RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

JOHN E. NIXON, CPA
DIRECTOR

October 24, 2011

The Honorable Roger Kahn, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Charles Moss, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

Attached is the monthly financial report for the month ending September 30, 2011. 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,

John E. Nixon, CPA
State Budget Director

Attachment

c: Governor Rick Snyder
Randy Richardville, Sen. Maj. Leader
Gretchen Whitmer, Senate Min. Leader
Jase Bolger, Speaker of the House
Richard Hammell, House Min. Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency
Jack Brandenberg, Chair, Senate Finance Com.
Judson S. Gilbert II, Chair, House Tax Policy Com.
John Roberts, Deputy Chief of Staff
Dick Posthumus, Executive Office
Mike Moody, Office of Financial Management
Nancy Duncan, Deputy State Budget Director
Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2011
Projected Revenues and Expenditures
September 30, 2011
($ in millions)

		FISCAL 2011	
Beginning Balance, October 1, 2010		***$ 187.2***	
Revenues, Current Law:			
Current Year GF/GP Revenues, May 2011 Consensus Estimate		**$ 7,524.1**	
Revenue Adjustments:			
Revenue Sharing Freeze (May 2011 Consensus)		$ 413.4	
County Revenue Sharing payments		$ 101.5	
Use Tax on Medicaid Managed Care Organizations (PA 106 of 2009)		$ 380.6	
Other Revenue Adjustments		$ 33.3	
Tax Amnesty (PA 198 of 2010)		$ 62.0	
Unclaimed Property Reforms (PA 197 of 2010)		$ 166.0	
Liquor Reforms (PA 175 of 2010)		$ 5.1	
Department of State work project cancellation notice (12/22/10)		$ 6.0	
GlaxoSmithKline settlement (6/23/2011)		$ 1.3	
Subtotal Additional Revenue Adjustments		**$ 1,169.2**	
Total FY Resources Available For Expenditure GF/GP		**8,880.5**	
Expenditures, Current Law:			
FY 2011 Enacted with Vetoes		$ 8,311.8	
Enacted Supplemental (PA 49 of 2011)		$ (57.4)	
Enacted Supplemental (PA 83 of 2011)		$ 131.8	
Enacted Supplemental (PA 142 of 2011)		$ 1.0	
Enacted Supplemental (PA 157 of 2011)		$ 251.2	
Employee Health Contribution (PA 185 of 2010)		tbd	[1]
Total Expenditures Projected		**$ 8,638.4**	
Projected Ending Balance, September 30, 2011		**$ 242.1**	[2]

[1] The employee health contribution is currently in escrow pending the outcome of litigation.

[2] This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2011. Final year-end activity will be reflected in the fiscal year 2011 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2012.

OFFICIAL BALANCE SHEET

SCHOOL AID FUND
Fiscal Year 2011
Projected Revenues and Expenditures
September 30, 2011
($ in millions)

		FISCAL 2011
Beginning Balance, October 1, 2010	**$**	**255.9**
Revenues, Current Law:		
Current Year School Aid Fund Revenues, May 2011 Consensus	**$**	**11,111.5**
Additional Revenue Adjustments:		
Treasury Reforms	$	2.3
Tax Amnesty (PA 198 of 2010)	$	26.1
Enhanced Liquor Revenues	$	0.9
General Fund Subsidy	$	18.6
Federal Aid	$	1,677.8
Federal - American Recovery and Reinvestment Act	$	184.3
Federal - Education Jobs Fund	$	316.3
Subtotal Additional Revenue Adjustments	**$**	**2,226.3**
Total FY Resources Available for Expenditure SAF	**$**	**13,593.7**
Expenditures, Current Law:		
Public Act 205 of 2010	$	12,888.2
Public Act 217 of 2010	$	246.0
Public Act 62 of 2011	$	(180.0)
Additional Anticipated Lapse	$	(6.5)
Adjusted Appropriations	**$**	**12,947.7**
Projected School Aid Fund Ending Balance September 30, 2011	**$**	**646.0**

