51.3 million GF/GP and \$5.7 million other) in FY 2026-27, and \$58.7 million (\$52.9 million GF/GP and \$5.9 million other) in FY 2027-28. Similar SAF hold-harmless provisions for several use tax exemptions will reduce use tax revenue \$25.2 million in FY 2024-25, \$25.8 million in FY 2025-26, \$26.5 million in FY 2026-27, and \$27.3 million in FY 2027-28, all GF/GP.

Historical Perspective

- Preliminary net GF/GP and SAF revenue increased 1.5% in FY 2024-25. Net GF/GP and SAF revenue is expected to decrease 0.5% in FY 2025-26, and increase 1.0% in FY 2026-27, and 2.8% in FY 2027-28. These changes compare with an average decline of 0.9% per year for the FY 2000-01 to FY 2009-10 period and an average increase of 3.0% in the years from FY 2010-11 to FY 2019-20.
- Preliminary GF/GP revenue fell 0.9% in FY 2024-25, after climbing steadily from the recent low in FY 2009-10. This comparison does not adjust for inflation.
- The SAF has regained the amounts lost during the 2008-2009 recession and has been reimbursed from the General Fund for revenue losses due to personal property tax (PPT) changes. School Aid Fund revenue rose to its highest level ever in FY 2023-24 (\$18.1 billion), after climbing steadily from the recent low in FY 2011-12. Preliminary FY 2024-25 SAF revenue is estimated to total \$18.7 billion, a 2.2% increase from FY 2023-24 and a new record high. This comparison does not adjust for inflation.

Baseline GF/GP and SAF combined revenue is expected to increase in the forecast years (Figure 14). Combined GF/GP and SAF baseline revenue declined during several periods of time: FY 1990-91, three consecutive fiscal years beginning in FY 2000-01, and FY 2008-09 and FY 2009-10. The decline in FY 1990-91 was 2.7% and the total decline from FY 2000-01 through FY 2002-03 was about 3.8%. While these declines in baseline revenue caused serious budgetary problems, they represented relatively small revenue declines compared with the 9.1% decline in FY 2008-09 and additional 2.1% decline in FY 2009-10. It is estimated that GF/GP and SAF baseline revenue increased by 1.2% in FY 2024-25. Using the FY 2023-24 base year, baseline GF/GP and SAF revenue is expected to increase by approximately 1.5% in FY 2025-26, then increase 2.0% in FY 2026-27, and 2.5% in FY 2027-28.

Ongoing GF/GP revenue in FY 2025-26 is forecast to be approximately 9.3% (or \$1,412.0 million) below the peak GF/GP revenue level in FY 2021-22 (without accounting for inflation). The estimated GF/GP revenue of \$13.8 billion in FY 2026-27 is 9.6% below the peak, and the initial estimates for FY 2027-28 are 3.9% above FY 2026-27 (Figure 15). In inflation-adjusted terms, FY 2027-28 GF/GP revenue is estimated to be 9.8% (or \$946.3 million in 2017 dollars) below the FY 1967-68 level (Figure 16).

In contrast to the swings in the path of GF/GP revenue over the last decade, SAF-earmarked revenue has been on a smooth upward trend, even though the economic downturn reduced SAF revenue in FY 2008-09 and FY 2009-10, and enacted tax legislation reduced revenue in FY 2011-12. Ongoing SAF revenue is expected to increase in FY 2025-26, FY 2026-27, and FY 2027-28 (Figure 15). In FY 2027-28, SAF revenue is predicted to be approximately 184.0% (\$12.9 billion) above the revenue level in FY 1994-95 (without accounting for inflation) and 2.4% (\$317.3 million in 2017 dollars) above if adjusted for inflation (Figure 17).

