



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

ROBERT L. EMERSON
DIRECTOR

May 29, 2009

The Honorable Ron Jelinek, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

The Honorable George Cushingberry, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending March 31, 2009. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under "Financial Reports."

If you have questions concerning the information in this report, please contact this office.

Sincerely,

A handwritten signature in black ink that reads "Robert L. Emerson".

Robert L. Emerson
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm
Mike Bishop, Senate Majority Leader
Andy Dillon, Speaker of the House
Mike Prusi, Senate Minority Leader
Kevin Elsenheimer, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Nancy Cassis, Chair, Senate
Finance Committee

Kate Ebli, Chair, House Tax Policy Committee
Dan Krichbaum, Executive Office
Tim Hughes, Executive Office
Senate Fiscal Agency
House Fiscal Agency
Mike Moody, Financial Management
Nancy Duncan, Deputy Director
State Budget Office
Internal Office of the State Budget
Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2009
Projected Revenues and Expenditures
March 31, 2009
(\$ in millions)

	FISCAL 2009
Beginning Balance, October 1, 2008	\$ 457.9
Revenues, Current Law:	
Current Year GF/GP Revenues, January 2009 Consensus Estimate	\$ 8,306.1
Revenue Adjustments:	
Revenue Sharing Freeze (PA 127 of 2007 and January 2009 Consensus)	\$ 331.2
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 205.4
Charge School Aid Fund for Short Term Borrowing Costs	\$ 45.0
Transportation Economic Development Fund Revenue to GF (PA 346 of 2008)	\$ 6.0
Exempt certain foreign person from MBT (PA 435 of 2008)	\$ (8.1)
Increase investment credit (PA 572 of 2008)	\$ (0.3)
Brokers payment to realtors (PA 472 of 2008)	\$ (6.5)
Exhibition facility credit (PA 507 of 2008)	\$ (0.3)
State revenue impact - federal tobacco tax increase (P.L.111-3 of 2009)	\$ (5.5)
State revenue impact - federal tax changes - ARRA (P.L. 111-5 of 2009)	\$ (22.0)
State revenue impact - federal medical assistance increase - ARRA (P.L. 111-5 of 2009)	\$ 463.0
Subtotal Additional Revenue Adjustments	\$ 1,007.9
Anticipated Revenue Adjustments:	
Use Tax (PA 440 of 2008) legislation needed	\$ 161.5
21st Century Jobs Trust Fund Revenue to GF	\$ 20.0
Insurance Escheats	\$ 25.0
Secondary Collections	\$ 6.0
Subtotal Anticipated Revenue Adjustments	\$ 212.5
Total FY Resources Available For Expenditure GF/GP	9,984.4
Expenditures, Current Law:	
FY 2009 Enacted with Vetoes	\$ 9,701.4
Executive Order 2008-21	\$ (134.0)
Anticipated Expenditure Adjustments:	
Supplemental Request (8-18-2008, rev. 3-23-2009)	\$ 0.6
Contract savings	\$ (20.0)
Supplemental Requests (2-12-2009)	\$ 313.7
Total Expenditures Projected	\$ 9,861.7
Projected Ending Balance, September 30, 2009	\$ 122.7

¹ Subsequent to the date of this report, several events occurred to influence the projected ending balance for fiscal year 2009. On May 5, 2009, the Governor issued Executive Order 2009-22 to reduce general fund spending by \$294.5 million and received approval of the Senate and House Appropriations Committees. On May 12, 2009, Public Act 24 of 2009 was signed into law reducing general fund spending in the Judiciary and Legislative branch budgets by \$6.9 million. Additional legislative actions are needed to transfer restricted funding amounts to the general fund, resulting in total general fund reductions of \$304.4 million for Executive Order 2009-22 and related actions. On May 15, 2009, the Consensus Revenue Estimating Conference determined general fund revenues to be \$870.8 million below the January 2009 consensus revenue estimate. This decline is partially offset by the fiscal year 2008 ending balance, fiscal year 2009 Executive Order reductions, and available federal American Recovery and Reinvestment Act funds.

OFFICIAL BALANCE SHEET

SCHOOL AID FUND Fiscal Year 2009 Projected Revenues and Expenditures March 31, 2009 (\$ in millions)

**FISCAL
2009**

Beginning Balance, October 1, 2008	\$ 247.1
Revenues, Current Law:	
Current Year School Aid Fund Revenues, January 2009 Consensus	\$ 11,368.7
Additional Revenue Adjustments:	
General Fund Subsidy	\$ 40.8
General Fund Supplemental	\$ 44.2
Federal Aid	\$ 1,562.0
Subtotal Additional Revenue Adjustments	\$ 1,647.0
Total FY Resources Available for Expenditure SAF	\$ 13,262.8
Expenditures, Current Law:	
PA 268 of 2008 as Enacted	\$ 13,378.9
Revised Cost Estimates	\$ (116.1)
Adjusted Appropriations	\$ 13,262.8
Projected School Aid Fund Ending Balance September 30, 2009	\$ -

¹ Subsequent to this report, EO 2009-22 was enacted on May 5 and the May Consensus Revenue Estimating Conference was held on May 15, 2009. EO 2009-22 reduced the General Fund subsidy to the School Aid budget by \$7 million as a result of reducing appropriations for the 21st Century School Fund by an equal amount. The May Consensus Revenue Estimating Conference lowered earlier School Aid Fund revenue forecasts by \$425 million and revised pupil estimates and other minor cost adjustments reduced expenditure savings estimates by \$4 million to \$112.1 million. As a result, the ending balance for the School Aid Fund is projected to be a negative \$429.0 million. An application for federal State Fiscal Stabilization Funds has been submitted to the U.S. Department of Education to offset this negative balance.