This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2011.
Final year-end activity will be reflected in the fiscal year 2011 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2012.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND GROSS

September 30, 2011

($ IN MILLIONS)

FISCAL YEAR 2009-10				FISCAL YEAR 2010-11			
September 2010	Yr-to-date 2009-10	Fiscal Yr end SEP 30, 2010	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc September 2011	Exp & Enc Yr-to-date 2010-11
7.5	62.3	63.9	Agriculture and Rural Development	73.1	9.9	6.9	59.2
7.3	63.5	65.1	Attorney General	72.4	3.0	7.4	60.9
0.4	234.4	234.4	Capital Outlay**	270.1	(0.2)	0.8	234.9
1.3	11.4	12.2	Civil Rights	12.8	2.0	1.0	11.0
35.0	1,905.6	1,904.7	Colleges & Universities	1,844.1	30.1	1.3	1,868.7
1,197.1	12,743.7	13,441.6	Community Health	14,037.6	426.8	1,218.2	13,017.6
183.9	1,860.7	1,958.2	Corrections	1,986.7	1.2	180.0	1,862.5
9.6	80.2	81.3	Education	127.0	(0.5)	9.7	89.2
20.9	166.7	173.1	Environmental Quality	358.9	34.6	21.8	162.5
0.6	4.8	4.7	Executive Office	4.6	0.0	0.6	4.7
529.3	5,789.8	6,003.7	Human Services	6,944.1	170.0	573.3	6,156.7
23.4	207.0	239.4	Judiciary	260.4	(1.2)	14.8	199.7
2.0	16.7	17.2	Legislative Auditor General	14.5	0.0	1.8	16.2
10.7	113.6	115.8	Legislature	102.1	0.0	10.0	111.8
83.2	992.3	1,059.2	Licensing and Regulatory Affairs	1,039.8	123.3	76.3	823.7
17.6	140.6	148.5	Military Affairs	128.0	11.7	11.3	124.1
12.9	67.7	73.9	Natural Resources	99.5	9.6	8.0	45.5
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
19.5	205.1	224.5	State	212.6	16.5	23.0	175.0
56.7	457.2	510.2	State Police	528.6	22.4	57.7	451.4
19.2	230.2	273.6	Technology, Management & Budget***	251.2	13.9	20.0	223.5
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
1,332.2	2,733.2	4,103.3	Treasury	1,471.2	161.9	1,155.7	2,624.3
0.0	27.0	27.0	Michigan Strategic Fund	22.8	21.1	(0.6)	32.1
$3,570.3	**$28,113.7**	**$30,735.7**		**$29,861.9**	**$1,056.2**	**$3,399.0**	**$28,355.3**

*Includes boilerplate appropriations.
**Includes State Building Authority appropriated in Technology, Management and Budget.
***Includes Civil Service Commission, Information Technology, Management and Budget

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2011
September, 2011
($ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,130.1	(39.5)	15,090.6
Total state spending from state resources	26,114.4	114.8	26,229.2
Percentage of state spending from state resources paid to local units	57.94%		57.53%
Required payments to local units (48.97%)	12,788.2		12,844.4
Surplus/(deficit)	**$2,341.9**		**$2,246.2**

STATE OF MICHIGAN

YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES

COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND

OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

(in thousands)

REVENUES	
Taxes	$ -
From federal agencies	-
Miscellaneous	3
Total Revenues	3
EXPENDITURES	
Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	-
Total Expenditures	-
Excess of Revenues over (under) Expenditures	3
OTHER FINANCING SOURCES (USES)	
Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	-
Total operating transfers from other funds	-
Operating transfers to other funds	-
Total Other Financing Sources (Uses)	-
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	$ 3 [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, 2010 THROUGH SEPTEMBER 30, 2011

(in thousands)