Figure 14

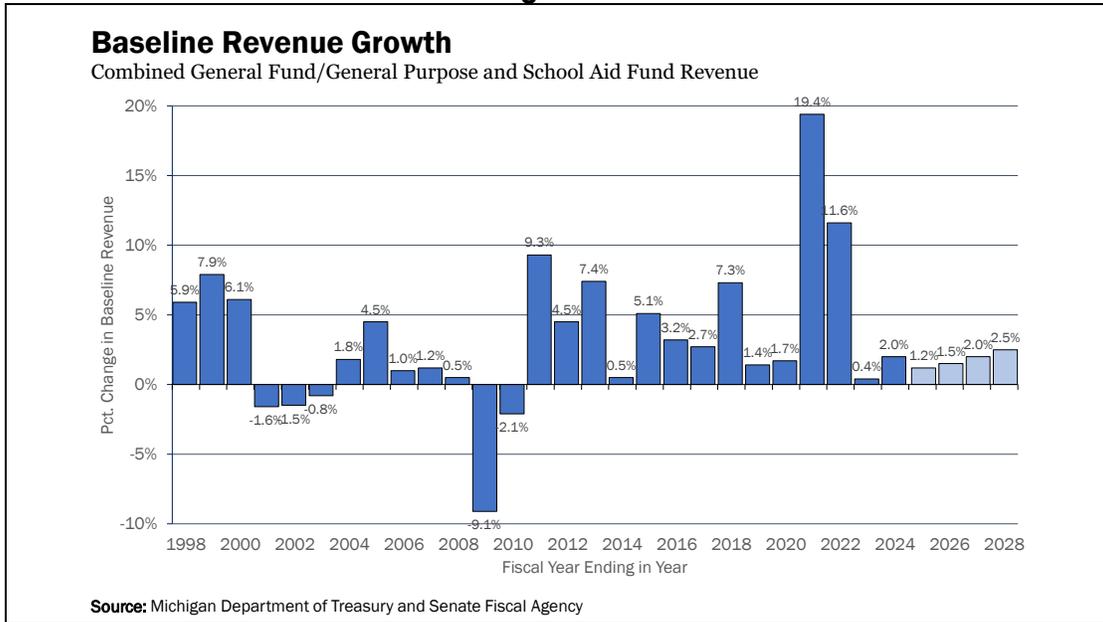


Figure 15

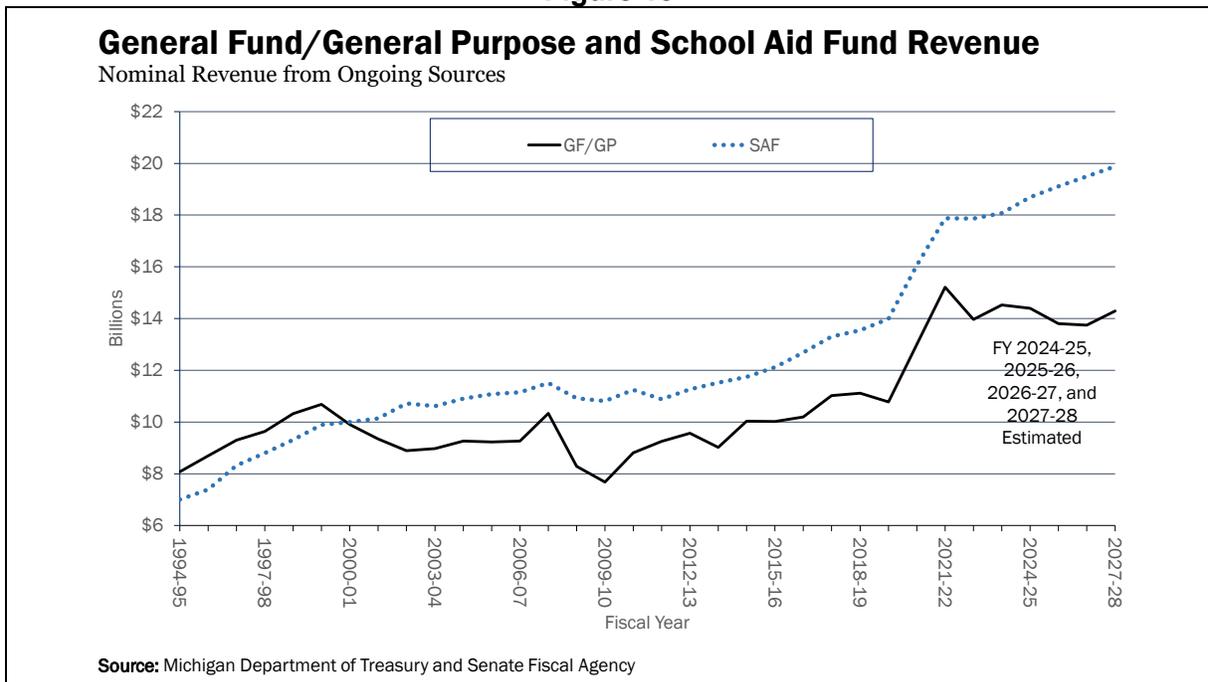


Figure 16

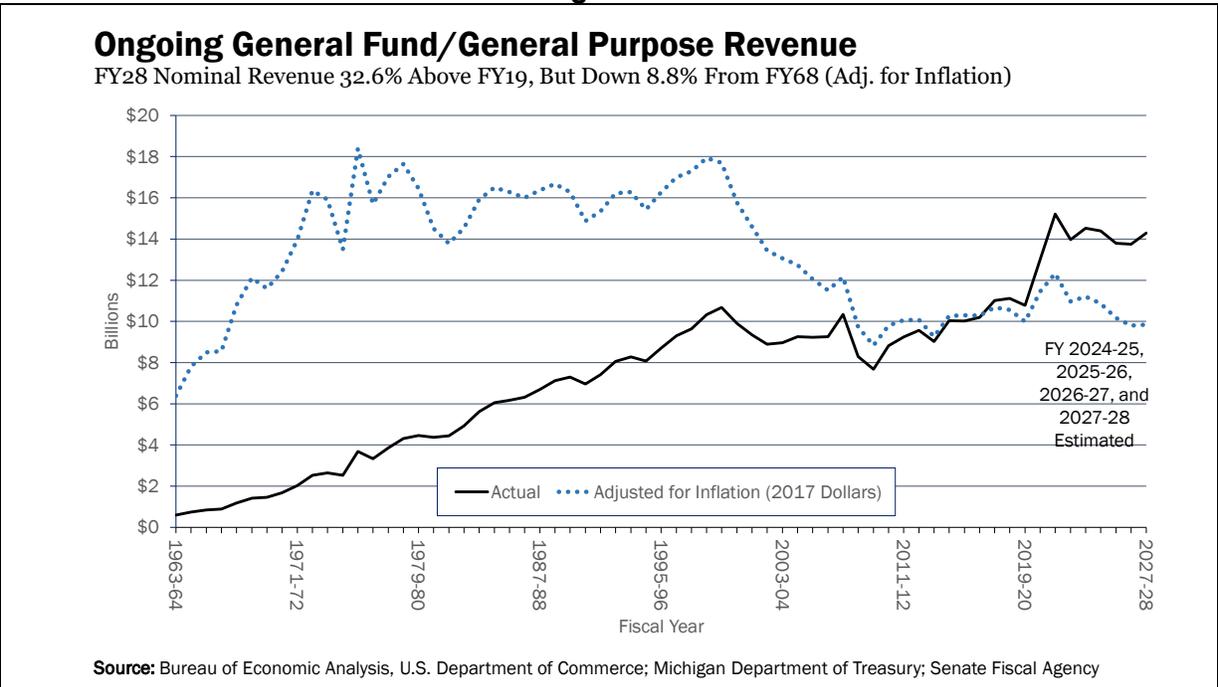
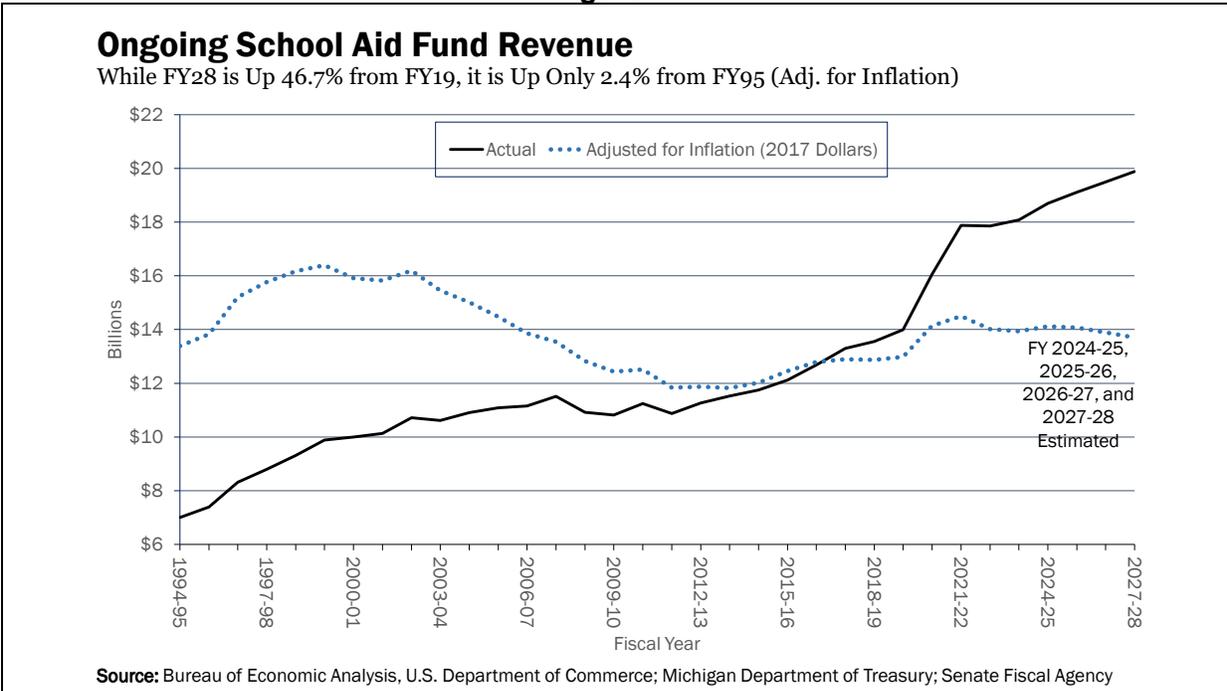


Figure 17



MAJOR GENERAL FUND & SCHOOL AID FUND TAXES IN FY 2024-25 THROUGH FY 2027-28

Federal Tax Reform Interactions with Corporate and Individual Income Tax Revenue. In December 2017, the Federal government adopted tax reform legislation that made numerous changes to both the Federal IIT and the Federal corporate income tax. Many of the Federal changes were expected to affect Michigan tax revenue. For example, the personal exemption was set to zero and Michigan personal exemptions were based on the allowed Federal exemptions, suggesting that Federal tax reform might have eliminated the Michigan personal exemption and substantially increased taxpayers' Michigan tax liabilities. Other Federal changes eliminated certain deductions or exemptions, thereby increasing the income taxpayers would use in computing their Michigan liabilities. The forecast includes estimates of these impacts, as well as the impact of Public Acts 38 and 39 of 2018, which were enacted in response to the effect Federal tax reform was estimated to have on Michigan revenue. In 2025, the Federal government adopted the OBBBA, which both extended and modified a number of the 2017 changes and made additional changes to depreciation, expensing limits, and income taxes on tips and overtime. As indicated above, PA 24 of 2025 adopted parallel changes in income taxes on tips and overtime but “decoupled” the State from the new depreciation and expensing limits.

Individual Income Tax. Individual income tax net collection will increase an estimated 1.6% in FY 2025-26, to \$13.6 billion. Fiscal year 2025-26 withholding, which represents the majority of gross IIT revenue, will increase 1.1%. Quarterly estimates will rise 3.2% and annual payments will fall 3.6%, respectively. As economic growth continues, withholding will continue to grow 2.5% in FY 2026-27 and 3.1% in FY 2027-28, and net IIT revenue will increase 1.4% in FY 2026-27 and 2.5% in FY 2027-28. Compared with the May 2025 consensus revenue estimates, the revised estimate for FY 2025-26 net IIT revenue is \$303.4 million lower, and the revised estimate for FY 2026-27 is \$343.0 million lower.

Sales Tax. The forecast predicts Michigan sales tax revenue will fall 4.6% in FY 2025-26, largely reflecting the partial-year losses associated with the new exemption for motor fuels that takes effect January 1, 2026. Sales tax collections will remain flat in FY 2026-27 as the full-year impact of the exemption offsets increased revenue due to economic growth, and will rise 1.8% in FY 2027-28 as services, which are largely not subject to sales or use taxes, continue to represent an increasing portion of consumer spending. Compared with the May 2025 consensus revenue estimates, the revised sales tax estimate for FY 2025-26 is down \$589.5 million while the revised estimate for FY 2026-27 is down \$839.2 million. Most sales tax revenue is earmarked to the SAF (73.3%) and the remainder goes to local government revenue sharing payments (10.0%), the CTF, and the General Fund. As indicated above, the new motor fuels exemption under the sales tax holds the SAF harmless for any revenue losses. To reflect the significant portion of sales tax revenue earmarked in statute for revenue sharing that has been diverted to the General Fund, this report allocates all of the statutory revenue sharing earmark to the General Fund and shows the appropriation for statutory revenue sharing as a revenue reduction on the balance sheet, as discussed in the last section of this report. As a result, the estimates presented in this section are reduced only for constitutional revenue sharing.