**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND GROSS**

March 31, 2009

(\$ IN MILLIONS)

FISCAL YEAR 2007-08

FISCAL YEAR 2008-09

March 2008	Yr-to-date 2007-08	Fiscal Yr end SEP 30, 2008	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc March 2009	Exp & Enc Yr-to-date 2008-09
5.3	39.6	83.4	Agriculture	91.4	9.7	5.0	34.7
5.1	30.4	67.1	Attorney General	75.4	3.2	5.5	31.3
1.2	7.4	16.5	Auditor General	15.9	0.0	1.3	7.5
18.4	133.4	233.7	Capital Outlay**	481.8	0.0	20.8	149.8
1.2	6.1	13.4	Civil Rights	14.5	1.8	1.1	6.3
2.2	11.3	25.3	Civil Service	70.2	-0.5	4.4	26.1
165.6	1,237.9	2,080.3	Colleges & Universities	1,952.7	-10.0	173.4	1,091.4
613.3	5,460.6	11,192.8	Community Health	12,472.3	-44.4	965.4	5,816.0
151.6	925.1	1,952.6	Corrections	2,019.7	-24.6	163.7	937.1
2.8	26.7	58.2	Education	95.1	8.8	4.6	30.6
17.8	88.5	200.9	Environmental Quality	327.8	7.4	14.2	89.0
0.5	2.5	5.3	Executive Office	5.3	0.0	0.4	2.5
3.3	19.7	46.3	History, Arts & Library	52.8	3.5	3.5	25.5
352.4	2,025.9	4,361.4	Human Services	4,571.4	693.4	421.1	2,215.9
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
9.8	87.8	209.0	Judiciary	261.9	0.0	19.1	88.3
63.5	349.2	740.1	Labor & Economic Growth	990.5	33.6	71.7	367.5
9.7	57.7	120.8	Legislature	114.5	0.0	9.6	56.2
12.9	82.8	169.8	Management & Budget	183.6	4.6	12.2	86.6
0.0	13.8	29.6	Michigan Strategic Fund	29.6	-0.4	0.0	13.2
8.7	62.1	120.9	Military Affairs	123.9	6.6	8.5	62.5
1.2	19.6	60.2	Natural Resources	62.4	1.0	6.7	20.8
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.4	102.2	214.7	State	214.8	9.3	13.6	99.6
30.1	187.0	437.8	State Police	530.3	8.7	36.0	191.5
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
78.5	768.8	2,876.0	Treasury	1,511.2	0.7	92.3	810.1
\$1,569.5	\$11,746.1	\$25,316.1		\$26,268.9	\$712.2	\$2,054.1	\$12,260.0

*Includes boilerplate appropriations.

**Includes State Building Authority appropriated in Management and Budget.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2009

March 2009

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	17,164.7	-0.7	17,164.0
Total state spending from state resources	28,412.0	-131.3	28,280.7
Percentage of state spending from state resources paid to local units	60.41%		60.69%
Required payments to local units (48.97%)	13,913.4		13,849.1
Surplus/(deficit)	\$3,251.3		\$3,314.9

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2008 THROUGH MARCH 31, 2009
(in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
Miscellaneous		<u>11</u>
Total Revenues		<u>11</u>

EXPENDITURES

Current:		
General government		-
Education		-
Family Independence services		-
Public safety and corrections		<u>-</u>
Total Expenditures		<u>-</u>
Excess of Revenues over (under) Expenditures		<u>11</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues		-
Operating transfers from:		
State Lottery Fund		-
Other funds		<u>-</u>
Total operating transfers from other funds		-
Operating transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>-</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>11</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2008 THROUGH MARCH 31, 2009
(in thousands)

OPERATING REVENUES	
Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	1,524
Other	<u>4,177</u>
Total miscellaneous	<u>5,701</u>
Total Operating Revenues	<u>5,701</u>
OPERATING EXPENSES	
Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	<u>5,347</u>
Total other operating expenses	<u>5,347</u>
Total Operating Expenses	<u>5,347</u>
Operating Income (Loss)	<u>354</u>
NONOPERATING REVENUES (EXPENSES)	
Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	<u>-</u>
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>354</u>
OPERATING TRANSFERS	
Operating transfers from primary government	-
Operating transfers to primary government	<u>-</u>
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	<u>\$ 354</u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2008 THROUGH MARCH 31, 2009
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>19,216</u>
Total Revenues	<u>19,216</u>

EXPENDITURES

Current:	
General government	495
Conservation, environment, recreation, and agriculture	1,316
Capital outlay	<u>11,579</u>
Total Expenditures	<u>13,389</u>
Excess of Revenues over (under) Expenditures	<u>5,827</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ (4,173) ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