REVENUES	
Taxes	$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	53,298
Total Revenues	53,298
EXPENDITURES	
Current:	
General government	526
Conservation, environment, recreation, and agriculture	3,188
Capital outlay	27,808
Total Expenditures	31,522
Excess of Revenues over (under) Expenditures	21,776
OTHER FINANCING SOURCES (USES)	
Proceeds from bond issues	-
Proceeds from sale of capital assets	2
Operating transfers from other funds	1,883
Operating transfers to other funds	(10,034)
Total Other Financing Sources (Uses)	(8,149)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	$ 13,627 [1]

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

REVENUE OVERVIEW

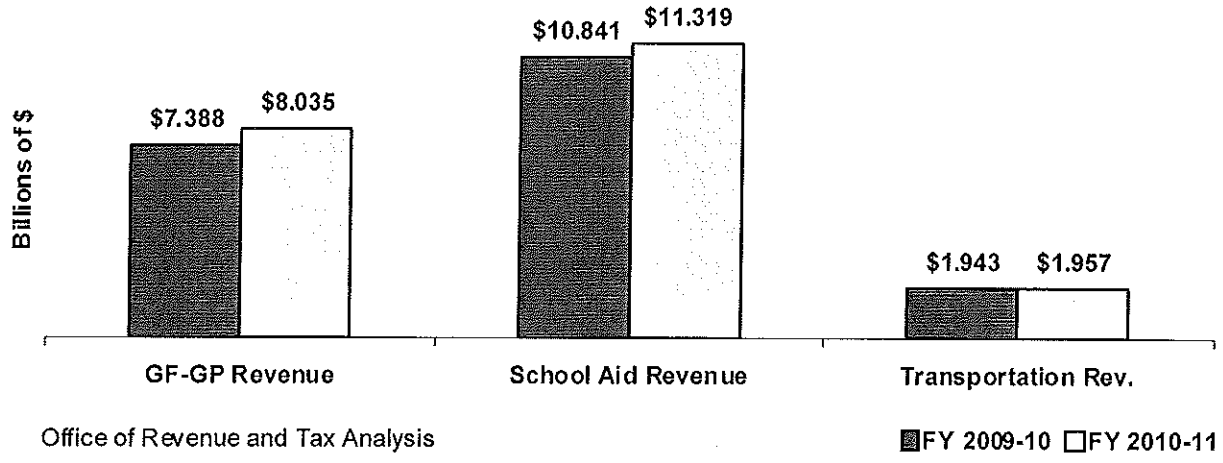
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for September 2011, representing some August and some September economic activity in Michigan.

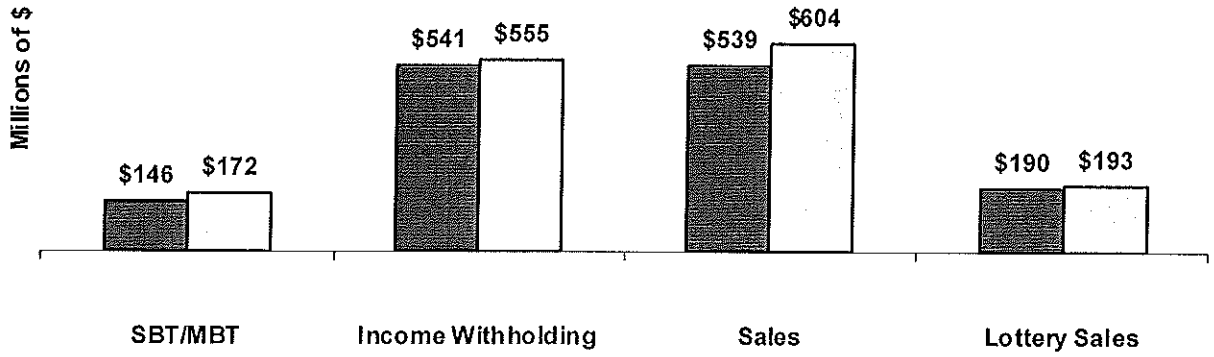
Total General Fund - General Purpose cash collections were $17.9 million (2.3 percent) higher in September 2011 than in September 2010. The September 2011 School Aid Fund cash collections were $70.0 million (5.9 percent) higher than in September 2010. September 2011 transportation collections were $8.7 million (5.2 percent) higher than in September 2010 (see revenue table). September is the twelfth month of the state's fiscal year (FY). 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 up $646.5 million (8.8 percent) from a year ago. School Aid Fund cash collections are up $478.5 million (4.4 percent) and transportation collections are up $13.2 million (0.7 percent).