Use Tax. Use tax collections, which reflect the taxes levied on a variety of activities ranging from spending at hotels and motels, to telephone service (both residential and business), to the purchase of business equipment in other states for use in Michigan, to vehicle leases, can be volatile. Use tax revenue is expected to increase 2.0% in FY 2025-26, 1.9% in FY 2026-27, and 3.0% in FY 2027-28. Beginning in FY 2015-16, a portion of use tax revenue previously directed to the General Fund is converted into a local use tax used to fund reimbursements to local units affected by PPT exemptions adopted in 2012. Payments to the LCSA started at \$96.4 million in FY 2015-16, rose over time to \$569.8 million in FY 2024-25, and will total \$571.4 million in FY 2025-26, \$572.2 million in FY 2026-27, and \$572.6 million in FY 2027-28 as they increase annually. Additionally, Public Act 175 of 2023 earmarks \$75.0 million in GF/GP use tax revenue for reimbursements associated with the expanded small taxpayer exemptions in Public Act 150 of 2021. Compared with the May 2025 consensus revenue estimates, the FY 2025-26 estimate for combined State and local use tax collections is revised downward by \$68.0 million and the FY 2026-27 estimate is \$109.8 million lower. One-third of use tax

revenue at a 6.0% rate is directed to the SAF, while the remaining two-thirds of use tax revenue is allocated between the State General Fund and the LCSA according to statutory provisions that alter the relative shares each year.

Tobacco Taxes. Revenue from tobacco taxes totaled an estimated \$619.4 million in FY 2024-25, a decrease of 6.7% from FY 2023-24. Tobacco tax revenue is expected to continue its long-term downward trend, declining 4.4% in FY 2025-26, 2.7% in FY 2026-27, and 1.6% in FY 2027-28. However, the overall decline in total tobacco tax revenue has masked a change in the composition of tobacco tax revenue, as cigarette tax revenue declines more rapidly than total tobacco tax revenue, and revenue from taxes on other tobacco products (cigars, noncigarette smoking tobacco, and smokeless tobacco) increases. In the forecast period, this trend is expected to continue, as tax revenue from cigarettes is expected to decline, with tax revenue from other tobacco products increasing, but not enough to stop the decline in total tobacco tax revenue. Tobacco taxes are split across multiple funds, including the General Fund, the School Aid Fund, the Medicaid Benefits Trust Fund, the Healthy Michigan Fund, the State Capitol Historic Site Fund, and the Health and Safety Fund, as well as distributions to Wayne County and the State Police.

Gaming Taxes. The State's tax on casinos is directed to the SAF. In FY 2025-26, casino tax revenue is projected to total \$106.0 million, a 2.7% increase from FY 2024-25, as the economy recovers and other new gaming options (internet gaming and sports and fantasy betting) continue to grow. Casino tax revenue is expected to grow 2.2% in FY 2026-27 and 2.0% in FY 2027-28, as competing gaming options exhibit growth. Gaming not associated with the lottery or casinos subject to the casino tax (primarily online gaming) is projected to total \$525.4 million in FY 2024-25, a 31.3% increase from FY 2023-24. Revenue from these expanded gaming options will grow less rapidly over the forecast but is expected to capture most of any increased gaming activities in the State. In FY 2025-26, revenue from expanded gaming options will increase 7.5%, followed by growth of 5.0% in FY 2026-27 and 3.8% in FY 2027-28, when revenue from these sources will total \$615.5 million.

State Education Property Tax. Weakness in the housing sector drove SET revenue down each year from FY 2007-08 to FY 2012-13. Recovery in the housing market and taxable values resulted in growth in this tax beginning in FY 2013-14, when collections increased by 1.9%, to \$1.8 billion. After increasing 5.4% in FY 2024-25, SET collections are projected to increase another 3.9% in FY 2025-26, 3.6% in FY 2026-27, and 3.8% in FY 2027-28 as the housing market stabilizes. All of the revenue generated by the SET is earmarked to the SAF. The General Fund reimburses the SAF for reductions in SET revenue because of the exemption of eligible manufacturing personal property from ad valorem property taxation.

Lottery. Competition with other gaming options and between different lottery games is expected to limit the growth in lottery revenue over the forecast period. In FY 2024-25, lottery revenue to the SAF declined 7.3% from the FY 2023-24 level. Lottery revenue is forecasted to decline 1.5% in FY 2025-26, 1.3% in FY 2026-27, and 0.9% in FY 2027-28. All of the net revenue generated by the lottery is earmarked to the SAF.

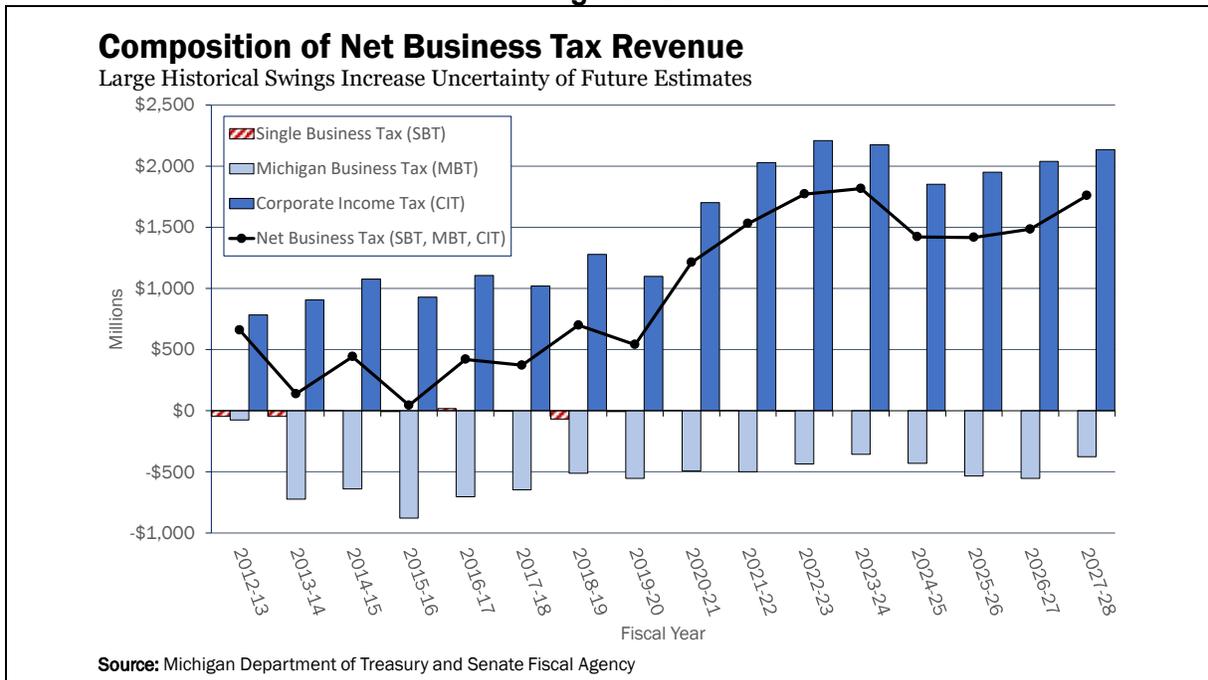
Michigan Business Tax/Corporate Income Tax. Legislation enacted in May 2011 repealed the MBT for most taxpayers beginning January 1, 2012. Corporate taxpayers began paying the CIT, which initially generated about 40% as much revenue as what was received under the MBT due to the reduced size of the tax base. Unincorporated businesses and "pass-through" entities such as S-corporations, partnerships, and many limited liability companies, do not pay tax under the CIT. Instead, these businesses paid taxes by reporting business income on their IIT return. Beginning with tax year 2021, Public Act 135 of 2021 allows these firms to pay under a separate "flow-through entity tax" that is levied at the same rate and distributed in the same manner as the IIT. Those businesses that continue to pay the MBT do so in order to retain the ability to claim substantial refundable credits awarded in previous years. As a result, over the forecast period, MBT revenue will be negative, reflecting refund payments. The CIT is expected to generate positive revenue over the forecast period, although the CIT is expected to be a significantly more volatile tax than the MBT.

Michigan Business Tax refunds are expected to have a significant negative impact on business tax revenue over the forecast period. After totaling a negative \$429.1 million (as refunds exceeded revenue) in FY 2024-25, net MBT revenue is expected to remain negative over the forecast period, as estimated MBT credits are projected to reduce State revenue by approximately \$500.0 million each year. Several factors make it difficult to produce reliable estimates of MBT credit refunds. Although no new credits are being awarded, the Michigan Strategic Fund Board, from time to time, amends previously awarded credits to adjust the terms based on the individual circumstances of eligible companies. These adjustments tend to increase the refund amounts in the near term; however, in some cases, the amendments may reduce the number of years for which a business is eligible for a credit. Additionally, eligible businesses have considerable flexibility as to when they will submit claims for credits, including credits for previous tax years. The credits are processed by the Michigan Strategic Fund agency that is responsible for reviewing compliance with the terms of the credits and issuing credit certificates to companies that have qualified. Furthermore, once the credit certificates are issued, the taxpayer has some flexibility as to when to file an original or amended return that claims the credit. Once the return is submitted to Treasury, if there are issues requiring an audit or review (which could relate to the credit or to other aspects of the taxpayer's return), processing of the credit may be delayed. These revisions, timing, and processing issues create uncertainty in the estimates.