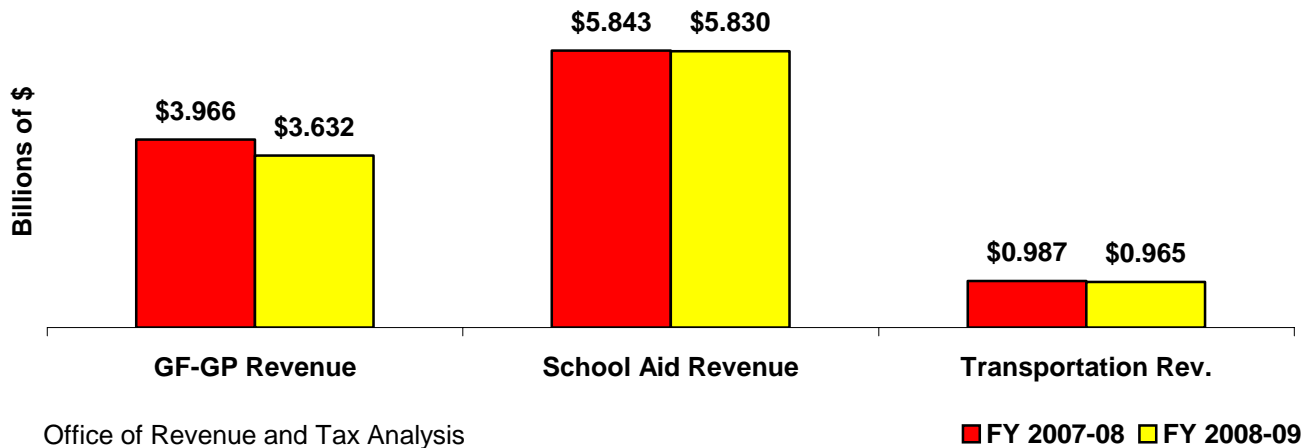
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for March 2009, representing some February and some March economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$185.7 million (56.8 percent) lower in March 2009 than in March 2008. The decrease is mostly due to the timing of income tax collections. March School Aid Fund cash collections were \$34.6 million (4.7 percent) higher than in March 2008. March transportation collections were \$2.7 million (1.8 percent) higher than in March 2008 (see revenue table). March is the sixth month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down \$334.0 million (8.4 percent) from a year ago. School Aid Fund cash collections are down \$13.6 million (0.2 percent) and transportation collections are down \$21.4 million (2.2 percent).

The FY 2008-2009 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 9, 2009. The revenue estimate for net General Fund – General Purpose revenue for FY 2008-2009 is \$8,306.1 million and the net School Aid revenue forecast is \$11,368.7 million. The Transportation Funds revenue forecast is \$2,069.2 million. The next regularly scheduled revenue conference will be held on May 15, 2009.

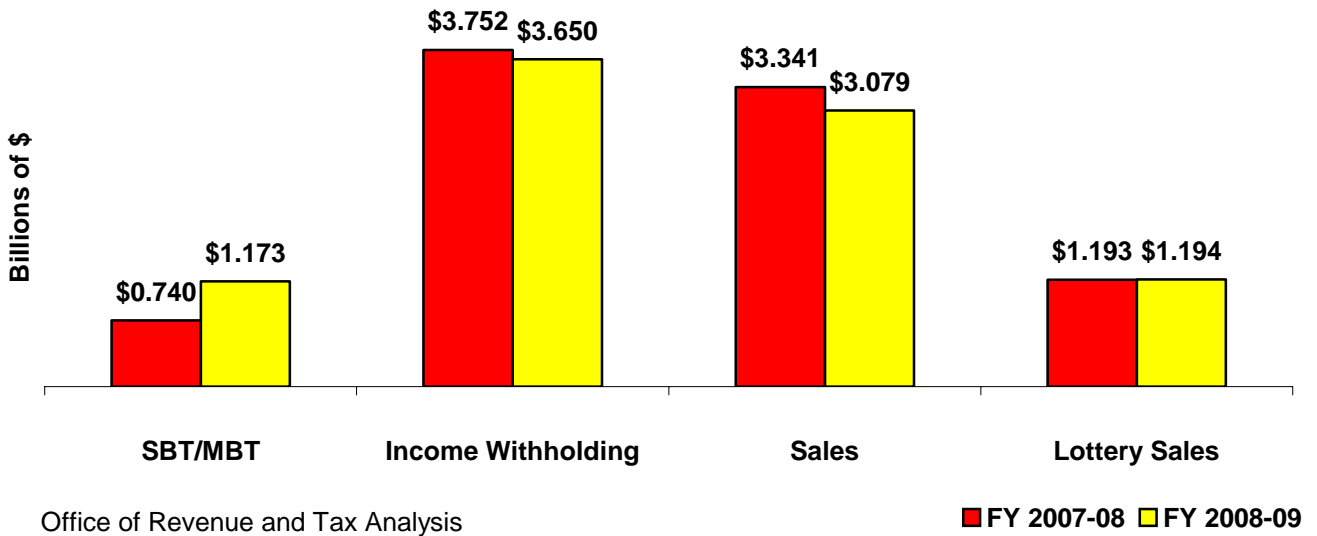
**October through March Collections
Fiscal Years 2007-08 and 2008-09**