The FY 2010-11 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 16, 2011. The revenue estimate for net General Fund – General Purpose revenue for FY 2010-11 is $7,524.1 million and the net School Aid revenue forecast is $11,111.5 million. The Transportation Funds revenue forecast is $2,060.5 million. The next regularly scheduled revenue conference will be held in January 2012.

October through September Collections
FY 2009-10 and FY 2010-11



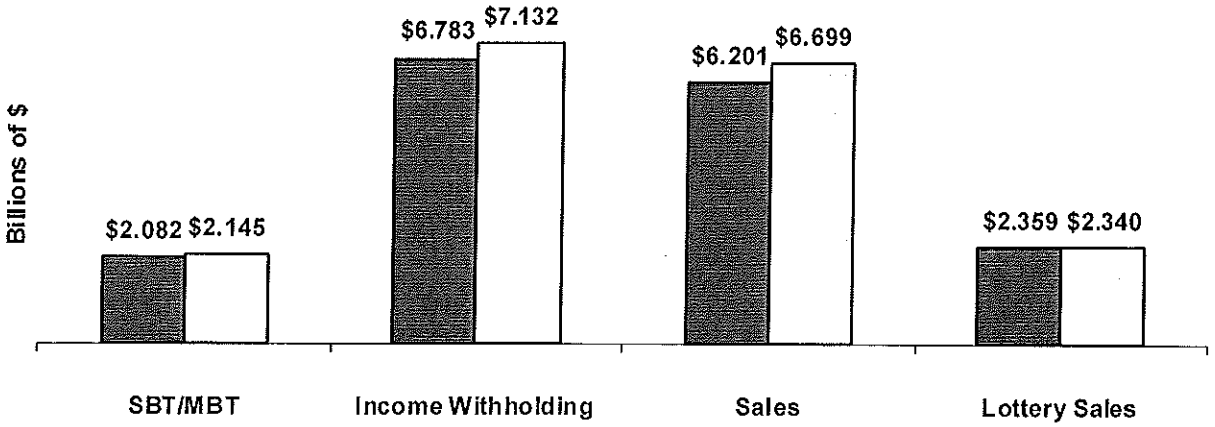
September Revenue Collections
FY 2009-10 and FY 2010-11