These MBT credits represent a significant reduction in General Fund revenue. The combination of the substantial magnitude of the credits and their unpredictable nature can produce large swings in General Fund revenue. In FY 2015-16, MBT credits reduced General Fund revenue by approximately \$1.0 billion, or approximately 10.4%, and net MBT revenue reduced General Fund revenue by \$878.9 million, or approximately 9.2%. While the credits lowered General Fund revenue by \$356.9 million in FY 2023-24, they still represented a 2.4% reduction in General Fund revenue. As MBT credits (of which MEGA credits represent the majority that may be claimed) generally hold constant, the impact will remain significant, with net MBT revenue lowering General Fund revenue by 3.9% in FY 2025-26, 4.0% in FY 2026-27, and 2.6% in FY 2027-28. When these credits will be claimed and processed, as well as the amount that will be claimed, has little to no relationship with economic fundamentals, which limits efforts to correctly predict revenue.

To illustrate the potential volatility in CIT revenue, in FY 2022-23, CIT collections decreased 20.7% after rising 19.2% in FY 2021-22, rising 54.4% in FY 2020-21, after falling 13.6% in FY 2019-20, rising 25.3% in FY 2018-19, falling 7.8% in FY 2017-18, rising 18.9% in FY 2016-17, and falling 13.7% in FY 2015-16 ([Figure 18](#)). Adding to this underlying volatility, Public Act 4 of 2023 began earmarking a portion of CIT revenue from the General Fund to other funds beginning in FY 2022-23, resulting in the GF/GP portion of the CIT falling 20.7% in FY 2022-23. Beginning in FY 2025-26 the road funding package of 2025 transfers CIT revenue to road funding, further reducing the amount going to the GF/GP. Baseline CIT is expected to continue to show strength despite the projected softening in economic growth as business adapt to changes in the economy and the composition of firms with major CIT liabilities changes.

Figure 18



The preliminary estimate for business taxes under the CIT, MBT, and the previously repealed Single Business Tax (SBT), excluding earmarks, in FY 2024-25 is \$1.4 billion, a 21.7% decrease from FY 2023-24. Net business tax revenue is expected to remain relatively flat in FY 2025-26, increase 4.8% in FY 2026-27, and grow 18.5% in FY 2027-28. (Corporate profits generally exhibit significant volatility. One reason Michigan replaced the former CIT in 1976 with the SBT was large swings in revenue from the CIT. These large swings helped create budget problems because unexpected revenue growth one year led to increased spending, only to be followed the next year by unexpected revenue shortfalls that required spending cuts and/or tax increases.) All revenue from the MBT and SBT, as well as credits or refunds against these taxes, is allocated to the General Fund. Revenue from the CIT is primarily directed to the General Fund, and beginning in FY 2025-26, the NRF. All credits and refunds against the tax reduce General Fund revenue.

Insurance Taxes. Revenue from Michigan's taxes on insurance companies totaled an estimated \$526.7 million in FY 2024-25, a 2.0% decrease from FY 2023-24. Revenue from taxes on insurance companies is expected to return to trend levels over the forecast period, increasing 0.6% in FY 2025-26, 3.5% in FY 2026-27, and 4.5% in FY 2027-28. All revenue from insurance taxes is directed to the General Fund.

SENATE FISCAL AGENCY BASELINE REVENUE FORECAST HISTORY

Tables 8, 9, and 10 present the history of the SFA's and consensus estimates for GF/GP and SAF baseline revenue for FY 2024-25, FY 2025-26, and FY 2026-27. Baseline estimates are used to track the forecast history for these fiscal years in order to avoid the wide swings in revenue estimates that occur when tax changes are enacted for a particular fiscal year after the initial revenue estimates have been calculated for that fiscal year. In addition, in order to provide an accurate comparison, all of the previous baseline estimates made for FY 2024-25, FY 2025-26, and FY 2026-27 have been adjusted to reflect a common base year.

The initial GF/GP and SAF baseline revenue estimate for FY 2024-25 was made in January 2023, as shown in Table 8. At that time, baseline revenue in FY 2024-25 was estimated at \$32.2 billion. This estimate was increased by \$2.9 billion at the January 2023 CREC, but then lowered by \$220.6 billion at the May 2023 CREC. The January 2024 CREC increased the estimate by \$426.6 million. The May 2024 CREC increased the estimate again, by \$88.3 million, and the January 2025 CREC

increased it by an additional \$867.0 million. The May 2025 CREC lowered the estimate by \$60.0 million. The SFA's revised estimate for preliminary final FY 2024-25 GF/GP and SAF baseline revenue presented in this report reduces the baseline estimate by \$266.8 million, to \$35.9 billion, from the May 2025 consensus estimate.

The initial GF/GP and SAF baseline revenue estimate for FY 2025-26 was made in December 2023, as shown in Table 9. At that time, baseline revenue in FY 2025-26 was estimated at \$36.1 billion. This estimate was decreased by \$48.9 million at the January 2024 CREC, but the May 2024 CREC increased it by \$63.1 million. The January 2025 CREC increased the estimate by \$935.6 million and the May 2025 CREC lowered the estimate by \$220.2 million. The revised SFA estimate for FY 2025-26 lowers baseline revenue by \$350.5 million, to \$36.5 billion.

The initial GF/GP and SAF baseline revenue estimate for FY 2026-27 was made in January 2025, as shown in Table 10. At that time, baseline revenue in FY 2026-27 was estimated at \$37.6 billion. The January 2025 CREC increased the estimate by \$321.6 million while the May 2025 CREC decreased the estimate by \$212.6 million. The revised SFA estimate for FY 2026-27 reduces baseline revenue by \$455.2 million, to \$37.2 billion.

Table 8
CHANGES IN SENATE FISCAL AGENCY
BASELINE REVENUE ESTIMATES FOR FY 2024-25
(millions of dollars)

Forecast Date	GF/GP	SAF	Total
January 10, 2023	\$14,974.8	\$17,198.8	\$32,173.6
January 13, 2023 ^{a)}	16,659.8	18,453.1	35,112.9
May 16, 2023	16,986.6	18,541.8	35,528.4
May 19, 2023 ^{a)}	16,401.0	18,491.3	34,892.3
December 21, 2023	16,720.3	18,583.1	35,303.4
January 12, 2024 ^{a)}	16,734.3	18,584.6	35,318.9
May 15, 2024	17,261.3	18,395.3	35,656.5
May 17, 2024 ^{a)}	16,985.0	18,422.2	35,407.2
January 3, 2025	17,742.7	18,764.0	36,506.7
January 10, 2025 ^{a)}	17,632.1	18,642.1	36,274.2
May 14, 2025	17,278.3	18,670.6	35,948.9
May 16, 2025 ^{a)}	17,546.1	18,668.1	36,214.2
January 15, 2026	\$17,128.5	\$18,818.9	\$35,947.4
<u>Change From Previous Estimate:</u>			
Dollar Change	(\$417.6)	\$150.8	(\$266.8)
Percent Change	(2.5%)	0.8%	(0.8%)
<u>Change From Initial Estimate:</u>			
Dollar Change	\$2,153.7	\$1,620.1	\$3,773.8
Percent Change	14.4%	9.4%	11.7%
^{a)} Consensus estimate between the Senate Fiscal Agency, House Fiscal Agency, and Department of Treasury.			
Note: Baseline base year equals FY 2023-24.			

Table 9

CHANGES IN SENATE FISCAL AGENCY BASELINE REVENUE ESTIMATES FOR FY 2025-26 (millions of dollars)			
Forecast Date	GF/GP	SAF	Total
December 21, 2023	\$17,145.9	\$18,956.0	\$36,101.9
January 12, 2024 ^{a)}	17,025.2	19,027.8	36,053.0
May 15, 2024	17,358.5	18,831.3	36,189.9
May 17, 2024 ^{a)}	17,224.3	18,891.8	36,116.1
January 3, 2025	17,804.3	19,271.9	37,076.2
January 10, 2025 ^{a)}	17,952.7	19,099.0	37,051.7
May 14, 2025	17,593.3	19,004.1	36,597.4
May 16, 2025 ^{a)}	17,770.0	19,061.5	36,831.5
January 15, 2026	\$17,252.7	\$19,228.3	\$36,481.0
<u>Change From Previous Estimate:</u>			
Dollar Change	(\$517.3)	\$166.8	(\$350.5)
Percent Change	(3.0%)	0.9%	(1.0%)
<u>Change From Initial Estimate:</u>			
Dollar Change	\$106.8	\$272.3	\$379.1
Percent Change	0.6%	1.4%	1.1%
^{a)} Consensus estimate between the Senate Fiscal Agency, House Fiscal Agency, and Department of Treasury.			
Note: Baseline base year equals FY 2023-24.			