March Revenue Collections Fiscal Years 2007-08 and 2008-09



October through March Collections Fiscal Years 2007-08 and 2008-09



Revenue Summary 2008-09
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2007-2008	2008-2009	2008-2009
2008	2009	Amount	Percent		2007-08	2008-09	Amount	Percent	CAFR Totals(g)	Statutory Estimate	January 2009 Consensus
Income Taxes											
\$657,601	\$573,494	(\$84,107)	-12.8%	Withholding	\$3,752,296	\$3,649,870	(\$102,426)	-2.7%	\$7,282,000	\$7,327,900	\$6,995,300
8,644	6,158	(2,486)	-28.8%	Quarterlies	311,692	267,297	(44,395)	-14.2%	848,900	848,100	770,800
59,519	50,587	(8,932)	-15.0%	Annuals	149,860	134,023	(15,837)	-10.6%	884,900	879,700	787,000
725,764	630,240	(95,524)	-13.2%	Gross Collections	4,213,848	4,051,190	(162,659)	-3.9%	\$9,015,800	\$9,055,700	\$8,553,100
449,824	543,499	93,675	20.8%	Less: Refunds	1,076,204	1,258,013	181,810	16.9%	1,790,300	2,046,100	2,051,900
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	1,500	1,500
275,940	86,740	(189,199)	-68.6%	Net Personal Income	3,137,645	2,793,177	(344,468)	-11.0%	\$7,224,300	\$7,008,100	\$6,499,700
168,813	146,720	(22,093)	-13.1%	Less: Disbursements to SAF	980,141	943,117	(37,024)	-3.8%	\$2,117,700	\$2,111,500	\$1,989,500
\$107,127	(\$59,979)	(\$167,106)	na	NET PERSONAL INCOME TO GF-GP	\$2,157,504	\$1,850,060	(\$307,444)	-14.2%	\$5,106,600	\$4,896,600	\$4,510,200
Consumption Taxes											
\$5,229	\$7,016	\$1,787	34.2%	Sales (a)	\$36,170	\$37,399	\$1,229	3.4%	\$76,500	\$89,600	\$66,900
70,286	65,553	(4,733)	-6.7%	Use	444,421	355,715	(88,705)	-20.0%	911,600	877,400	845,000
16,657	15,470	(1,187)	-7.1%	Tobacco	103,892	101,094	(2,798)	-2.7%	212,900	211,600	208,700
3,604	3,949	345	9.6%	Beer, Wine & Mixed Spirits	23,815	23,128	(687)	-2.9%	50,900	51,500	51,500
2,431	2,494	63	2.6%	Liquor Specific	15,637	14,165	(1,472)	-9.4%	37,300	37,000	37,000
\$98,206	\$94,482	(\$3,725)	-3.8%	TOTAL CONSUMPTION TAXES	\$623,934	\$531,502	(\$92,432)	-14.8%	\$1,289,200	\$1,267,100	\$1,209,100
Other Taxes											
\$56,451	(\$24,428)	(\$80,879)	na	Single Business	\$740,291	(\$114,621)	(\$854,912)	na	\$573,800	\$0	(\$43,200)
13,897	14,670	773	5.6%	Insurance Premiums Taxes	126,279	140,869	14,590	11.6%	223,200	260,000	238,800
70,349	(9,758)	(80,107)	na	Sub-total SBT & Insurance	866,570	26,248	(840,322)	-97.0%	797,000	260,000	195,600
50	75,051	75,001	na	Michigan Business Tax (h)	54	923,412	923,358	na	1,551,600	1,931,600	1,857,700
35	85	51	146.0%	Inheritance / Estate	145	(210)	(355)	na	200	0	0
(140)	(2,208)	(2,067)	na	Telephone & Telegraph	41,069	34,946	(6,123)	-14.9%	80,800	75,000	74,000
8,529	4,525	(4,003)	-46.9%	Oil & Gas Severance	39,892	33,903	(5,989)	-15.0%	97,100	83,000	66,000
1,358	972	(385)	-28.4%	Casino Wagering	8,312	5,822	(2,491)	-30.0%	15,400	0	4,100
15,147	13,528	(1,619)	-10.7%	Penalties & Interest	77,640	79,400	1,760	2.3%	160,600	151,000	157,000
1	(23)	(24)	na	Miscellaneous Other/Railroad	40	379	339	na	1,700	1,000	1,000
(9,517)	(9,667)	(150)	1.6%	Treasury Enforcement Programs (f)	(57,100)	(58,000)	(900)	1.6%	(114,200)	(113,000)	(116,000)
\$85,811	\$72,507	(\$13,304)	-15.5%	TOTAL OTHER TAXES	\$976,623	\$1,045,899	\$69,277	7.1%	\$2,590,200	\$2,388,600	\$2,239,400
\$291,144	\$107,009	(\$184,135)	-63.2%	SUBTOTAL GF-GP TAXES	\$3,758,061	\$3,427,461	(\$330,600)	-8.8%	\$8,986,000	\$8,552,300	\$7,958,700