Office of Revenue and Tax Analysis

FY 2009-10 FY 2010-11

October through September Collections
FY 2009-10 and FY 2010-11



Office of Revenue and Tax Analysis

FY 2009-10 FY 2010-11

Revenue Summary FY 2010-11
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
September		Difference			Year-to-Date		Difference				
2010	2011	Amount	Percent	SOURCE OF REVENUE	FY 2009-10	FY 2010-11	Amount	Percent	FY 2009-10 Actual Totals (h)	FY 2010-11 Statutory Estimate	FY 2010-11 May 2011 Consensus
				Income Taxes							
$541,158	$555,342	$14,184	2.6%	Withholding	$6,782,907	$7,131,513	$348,606	5.1%	$6,813,800	$6,832,900	$7,182,000
132,151	147,733	15,582	11.8%	Quarterlies	552,638	629,294	76,656	13.9%	553,800	584,800	607,500
13,399	14,654	1,255	9.4%	Annuals	560,011	713,409	153,398	27.4%	584,800	602,900	670,700
686,709	717,730	31,021	4.5%	Gross Collections	7,895,557	8,474,217	578,660	7.3%	$7,932,400	$8,020,600	$8,460,200
24,963	31,032	6,070	24.3%	Less: Refunds	2,369,531	2,185,630	(183,902)	-7.8%	2,400,800	2,482,600	2,238,700
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,500	1,000
661,746	686,697	24,951	3.8%	Net Personal Income	5,526,025	6,288,587	762,561	13.8%	$5,530,600	$5,536,500	$6,220,500
159,866	167,087	7,222	4.5%	Less: Disbursements to SAF	1,838,086	1,972,798	134,712	7.3%	$1,836,100	$1,857,300	$1,968,300
$501,880	$519,610	$17,729	3.5%	NET PERSONAL INCOME TO GF-GP	$3,687,940	$4,315,789	$627,849	17.0%	$3,694,500	$3,679,200	$4,252,400
				Consumption Taxes							
$6,345	$7,369	$1,024	16.1%	Sales (a)	$69,662	$77,253	$7,591	10.9%	$73,000	$88,500	$102,800
77,165	70,035	(7,130)	-9.2%	Use (f) (g)	788,657	783,838	(4,819)	-0.6%	818,200	780,000	766,000
17,134	18,155	1,020	6.0%	Tobacco	200,700	193,415	(7,285)	-3.6%	200,800	192,200	193,400
4,611	4,578	(34)	-0.7%	Beer, Wine & Mixed Spirits	50,377	49,950	(427)	-0.8%	51,000	53,000	52,000
3,041	3,431	390	12.8%	Liquor Specific	34,628	35,786	1,158	3.3%	38,000	38,500	38,800
$108,295	$103,567	($4,728)	-4.4%	TOTAL CONSUMPTION TAXES	$1,144,024	$1,140,242	($3,782)	-0.3%	$1,181,000	$1,152,200	$1,153,000
				Other Taxes							
$10,995	($18,818)	($29,813)	na	Single Business	$29,265	$15,405	($13,860)	-47.4%	$2,300	$0	$0
(4,270)	2,759	7,028	na	Insurance Premiums Taxes	262,124	272,701	10,576	4.0%	257,400	286,600	265,500
6,725	(16,059)	(22,784)	na	Sub-total SBT & Insurance	291,390	288,106	(3,284)	-1.1%	259,700	286,600	265,500
106,313	159,984	53,671	50.5%	Michigan Business Tax (f)	1,693,488	1,773,484	79,995	4.7%	1,134,500	1,449,400	1,320,800
8	13	5	69.3%	Inheritance / Estate	17	56	39	227.0%	0	0	0
(3)	0	3	-100.0%	Telephone & Telegraph	60,503	58,414	(2,089)	-3.5%	60,800	63,000	61,000
5,658	4,860	(798)	-14.1%	Oil & Gas Severance	57,226	62,063	4,837	8.5%	58,500	64,000	67,000
31,362	8,646	(22,716)	-72.4%	Penalties & Interest	148,630	120,045	(28,585)	-19.2%	140,800	139,000	141,000
1	25	25	na	Miscellaneous Other/Railroad	1,476	1,518	42	2.9%	6,400	1,000	1,000
(9,583)	(10,417)	(833)	-8.7%	Treasury Enforcement Programs (e)	(115,000)	(123,750)	(8,750)	-7.6%	(123,100)	(120,000)	(125,000)
$140,480	$147,053	$6,573	4.7%	TOTAL OTHER TAXES	$2,137,729	$2,179,935	$42,206	2.0%	$1,537,600	$1,883,000	$1,731,300
$750,656	$770,230	$19,574	2.6%	SUBTOTAL GF-GP TAXES	$6,969,692	$7,635,967	$666,274	9.6%	$6,413,200	$6,714,400	$7,136,800