Table 10

CHANGES IN SENATE FISCAL AGENCY BASELINE REVENUE ESTIMATES FOR FY 2026-27 (millions of dollars)			
Forecast Date	GF/GP	SAF	Total
January 3, 2025	\$17,897.0	\$19,677.8	\$37,574.8
January 10, 2025 ^{a)}	18,313.8	19,582.6	37,896.4
May 14, 2025	17,856.9	19,442.5	37,299.4
May 16, 2025 ^{a)}	18,156.7	19,527.1	37,683.8
January 15, 2026	\$17,622.5	\$19,606.1	\$37,228.6
<u>Change From Previous Estimate:</u>			
Dollar Change	(\$534.2)	\$79.0	(\$455.2)
Percent Change	(2.9%)	0.4%	(2.5%)
<u>Change From Initial Estimate:</u>			
Dollar Change	(\$274.5)	(\$71.7)	(\$346.2)
Percent Change	(1.5%)	(0.4%)	(0.9%)
^{a)} Consensus estimate between the Senate Fiscal Agency, House Fiscal Agency, and Department of Treasury.			
Note: Baseline base year equals FY 2023-24.			

BUDGET STABILIZATION FUND

The Counter-Cyclical Budget and Economic Stabilization Fund (BSF) was established by Public Act 76 of 1977 and was subsequently included in the Management and Budget Act, Sections 351 to 359. The BSF, which also is known as the "Rainy Day Fund", is a cash reserve to which the State, in years of economic growth, adds revenue, and from which, in years of economic recession, the State withdraws revenue. The Fund's purposes are to mitigate the adverse effects on the State budget of downturns in the business cycle and to reserve funds that can be available during periods of high unemployment for State projects that will increase job opportunities. The balance in the BSF is limited to 15.0% of the combined level of GF/GP and SAF revenue. (For FY 2024-25, combined GF/GP and SAF revenue is estimated at \$33.1 billion; 15% applied to that would yield a BSF limit of \$5.0 billion.) A balance at the end of a fiscal year higher than that amount is required to be rebated to IIT payers on returns filed after the end of that fiscal year. (The balance at the end of FY 2024-25 was roughly \$2.1 billion, lower than the limit of \$5.0 billion, and therefore not triggering a rebate.)

A required pay-in to the BSF happens when real personal income less transfer payments is above 2%. There are no required pay-ins for the years forecasted. Funds may be transferred out of the BSF for budget stabilization purposes when Michigan personal income less transfer payments, adjusted for inflation, decreases on a calendar-year basis. For FY 2025-26, the SFA estimates that Michigan personal income will decrease and thus trigger a calculation for an amount that could be transferred from the BSF (up to \$537.0 million). Any payment into or out of the BSF must be appropriated by the Legislature and can be done during the budget process. In addition, the Legislature may appropriate transfers into or out of the BSF even if the formulas do not trigger a transfer. If the formulas do not trigger a transfer, the transfer requires a 2/3 majority vote in both the House of Representatives and the Senate.

Table 11 presents the history of the BSF in terms of actual transfers into and out of the Fund, interest earnings, and year-end balances from FY 1998-99 through FY 2023-24. This table also presents the SFA's estimates for FY 2024-25, FY 2025-26, FY 2026-27, and FY 2027-28 assuming enacted transfers to the BSF and estimated interest earnings. The BSF year-end balance as a percentage of GF/GP and SAF revenue is shown in Figure 19, and the estimated economic stabilization trigger calculations for FY 2025-26, FY 2026-27, and FY 2027-28 are presented in Table 12.

FY 2024-25

The BSF ended FY 2023-24 with a balance of \$1,996.5 million. In FY 2024-25, \$50.0 million was appropriated to the Fund. Public Act 186 of 2014 amended the Michigan Trust Fund Act to require the deposit of \$17.5 million annually from tobacco settlement revenue to the BSF beginning in FY 2014-15 and extending through FY 2034-35; however, these deposits after FY 2024-25 were ended by Public Act 24 of 2025. Interest earnings are estimated at \$83.9 million in FY 2024-25, resulting in an estimated ending balance of \$2,147.9 million. There was no calculated pay-in or pay-out to the BSF for FY 2024-25 estimated at the time of budget enactment.

FY 2025-26, FY 2026-27, and FY 2027-28

Based on the SFA's revised estimates of personal income, transfer payments, the Detroit CPI, and GF/GP revenue, the statutory formula would permit a pay-out of up to \$537.0 million in FY 2025-26, and would calculate no pay-ins or pay-outs in FY 2026-27 or FY 2027-28.

Based on current appropriations, the BSF ending balance is estimated at \$2,223.1 million in FY 2025-26, \$2,289.8 million in FY 2026-27, and \$2,347.0 million in FY 2027-28 as shown in Table 11.

Table 11

**BUDGET AND ECONOMIC STABILIZATION FUND
TRANSFERS, EARNINGS, AND FUND BALANCE
FY 1998-99 TO FY 2027-28 ESTIMATES
(millions of dollars)**

Fiscal Year ^{a)}	Pay-In		Interest Earned	Pay-Out	Fund Balance
	Trust Fund Act	Other Approp.			
1998-99		\$244.4	\$51.2	\$73.7	\$1,222.5
1999-00		100.0	73.9	132.0	1,264.4
2000-01		0.0	66.7	337.0	994.2
2001-02		0.0	20.8	869.8	145.2
2002-03		9.1	1.8	156.1	0.0
2003-04		81.3	0.0	0.0	81.3
2004-05		0.0	2.0	81.3	2.0
2005-06		0.0	0.0	0.0	2.0
2006-07		0.0	0.1	0.0	2.1
2007-08		0.0	0.1	0.0	2.2
2008-09		0.0	0.0	0.0	2.2
2009-10		0.0	0.0	0.0	2.2
2010-11		0.0	0.0	0.0	2.2
2011-12		362.7	0.2	0.0	365.1
2012-13		140.0	0.5	0.0	505.6
2013-14 ^{b)}		75.0	0.4	194.8	386.2
2014-15 ^{c)}	\$17.5	94.0	0.4	0.0	498.1
2015-16	17.5	95.0	1.8	0.0	612.4
2016-17	17.5	75.0	5.1	0.0	710.0
2017-18	17.5	265.0	13.5	0.0	1,006.0
2018-19	17.5	100.0	25.1	0.0	1,148.6
2019-20	17.5	0.0	13.0	350.0	829.1
2020-21	17.5	535.0	0.8	0.0	1,382.3
2021-22	17.5	180.0	9.1	0.0	1,588.9
2022-23	17.5	100.0	73.9	0.0	1,780.3
2023-24	17.5	100.0	98.7	0.0	1,996.5
2024-25	17.5	50.0	83.9	0.0	2,147.9
Enacted Deposits and Estimated Interest Earnings:					
2025-26	\$0.0	\$0.0	\$75.2	\$0.0	\$2,223.1
2026-27	0.0	0.0	66.7	0.0	2,289.8
2027-28	0.0	0.0	57.2	0.0	2,347.0

a) For FY 1998-99 to FY 2020-21, the table shows the actual appropriated pay-in and pay-out to the BSF and the interest earned as reported in the State of Michigan Comprehensive Annual Financial Report. Fiscal years 2021-22 to FY 2024-25 include enacted legislation and estimated interest earnings.

b) Pay-in was appropriated in Public Act 59 of 2013. Pay-out is the transfer of \$194.8 million in FY 2013-14 per PA 188 of 2014 from the BSF to the Settlement Administration Fund related to the Detroit bankruptcy.

c) PA 252 of 2014 appropriated \$94.0 million to the BSF and PA 186 of 2014, which amended the Trust Fund Act, authorizes the deposit of \$17.5 million of tobacco settlement revenue to the BSF annually from FY 2014-15 to FY 2034-35 to repay the withdrawal related to the Detroit bankruptcy.

Sources: State of Michigan Annual Comprehensive Financial Reports through FY 2023-24 and Senate Fiscal Agency.