continued

Revenue Summary 2008-09
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2007-2008	2008-2009	2008-2009
2008	2009	Amount	Percent		2007-08	2008-09	Amount	Percent	CAFR Totals(g)	Statutory Estimate	January 2009 Consensus
Non-Tax Revenue (f)											
\$1,233	\$1,417	\$183	14.9%	Federal Aid	\$7,400	\$8,500	\$1,100	14.9%	\$14,800	\$20,000	\$17,000
8	42	33	400.0%	Local Agencies	50	250	200	400.0%	100	700	500
1,533	108	(1,425)	-92.9%	Services	9,200	650	(8,550)	-92.9%	18,400	8,100	13,000
1,858	2,000	142	7.6%	Licenses & Permits	11,150	12,000	850	7.6%	22,300	23,000	24,000
0	0	0	na	Investments/Interest Costs	(5,924)	(105)	5,818	-98.2%	(54,400)	(81,000)	(74,000)
12,675	12,475	(200)	-1.6%	Misc. Non-tax Revenue	76,050	74,850	(1,200)	-1.6%	152,100	148,500	149,700
13,267	13,267	0	0.0%	Liquor Purchase Revolving Fund	79,600	79,600	0	0.0%	159,200	155,000	159,200
5,100	4,833	(267)	-5.2%	From Other Funds-Lottery & Escheats	30,600	29,000	(1,600)	-5.2%	61,200	58,000	58,000
\$35,675	\$34,142	(\$1,533)	-4.3%	TOTAL NON-TAX REVENUE	\$208,126	\$204,745	(\$3,382)	-1.6%	\$373,700	\$332,300	\$347,400
\$326,819	\$141,151	(\$185,668)	-56.8%	TOTAL GF-GP REVENUE	\$3,966,187	\$3,632,206	(\$333,981)	-8.4%	\$9,359,700	\$8,884,600	\$8,306,100
School Aid Fund											
\$214,661	\$223,230	\$8,569	4.0%	Sales Tax 4%	\$1,365,727	\$1,263,224	(\$102,503)	-7.5%	2,767,700	2,715,300	2,653,300
166,473	172,794	6,320	3.8%	Sales Tax 2%	1,064,477	973,228	(91,249)	-8.6%	2,160,400	2,117,700	2,066,600
35,143	32,776	(2,366)	-6.7%	Use Tax 2%	222,210	177,858	(44,353)	-20.0%	459,300	438,600	422,500
5	60,750	60,745	na	Michigan Business Tax (h)	5	364,500	364,495	na	341,000	729,000	729,000
18,546	17,984	(562)	-3.0%	State Education Property Tax	1,421,063	1,441,841	20,778	1.5%	2,079,700	2,015,500	2,010,200
12,500	6,000	(6,501)	-52.0%	Real Estate Transfer Tax	97,126	58,955	(38,171)	-39.3%	169,800	177,000	144,300
60,000	60,000	0	0.0%	Lottery Transfer (b)	310,901	291,735	(19,165)	-6.2%	740,700	747,600	700,100
9,730	8,750	(980)	-10.1%	Casino Wagering Tax	59,572	52,395	(7,177)	-12.0%	112,100	118,600	113,900
2,431	2,485	55	2.2%	Liquor Excise Tax	15,506	14,041	(1,465)	-9.4%	36,900	37,000	37,000
33,815	31,406	(2,410)	-7.1%	Cigarette/Tobacco Tax	210,916	205,237	(5,680)	-2.7%	424,700	421,500	415,200
13,300	5,279	(8,021)	-60.3%	Indus. & Comm. Facilities Taxes	91,630	37,076	(54,555)	-59.5%	86,100	60,900	69,900
352	2,244	1,893	538.0%	Specific Other	3,968	6,468	2,499	63.0%	17,100	17,100	17,100
168,813	146,720	(22,093)	-13.1%	Income Tax Earmarking	980,141	943,117	(37,024)	-3.8%	\$2,117,700	\$2,111,500	\$1,989,500
\$735,768	\$770,418	\$34,649	4.7%	TOTAL SCHOOL AID FUND	\$5,843,243	\$5,829,675	(\$13,568)	-0.2%	\$11,513,200	\$11,707,400	\$11,368,700
\$524,242	\$544,844	\$20,602	3.9%	SALES TAX 6%	\$3,340,688	\$3,078,602	(\$262,087)	-7.8%	\$6,773,300	\$6,645,000	\$6,491,700
357,768	372,050	14,281	4.0%	SALES TAX 4%(d)	2,276,212	2,105,374	(170,838)	-7.5%	4,612,900	4,527,300	4,425,100
166,473	172,794	6,320	3.8%	SALES TAX 2%	1,064,477	973,228	(91,249)	-8.6%	2,160,400	2,117,700	2,066,600
105,428	98,329	(7,099)	-6.7%	USE TAX 6%	666,631	533,573	(133,058)	-20.0%	1,377,000	1,316,000	1,267,500
55	135,801	135,746	na	MICHIGAN BUSINESS TAX	59	1,287,912	1,287,853	na	1,892,600	2,660,700	2,586,700
11,313	9,722	(1,591)	-14.1%	CASINO WAGERING TAX	69,270	58,217	(11,053)	-16.0%	129,700	118,600	118,600
83,701	77,737	(5,965)	-7.1%	TOBACCO TAXES	522,071	508,012	(14,059)	-2.7%	1,073,600	1,058,700	1,043,700
0	23,529	23,529	na	TOBACCO SETTLEMENT	0	23,529	23,529	#DIV/0!	na	na	na
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na

continued

Revenue Summary 2008-09
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
March		Difference		Year-to-Date		Difference		2007-2008	2008-2009	2008-2009	
2008	2009	Amount	Percent	SOURCE OF REVENUE		2007-08	2008-09	CAFR	Statutory	January 2009	
								Totals(g)	Estimate	Consensus	
Major Transportation Revenues											
\$9,644	\$7,439	(\$2,205)	-22.9%	Diesel Fuel / Motor Carrier Fuel Tax (e)	\$70,000	\$59,022	(\$10,979)	-15.7%	\$140,057	\$143,000	\$137,000
60,852	60,856	4	0.0%	Gasoline	416,520	407,672	(8,847)	-2.1%	848,864	830,100	840,000
69,182	74,112	4,930	7.1%	Motor Vehicle Registration	434,613	434,200	(413)	-0.1%	855,036	870,000	838,000
4,529	4,372	(156)	-3.5%	Other Taxes, Fees & Misc.	22,033	20,088	(1,945)	-8.8%	140,730	178,879	168,958
7,277	7,413	136	1.9%	Comprehensive Transportation (c)	43,660	44,475	816	1.9%	83,795	88,950	85,278
\$151,484	\$154,192	\$2,708	1.8%	TOTAL MAJOR TRANS. REVENUES	\$986,824	\$965,457	(\$21,368)	-2.2%	\$2,068,482	\$2,110,929	\$2,069,236
Lottery Sales By Games											
74,403	82,286	7,883	10.6%	Instant Games	368,925	386,903	17,978	4.9%	na	na	na
68,159	69,760	1,602	2.3%	Daily Games	342,449	339,473	(2,976)	-0.9%	na	na	na
27,146	34,824	7,678	28.3%	Lotto and Big Game	157,138	157,962	825	0.5%	na	na	na
1,400	1,441	40	2.9%	Keno Game	6,862	7,018	157	2.3%	na	na	na
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na
7,686	6,516	(1,170)	-15.2%	Millionaires Raffle	27,209	22,275	(4,934)	-18.1%	na	na	na
60,017	59,634	(384)	-0.6%	Club Games	289,929	280,161	(9,769)	-3.4%	na	na	na
\$238,810	\$254,461	\$15,650	6.6%	TOTAL LOTTERY SALES	\$1,192,511	\$1,193,792	\$1,281	0.1%	na	na	na

-12-

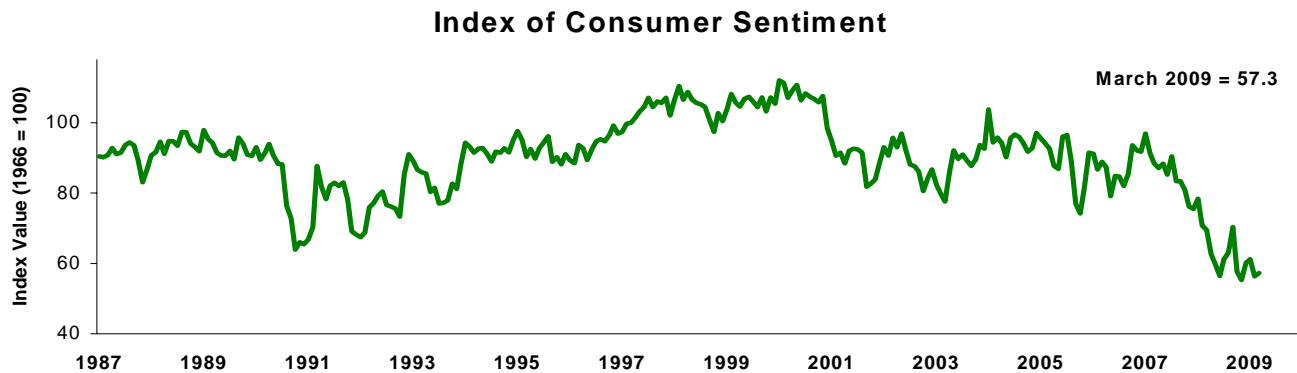
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).
- d 2% collections adjusted to reflect exemption on residential utilities.
- e Starting in January 2005, totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.
- f Non-tax revenue items other than interest are estimates.
- g Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.
- h October 2008 through February 2009 SAF/GF distribution percentages were incorrect. Distribution percentages have been corrected for this error.

Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 57.3 in March, up 1.0 index-points from the February value but 12.2 index-points below March 2008. On the small increase in confidence, Survey Director Richard Curtin observed, “Consumer confidence posted an insignificant gain of just 1.0 index-point in the March survey from one month ago, remaining near its all-time low. Although the data indicate that the downward momentum in confidence ended in the closing months of 2008, there is no evidence that consumers expect their finances to improve any time soon. The entire March gain was due to a less pessimistic outlook for the overall economy during the year ahead, even though three-in-four consumers still expected unfavorable economic conditions to persist.” Curtin also noted, “The financial situation of consumers is dismal. The fewest consumers in the history of the survey reported that their finances had improved during the past year, with an all-time record number mentioning that their incomes had declined compared with a year ago.” On spending plans, Curtin observed, “Buying plans declined in March for homes, vehicles, and large household durables. Uncertainty about future income and job prospects was cited as the primary cause for postponing purchases even though record numbers of consumers thought the low and discounted prices that are now available on homes, vehicles, and household durables made buying conditions favorable.” In March, consumers in two of the four regions reported an increase in confidence. Western consumers reported an increase in confidence of 4.7 index-points followed by Southern consumers at 2.5 index-points. Midwestern consumers reported the largest decrease in confidence of 1.8 index-points followed by Northeastern consumers with a decrease of 1.6 index-points. The gap across regions increased from last month to 8.8 index-points, with Southern consumers on top and Midwestern consumers on the bottom.

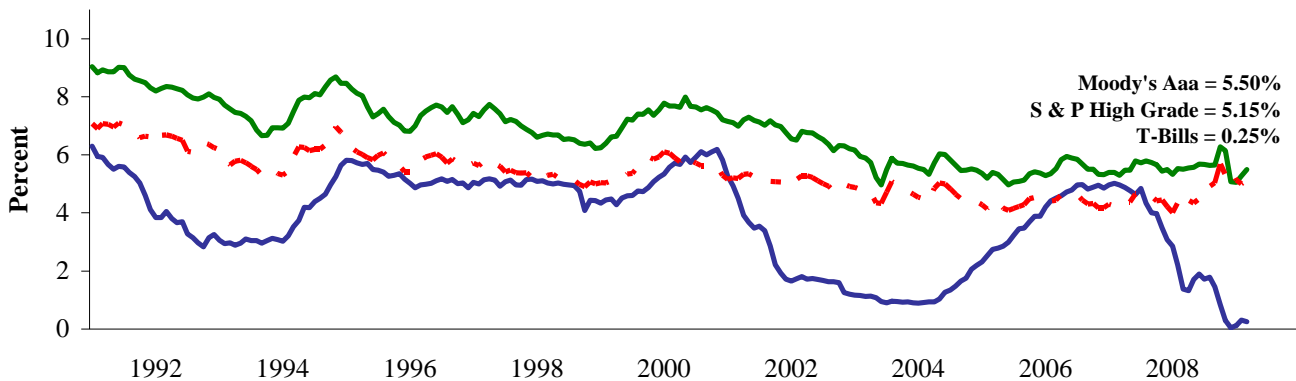
The revised estimate of real **Gross Domestic Product** for the fourth quarter of 2008 is \$11,522.1 billion (chained 2000 dollars), a decrease of 6.3 percent at an annual rate. In the third quarter of 2008, real gross domestic product decreased 0.5 percent. The decrease in real GDP was mainly reflected by exports, personal consumption expenditures, equipment and software, and residential fixed investment. Federal government spending provided a positive contribution to GDP growth. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures decreased 4.3 percent in the fourth quarter, compared to a 3.8 percent decrease in the third quarter. Real residential fixed investment decreased 22.8 percent in the fourth quarter compared to a decrease of 16.0 percent in the third quarter. Real nonresidential fixed investment decreased 21.7 percent in the fourth quarter with a decrease in equipment and software of 28.1 percent. Real federal government expenditures