Figure 19

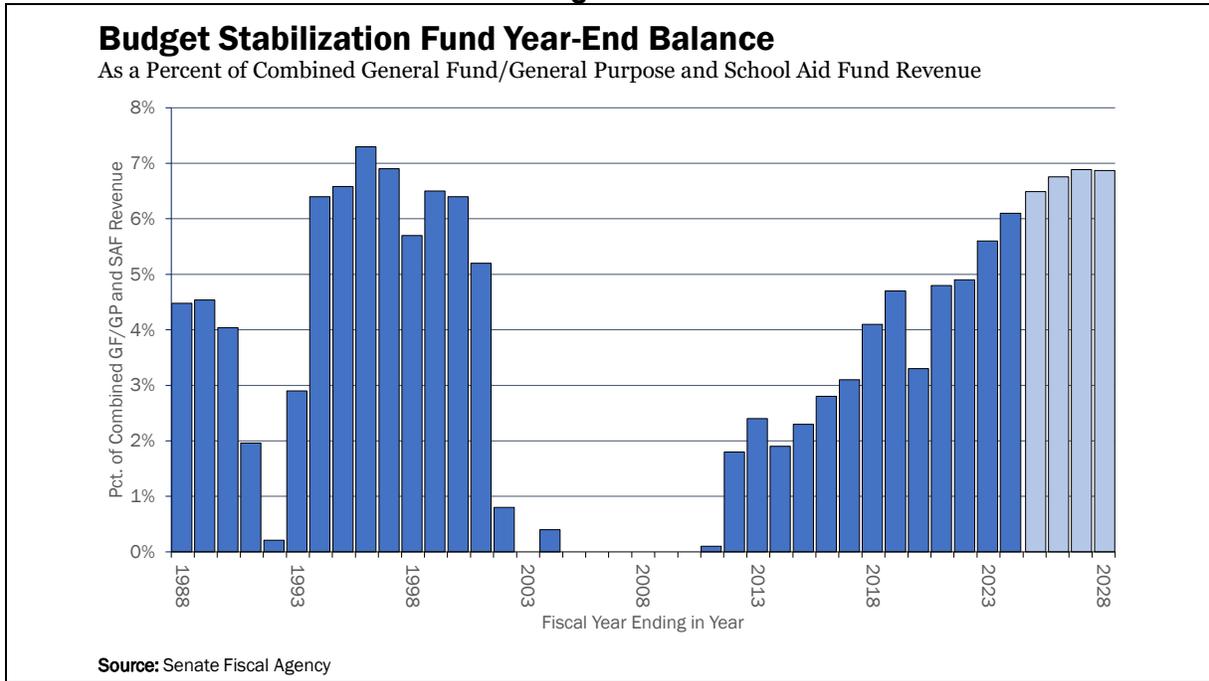


Table 12

ESTIMATED BUDGET AND ECONOMIC STABILIZATION FUND TRIGGER
FY 2024-25, FY 2025-26, FY 2026-27, and FY 2027-28
(millions of dollars)

	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Michigan Personal Income (MPI)	\$645,846.8	\$673,075.0	\$694,520.9	\$719,066.8	\$744,806.7
Less: Transfer Payments	\$140,944.6	\$151,407.5	\$157,704.0	\$163,490.8	\$169,143.2
Subtotal	\$504,902.2	\$521,667.5	\$536,817.0	\$555,576.0	\$575,663.5
Divided by: Detroit CPI, 12 months average for calendar year (1982-84=1)	2.9235	2.9808	3.0762	3.1761	3.2750
Equals: Real Adjusted MPI	\$172,702.0	\$175,010.0	\$174,508.0	\$174,927.0	\$175,773.0
Percent Change from Prior Year		1.3%	-0.3%	0.2%	0.5%
Excess Over 2.0%		0.00%	0.00%	0.00%	0.00%
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Multiplied by: Estimated GF/GP Revenue		\$14,394.0	\$13,800.0	\$13,750.3	\$14,292.0
Equals: Transfer to the BSF			\$0.0	\$0.0	\$0.0
OR Maximum transfer from the BSF			(\$537.0)	\$0.0	\$0.0

Note: Numbers may not add due to rounding.
CY = Calendar Year; FY = Fiscal Year

COMPLIANCE WITH STATE REVENUE LIMIT

Article IX, Section 26 of the Michigan Constitution establishes a limit on the amount of revenue State government may collect in any fiscal year. In the first 15 years this revenue limit was in effect (FY 1979-80 to FY 1993-94), it was never exceeded. In FY 1994-95, State revenue exceeded the revenue limit, for the first time, by \$109.6 million. Revenue remained substantially below the limit for FY 2009-10 through FY 2021-22. To date, the largest gap between revenue and the limit occurred in FY 2023-24, when State revenue was \$8.2 billion below the revenue limit. For any fiscal year, State government revenue may not exceed 9.49% of Michigan total personal income for the calendar year before the calendar year in which the fiscal year begins. Based on the SFA's latest economic forecast and revenue estimates, it is estimated that revenue subject to the revenue limit will continue to remain well below the revenue limit in FY 2024-25, FY 2025-26, FY 2026-27, and FY 2027-28 with State revenue forecast to be \$15.0 billion below the limit in FY 2027-28.

THE REVENUE LIMIT

State government revenue subject to the limit includes total State government tax revenue and all other State government revenue, such as license fees and interest earnings. For purposes of the limit, State government revenue does not include Federal aid. Personal income is a measure of the total income received by individuals, including wages and salaries, proprietors' income, interest and dividend income, rental income, and transfer payments (e.g., Social Security income and Medicaid benefits). It is the broadest measure of overall economic activity for the State of Michigan and is estimated by the US Department of Commerce's Bureau of Economic Analysis.

REQUIREMENTS IF REVENUE LIMIT IS EXCEEDED

If final revenue exceeds the revenue limit, the Constitution and State law provide procedures to deal with this event. If revenue exceeds the limit by less than 1.0%, the excess revenue must be deposited into the BSF. If the revenue limit is exceeded by 1.0% or more, the excess revenue must be refunded to payers of individual income and business taxes, on a pro rata basis. These refunds would be given to taxpayers who file an IIT return or an MBT or CIT return in the following fiscal year, because these taxpayers would have made withholding and quarterly estimated payments during the fiscal year when the revenue limit was exceeded. The law requires that these refunds occur in the fiscal year following the filing of the report that determines that the limit was exceeded. This report for any particular fiscal year is typically issued in the spring following the end of the fiscal year.

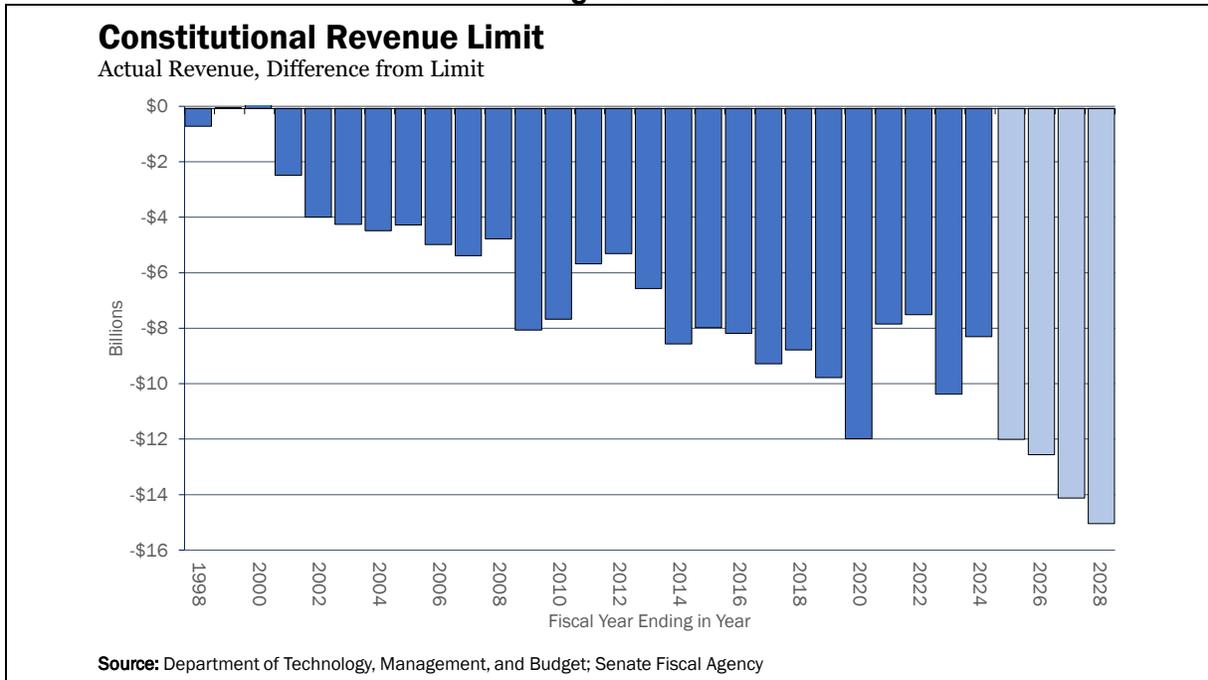
REVENUE LIMIT COMPLIANCE PROJECTIONS

Based on preliminary revenue for FY 2024-25 and the SFA's revenue estimates for FY 2025-26, FY 2026-27, and FY 2027-28, revenue subject to the constitutional revenue limit is estimated to remain well below the limit for each of these fiscal years, as illustrated in [Figure 20](#). The SFA's estimates of the State's compliance with the revenue limit are presented in [Table 13](#).

FY 2024-25

The US Department of Commerce Bureau of Economic Analysis estimate for Michigan personal income during 2023 equals \$617.2 billion and, as a result, the revenue limit equals \$58.6 billion in FY 2024-25, an increase of \$4.2 billion over FY 2023-24. Based on the SFA's revised revenue estimates for FY 2024-25, revenue subject to the revenue limit will equal an estimated \$46.6 billion. State revenue subject to the revenue limit will be below the limit by an estimated \$11.9 billion, or 20.4%, in FY 2024-25. The forecasted 1.2% increase in State revenue subject to the revenue limit will not outpace anticipated growth in personal income of 7.8%, increasing the amount by which revenue will fall below the limit.