increased 7.0 percent in the fourth quarter, compared to an increase of 13.8 percent in the third quarter. Real state and local government spending decreased 2.0 percent in the fourth quarter, compared to an increase of 1.3 percent in the third quarter. Exports of goods and services decreased 23.6 percent in the fourth quarter, compared to a 3.0 percent increase in the third quarter. Imports decreased 17.5 percent in the fourth quarter compared to a decrease of 3.5 percent in the third quarter. Private inventory investment decreased \$25.8 billion in the fourth quarter, following a \$29.6 billion decrease in the third quarter. Real final sales decreased 6.2 percent in the fourth quarter compared to a decrease of 1.3 percent in the third quarter. On the inflation front, the **implicit price deflator** increased at a 0.6 percent annual rate in the fourth quarter, compared to a 3.9 percent increase observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), decreased 0.1 percent in March, down from a 0.4 percent increase in February. Energy decreased 3.0 percent in March, compared to an increase of 3.3 percent in February, while the all-items less food and energy component increased 0.2 percent. For the six months since September, the all-items index decreased 5.4 percent.

Compared to March 2008, the all-items index decreased 0.4 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 4.3 percent; housing, 1.4 percent; medical care, 2.8 percent; apparel, 1.4 percent; education and communication, 3.6 percent; other goods and services, 5.7 percent; recreation, 1.7 percent; unadjusted decreases from one year ago were: and transportation, 13.1 percent, with gasoline prices down 39.3 percent.

Selected Key Interest Rates



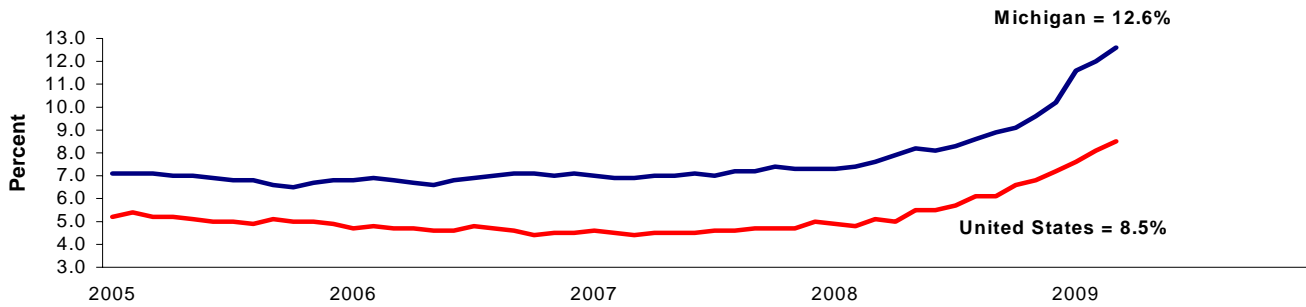
Source: Economic Indicators

Short-term **interest rates** decreased 0.06 percentage points in March as the 3-month Treasury bill (T-bill) rate averaged 0.25 percent. Compared to one year ago, the T-bill rate is down 1.13 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, increased 0.23 percentage points to an interest yield of 5.50 percent in March. Compared to one year ago, the Aaa bond yield is down 0.01 percentage points. The interest rate on High-grade municipal bonds increased 0.15 percentage points to 5.15 percent in March, and is up 0.485 percentage points from its year ago level. The Federal Open Market Committee (FOMC) kept the target range for the federal funds rate between 0 and 0.25 percent at the April 29th meeting. The FOMC stated that, “The Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability. The Committee will maintain the target range and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.” The Federal Reserve “will continue to

monitor carefully the size and composition of the Federal Reserve’s balance sheet in light of evolving financial and economic developments.”

In March, the **U. S. unemployment rate** increased 0.4 percentage points from a month ago to 8.5 percent and was 3.4 percentage points above one year ago. Civilian employment totaled 140.9 million persons in March, a decrease of 0.8 million from February. The number of unemployed was 13.2 million nationwide.

Unemployment Rates 2005 - 2009

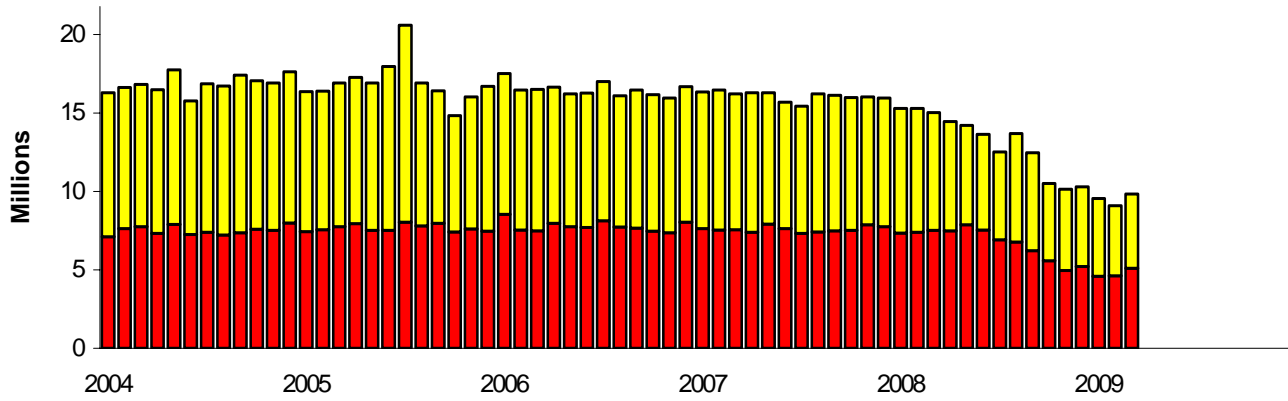


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In March, the **Michigan jobless rate** increased 0.6 percentage points to 12.6 percent. Compared to a year ago, Michigan’s jobless rate was 5.0 percentage points higher. From February, the labor force decreased by 16,000 to 4,842,000, while the number of people employed decreased by 41,000 to 4,233,000. In March, there were 609,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors.

Motor Vehicle Sector

U. S. Light Vehicle Sales



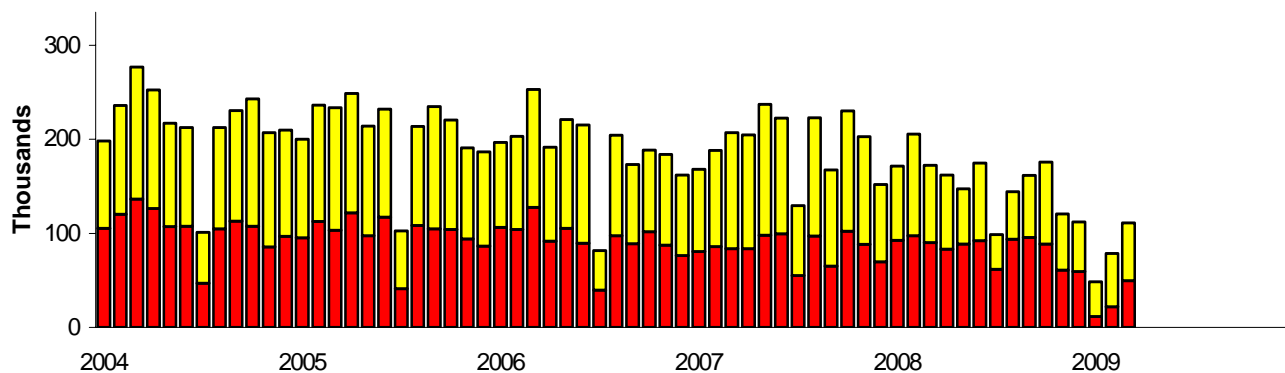
Source: Bureau of Economic Analysis

■ Cars ■ Lt Trucks

U. S. light vehicle sales (cars + light trucks) increased 0.7 million units in March compared to last month, selling at a 9.8 million unit seasonally adjusted annual rate. Domestic car sales increased 14.3 percent while domestic light truck sales increased 8.8 percent. Import car sales increased 4.2 percent while import light truck sales decreased 4.7 percent. Compared to last year, light vehicle sales decreased 34.6 percent. Domestic car sales were down 34.1 percent while domestic light truck sales decreased 39.2 percent. Import car sales were down 28.6 percent while import truck sales decreased 26.0 percent from last year. As a result, the domestic share decreased 2.7 percentage points from a year ago. For fiscal year 2009 year-to-date, domestic light vehicles have recorded a 73.0 percent share of a 9.9 million-unit market.

Michigan motor vehicle production increased to 110,915 units in March. From a year ago, motor vehicle production decreased 36 percent in Michigan and fell 38 percent nationally. In March, Michigan's car production was 49,618 units while the state's truck production was 61,297 units. Compared with a year ago, car production decreased 45 percent in Michigan and fell 43 percent nationwide. The state's truck production decreased 25 percent while national truck production decreased 35 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



Source: Office of Revenue and Tax Analysis

■ Cars ■ Trucks

**Summary Estimates of the Constitutional Revenue Limit
Based on the January 9, 2009 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2006-2007 Actual	Fiscal Year 2007-2008 Estimate	Fiscal Year 2008-2009 Estimate
Applicable Calendar Year Personal Income	\$331,304	\$341,075	\$345,885
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$31,440.7</u>	<u>\$32,368.0</u>	<u>\$32,824.5</u>
Revenue Limit	\$31,440.7	\$32,368.0	\$32,824.5
State Revenue Subject to Limit	<u>\$26,118.4</u>	<u>\$27,671.1</u>	<u>\$26,583.8</u>
Amount Under (Over) Limit	\$5,322.4	\$4,696.9	\$6,240.6

Sources:

Personal Income Estimate

The FY 2006-07 calculation uses the official personal income estimate for calendar year 2005 (Survey of Current Business, October 2006).

The FY 2007-08 calculation uses the official personal income estimate for calendar year 2006 (Survey of Current Business, October 2007).

The FY 2008-09 calculation uses the official personal income estimate for calendar year 2007 (Survey of Current Business, October 2008).

Revenue Subject to the Limit

The FY 2006-07 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2007.

The FY 2007-08 calculation uses the January 9, 2009 Consensus Revenue Agreement.

The FY 2008-09 calculation uses the January 9, 2009 Consensus Revenue Agreement.

Column detail may not add to totals because of rounding

Prepared By: Office of Revenue and Forecasting, Michigan Department of Treasury