Figure 20



FY 2025-26

The SFA estimates that personal income in Michigan during 2024 will equal \$645.8 billion and, as a result, the revenue limit will equal \$61.3 billion in FY 2025-26. Based on the SFA's revised revenue estimates for FY 2025-26, revenue subject to the revenue limit will equal an estimated \$48.8 billion. State revenue subject to the revenue limit will fall below the limit by an estimated \$12.5 billion, or 20.4%, in FY 2025-26. The forecasted 4.6% increase in State revenue subject to the revenue limit will equal the growth in personal income of 4.6%.

FY 2026-27

The SFA estimates that personal income in Michigan during 2025 will equal \$673.1 billion and, as a result, the revenue limit will equal \$63.9 billion in FY 2026-27. Based on the SFA's revised revenue estimates for FY 2026-27, revenue subject to the revenue limit will equal an estimated \$49.8 billion. State revenue subject to the revenue limit will fall below the limit by an estimated \$14.0 billion, or 22.0%, in FY 2026-27. The forecasted 2.1% increase in State revenue subject to the revenue limit will not outpace anticipated growth in personal income of 4.2%, increasing the amount by which revenue will fall below the limit.

FY 2027-28

The SFA estimates that personal income in Michigan during 2026 will equal \$694.5 billion, and as a result, the revenue limit will equal \$65.9 billion in FY 2027-28. Based on the SFA's initial revenue estimates for FY 2027-28, revenue subject to the revenue limit will equal an estimated \$50.9 billion. State revenue subject to the revenue limit will fall below the limit by an estimated \$15.0 billion, or 22.7%, in FY 2027-28. The forecasted 2.2% increase in State revenue subject to the revenue limit will not outpace anticipated growth in personal income of 3.2%, increasing the amount by which revenue will fall below the limit.

Table 13

COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT					
SECTION 26 OF ARTICLE IX OF THE STATE CONSTITUTION					
FY 2023-24 THROUGH FY 2027-28 ESTIMATE					
(millions of dollars)					
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
	Final	Estimate	Estimate	Estimate	Estimate
Revenue Subject to Limit					
<u>Revenue:</u>					
Gen'l Fund/Gen'l Purpose (baseline)	\$17,352.5	\$17,128.5	\$17,252.7	\$17,622.5	\$18,159.3
Constitutional Revenue Sharing (baseline)	1,111.3	1,096.0	1,080.5	1,074.5	1,092.4
School Aid Fund (baseline)	18,184.5	18,818.9	19,228.3	19,606.1	20,002.3
Transportation Funds	4,220.9	4,281.2	6,623.9	7,308.4	7,445.5
Other Restricted Non-Federal Aid Revenue	8,170.5	8,186.8	8,203.2	8,219.6	8,236.1
<u>Adjustments:</u>					
GF/GP Federal Aid	(14.0)	(10.0)	(10.0)	(10.0)	(10.0)
GF/GP Balance Sheet Adjustments	(2,825.5)	(2,734.5)	(3,452.7)	(3,872.2)	(3,867.3)
SAF Balance Sheet Adjustments	(109.9)	(122.9)	(119.5)	(115.5)	(117.6)
Total Revenue Subject to Limit	\$46,090.3	\$46,644.1	\$48,806.3	\$49,833.4	\$50,940.6
Revenue Limit					
<u>Personal Income:</u>					
Calendar Year	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Amount	\$572,325.0	\$617,163.2	\$645,846.8	\$673,075.0	\$694,520.9
Revenue Limit Ratio	9.49%	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$54,313.6	\$58,568.8	\$61,290.9	\$63,874.8	\$65,910.0
1.0% of Limit	543.1	585.7	612.9	638.7	659.1
Amount Under (Over) Limit	\$8,223.4	\$11,924.7	\$12,484.5	\$14,041.4	\$14,969.4
Percent Below Limit	15.1%	20.4%	20.4%	22.0%	22.7%
CY = Calendar Year; FY = Fiscal Year					

ESTIMATE OF YEAR-END BALANCES

This section of the SFA's report provides details of the estimated year-end balances of the GF/GP and SAF budgets for FY 2024-25 and FY 2025-26, and projections for the FY 2026-27 State budget.

Noting the important caveat that follows, Table 14 provides a summary of the estimated year-end balances for the FY 2024-25, FY 2025-26, and FY 2026-27 GF/GP and SAF budgets. The FY 2024-25 book-closing process has not yet concluded; therefore, FY 2024-25 revenue remains estimated and not final.

Table 14

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND ESTIMATED YEAR-END BALANCES (millions of dollars)			
	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
General Fund/General Purpose	\$661.5	(\$433.0)	(\$1,146.4)
School Aid Fund	\$1,303.3	\$653.2	\$1,465.6

YEAR-END BALANCE ESTIMATES

Under the Management and Budget Act (Public Act 431 of 1984), the State Budget Director is required to publish preliminary, unaudited financial statements for the State General Fund and the SAF within 120 days after the end of the fiscal year. An ACFR is required within six months after the end of the fiscal year. This means that preliminary financial statements are not due until the end of January, and the final financial report is not due until the end of March.

Neither of these reports is currently available but based on year-to-date accounting of FY 2024-25 GF/GP revenue and expenditures from the State Budget Office and the Department of Treasury, the SFA is estimating that the GF/GP budget will end FY 2024-25 with a \$661.5 million balance. The SFA is estimating that the FY 2024-25 SAF budget will close with a \$1.3 billion balance. (Note that most of these balances were assumed during the FY 2025-26 budget process and do not represent 'new' revenue.)

GENERAL FUND/GENERAL PURPOSE

Table 15 provides a balance sheet with the SFA estimates of year-end balances for GF/GP revenue, for FYs 2024-25, 2025-26, and 2026-27.

The row labeled, "SFA baseline economic forecast change Jan 2026 (compared to May 2025)" illustrates the SFA's estimates for changes in revenue attributable to the economy. The row labeled, "Other tax changes (OBBBA, tips, overtime, SOAR, etc.)" illustrates the estimates of changes in revenue attributable to tax policy changes enacted since May. And, the row labeled, "Roads package GF impact (separate from baseline)" illustrates the estimates of impacts to the General Fund from the enactment of the roads package in the fall of 2025.

As shown, the SFA is estimating a reduction in baseline GF revenue tied to economic conditions of \$349.9 million for FY 2024-25 compared to the May 2025 estimate. (This \$349.9 million reduction represented actual revenue coming in lower than estimated, from May 2025 through September 2025.) Building on that baseline reduction and extending to a full year, for FYs 2025-26 and 2026-27, the estimates are reduced proportionately: \$527.2 million in FY 2025-26 and \$514.6 million in FY 2026-27.

The GF revenue reductions shown in the other lines were estimated when legislation was being considered and the impacts were factored into previous balance sheets.

On the expenditure side, the balance sheet reflects year-to-date FY 2024-25 spending levels (including supplementals), year-to-date FY 2025-26 spending levels (including supplementals), and an estimate of how much a continuation budget would cost in FY 2026-27. The expenditure numbers also include estimates of additional caseload and programmatic costs (primarily in the Department of Health and Human Services budget) as well as estimated FY 2024-25 lapses.

The estimated shortfall in the current year, FY 2025-26, of \$433.0 million is wholly attributable to the SFA's estimates of changes in baseline economic conditions. That shortfall continues into FY 2026-27, and grows to \$1.1 billion after factoring in a \$0 starting balance, continued declines in estimated revenue, full-year roads package costs, and additional baseline expenditures.

SCHOOL AID FUND

Table 16 is comparable to Table 15 but for the School Aid Fund.

The picture for the SAF is significantly brighter than for the General Fund. Due to hold-harmless provisions in the roads package, and being shielded from income tax refunds, the SAF is estimated to increase \$150.8 million for the 2024-25 fiscal year (compared to May 2025), with out-year positive impacts of \$174.5 million and \$91.9 million for FY 2025-26 and FY 2026-27.

On the expenditure side, the balance sheet reflects year-to-date FY 2024-25 spending levels (including supplementals), year-to-date FY 2025-26 spending levels (including supplementals), and an estimate of how much a continuation budget would cost in FY 2026-27. The expenditure numbers also include estimates of caseload and cost savings in the School Aid budget, as well as estimated FY 2024-25 lapses (which were significant at an estimated \$236.9 million). The SAF balance sheet includes the K-12 budget, the budget for Community Colleges, and a portion of the budget for Universities.

Out of the \$1.5 billion estimated FY 2026-27 year-end balance, roughly 55% (or \$812.4 million) would be considered ongoing with the remainder (\$653.2 million) considered as one-time revenue.

CONCLUSION

The GF/GP and SAF budgets are estimated to have very different trajectories for FY 2025-26 and FY 2026-27, with significant shortfalls in the General Fund and significant balances in the School Aid Fund. The balances shown also assume that the negative current-year General Fund imbalance is resolved before heading into FY 2026-27.

The FY 2024-25 estimated ending balances likely will change when the State's final ACFR is published, which is not required by law until the end of March 2026, and may change depending on how disapproved work project designations are resolved. To the extent that the FY 2024-25 numbers change, the ending balances for FY 2025-26 and FY 2026-27 will be affected. Also, to the extent that policy or budget changes are enacted after the date of this publication, the projected ending balances could be increased or decreased.

Tables 15 and 16 summarize the projected year-end balances for all three fiscal years included in this report, for the GF/GP and School Aid Fund budgets, respectively. All of the estimated year-end balances in this report are based on the SFA's revenue projections, which the SFA will take to the January 16, 2026, CREC. At that time, a consensus will be reached among the SFA, the House Fiscal Agency, and the State Treasurer regarding the revenue estimates to be used for the development of the FY 2026-27 State budget, as well as for subsequent fiscal years.

Table 15

**FY 2024-25, 2025-26, AND 2026-27
GENERAL FUND/GENERAL PURPOSE (GF/GP)
REVENUE, EXPENDITURES AND YEAR-END BALANCE ESTIMATES
(millions of dollars)**

	Year-to-Date FY 2024-25	Year-to-Date FY 2025-26	Estimated Baseline FY 2026-27
Revenue:			
Beginning Balance	\$2,149.3	\$661.5	\$0.0
<u>Ongoing Revenue:</u>			
Consensus Revenue Forecast May 2025	\$14,493.9	\$15,114.6	\$15,343.7
SFA baseline economic change Jan 2026 (compared to May 2025)	(349.9)	(527.2)	(514.6)
Other tax changes (OBBBA, tips, overtime, SOAR, etc.)	250.0	(153.6)	(178.0)
Roads package GF/GP impact (separate from baseline)	0.0	(633.8)	(900.8)
SFA Forecast January 2026	\$14,394.0	\$13,800.0	\$13,750.3
<u>Other Ongoing Revenue Adjustments:</u>			
R&D Tax Credit	\$0.0	(\$100.0)	(\$100.0)
Revenue Sharing Payments + FDCVT	(627.2)	(627.2)	(627.2)
Public Safety Trust Fund (3 years)	0.0	(50.0)	(50.0)
Savings from lower PPT reimbursement costs	0.0	50.0	50.0
<i>Subtotal Ongoing Revenue</i>	\$13,766.8	\$13,072.8	\$13,023.1
<u>Non-Ongoing Revenue:</u>			
Redirection of Restricted Revenue	(\$2.7)	(\$2.7)	(\$2.7)
VMF	80.0	0.0	0.0
Savings from lower PPT reimbursement costs	116.0	0.0	0.0
SOAR interest	75.4	0.0	0.0
<i>Subtotal Non-Ongoing Revenue</i>	\$268.7	(\$2.7)	(\$2.7)
Total Estimated GF/GP Revenue Including Beginning Balance	\$16,184.8	\$13,731.6	\$13,020.4
Total Estimated GF/GP Revenue Excluding Beginning Balance	\$14,035.5	\$13,070.1	\$13,020.4
Expenditures:			
<u>Ongoing Appropriations:</u>			
Initial/Baseline Appropriations	\$13,605.7	\$13,587.1	\$13,637.1
SFA January 2026 forecast DHHS cost adjustments	0.0	50.0	232.0
May 2025 CREC childcare baseline adjustments	0.0	0.0	64.0
Michigan Achievement Scholarship costs (SFA estimate; 1/3 GF)	0.0	0.0	33.0
Employee compensation	0.0	0.0	50.0
Other statewide CSBs	0.0	0.0	11.0
Medicaid OBBBA savings	0.0	0.0	(36.0)
SNAP administrative plus implementation costs	0.0	0.0	121.0
<i>Subtotal Ongoing Appropriations</i>	\$13,605.7	\$13,637.1	\$14,112.1
<u>One-Time and Other Appropriations:</u>			
One-Time Appropriations	\$2,019.3	\$527.5	\$0.0
DSH costs	0.0	0.0	54.7
Community District Trust Fund GF payment	77.7	125.0	0.0
Use \$30m of lapse for FY 26 corrections healthcare costs	30.0	0.0	0.0
Shift CDTF to SAF	0.0	(125.0)	0.0
Other GF/GP lapses (net of SOAR interest) from 12/15 lapse report	(209.3)	0.0	0.0
<i>Subtotal One-Time and Other Appropriations</i>	\$1,917.7	\$527.5	\$54.7
Total Estimated GF/GP Expenditures	\$15,523.4	\$14,164.6	\$14,166.8
PROJECTED YEAR-END GF/GP BALANCE (Total)	\$661.5	(\$433.0)	(\$1,146.4)
PROJECTED YEAR-END GF/GP BALANCE (Ongoing)	\$161.1	(\$564.3)	(\$1,089.0)
PROJECTED YEAR-END GF/GP BALANCE (One-Time)	\$470.3	\$101.3	(\$57.4)

Table 16

**FY 2024-25, 2025-26, AND 2026-27
SCHOOL AID FUND (SAF)
REVENUE, EXPENDITURES AND YEAR-END BALANCE ESTIMATES
(millions of dollars)**

	Year-to-Date FY 2024-25	Year-to-Date FY 2025-26	Estimated Baseline FY 2026-27
Revenue:			
Beginning Balance	\$1,257.7	\$1,303.3	\$653.2
<u>Ongoing Revenue:</u>			
Consensus Forecast May 2025.....	\$18,545.2	\$18,934.3	\$19,398.7
SFA Forecast Change January 2026.....	150.8	174.5	91.9
SFA Forecast January 2026	\$18,696.0	\$19,108.8	\$19,490.6
<u>Other Revenue Adjustments:</u>			
General Fund/General Purpose (GF/GP) Grant.....	\$50.1	\$46.2	\$46.2
Community District Education Trust Fund.....	41.0	0.0	0.0
Federal Ongoing Aid	2,272.8	2,407.7	2,407.7
<i>Subtotal Ongoing Revenue</i>	\$21,059.9	\$21,562.7	\$21,944.5
<u>Non-Ongoing Revenue:</u>			
Use of Reserve Funds	\$755.4	\$525.0	\$0.0
Deposit into Funds	(25.0)	(456.1)	0.0
Lapse Sec. 27 work project.....	0.0	203.2	0.0
Additional One-Time GF	28.9	27.0	0.0
GF/GP for DPSCD Addtl Cost Exceeding CDTF \$72m/yr.....	77.7	0.0	0.0
<i>Subtotal Non-Ongoing Revenue</i>	\$837.0	\$299.1	\$0.0
Total Estimated SAF Revenue Including Beginning Balance	\$23,154.6	\$23,165.1	\$22,597.7
Total Estimated SAF Revenue Excluding Beginning Balance	\$21,896.9	\$21,861.8	\$21,944.5
Expenditures:			
<u>Ongoing Appropriations:</u>			
Initial Ongoing K-12 SAF Appropriations/CSB	\$17,187.6	\$16,922.0	\$16,765.9
Initial Ongoing Investments.....	0.0	664.7	664.7
Ongoing GF/GP	0.0	50.1	50.1
Initial School Aid Federal Funds	2,272.8	2,407.7	2,407.7
SFA K12 Estimated Cost Adjustments.....	(78.3)	(126.7)	(142.5)
MPSERS cost adjustments for Community Colleges and Universities .	5.8	1.9	(13.7)
SFA Estimate for Postsecondary Scholarship Fund (2/3 SAF; 1/3 GF/GP)...	0.0	0.0	67.0
Fund Community Colleges with SAF.....	456.9	482.1	482.1
Partially Fund Higher Education with SAF	451.7	850.8	850.8
<i>Subtotal Ongoing Appropriations</i>	\$20,296.4	\$21,252.6	\$21,132.1
<u>One-Time and Other Appropriations:</u>			
Initial One-Time K-12 SAF Appropriations	\$1,183.9	\$1,217.3	\$0.0
Additional one-time			
Initial One-Time SAF Restricted Subfunds.....	0.0	27.0	0.0
Initial One-Time Community College Appropriations	5.1	11.0	0.0
Initial One-Time University Appropriations	10.0	0.0	0.0
Enacted Supplementals	512.8	0.0	0.0
First \$80m of lapse goes to PSF; \$4m WP Sec. 12d	80.0	4.0	0.0
Lapses	(236.9)	0.0	0.0
<i>Subtotal One-Time and Other Appropriations</i>	\$1,554.9	\$1,259.3	\$0.0
Total Estimated School Aid Fund Expenditures	\$21,851.3	\$22,511.9	\$21,132.1
PROJECTED YEAR-END SAF BALANCE (Total)	\$1,303.3	\$653.2	\$1,465.6
PROJECTED YEAR-END SAF BALANCE (Ongoing).....	\$763.5	\$310.1	\$812.4
PROJECTED YEAR-END SAF BALANCE (One-Time).....	\$539.8	\$343.1	\$653.2