continued

Revenue Summary FY 2010-11
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
September		Difference			Year-to-Date		Difference				
2010	2011	Amount	Percent	SOURCE OF REVENUE	FY 2009-10	FY 2010-11	Amount	Percent	FY 2009-10 Actual Totals (h)	FY 2010-11 Statutory Estimate	FY 2010-11 May 2011 Consensus
				Non-Tax Revenue (e)							
$2,417	$1,833	($583)	-24.1%	Federal Aid	$29,000	$23,750	($5,250)	-18.1%	$20,800	$29,000	$22,000
42	33	(8)	-20.0%	Local Agencies	500	425	(75)	-15.0%	400	500	400
833	792	(42)	-5.0%	Services	10,000	9,625	(375)	-3.8%	9,500	10,000	9,500
2,417	1,667	(750)	-31.0%	Licenses & Permits	29,000	22,250	(6,750)	-23.3%	16,100	29,000	20,000
(1,709)	(344)	1,365	79.8%	Investments/Interest Costs	(4,626)	(1,465)	3,162	-68.3%	(11,200)	(45,000)	(12,000)
11,833	11,333	(500)	-4.2%	Misc. Non-tax Revenue	142,000	137,833	(4,167)	-2.9%	129,200	142,000	136,000
13,583	13,333	(250)	-1.8%	Liquor Purchase Revolving Fund	163,000	161,250	(1,750)	-1.1%	157,100	165,000	160,000
4,150	3,292	(858)	-20.7%	From Other Funds-Lottery & Escheats	49,800	45,242	(4,558)	-9.2%	50,200	51,800	51,500
$33,566	$31,939	($1,627)	-4.8%	TOTAL NON-TAX REVENUE	$418,674	$398,910	($19,763)	-4.7%	$372,100	$382,300	$387,400
$784,221	$802,169	$17,947	2.3%	TOTAL GF-GP REVENUE	$7,388,366	$8,034,877	$646,511	8.8%	$6,785,200	$7,096,700	$7,524,100
				School Aid Fund							
$220,454	$246,525	$26,071	11.8%	Sales Tax 4%	$2,540,464	$2,740,590	$200,126	7.9%	2,531,900	2,565,700	2,661,400
171,235	192,654	21,418	12.5%	Sales Tax 2%	1,967,275	2,130,916	163,641	8.3%	1,957,000	1,984,600	2,062,900
70,065	65,869	(4,196)	-6.0%	Use Tax 2% (f) (g)	761,584	775,128	13,544	1.8%	397,700	390,000	383,000
29,085	30,746	1,661	5.7%	Michigan Business Tax (f)	359,558	355,960	(3,598)	-1.0%	726,800	742,000	739,200
408,005	419,408	11,403	2.8%	State Education Property Tax	1,992,050	1,956,287	(35,764)	-1.8%	1,930,500	1,833,000	1,852,000
8,960	11,181	2,222	24.8%	Real Estate Transfer Tax	127,143	118,232	(8,911)	-7.0%	121,600	140,000	125,000
60,000	60,000	0	0.0%	Lottery Transfer (b)	640,000	665,000	25,000	3.9%	701,300	740,000	733,600
7,553	8,510	957	12.7%	Casino Wagering Tax	101,892	113,772	11,880	11.7%	111,100	112,000	114,000
2,994	3,374	379	12.7%	Liquor Excise Tax	34,192	35,350	1,158	3.4%	37,600	38,500	38,800
34,785	36,857	2,072	6.0%	Cigarette/Tobacco Tax	407,451	392,662	(14,789)	-3.6%	392,900	370,800	373,200
9,355	9,503	149	1.6%	Indus. & Comm. Facilities Taxes	55,003	43,866	(11,137)	-20.2%	55,200	42,800	43,000
921	1,603	683	74.2%	Specific Other	16,294	18,936	2,643	16.2%	17,100	16,300	17,100
159,866	167,087	7,222	4.5%	Income Tax Earmarking	1,838,086	1,972,798	134,712	7.3%	$1,836,100	$1,857,300	$1,968,300
$1,183,276	$1,253,316	$70,040	5.9%	TOTAL SCHOOL AID FUND	$10,840,991	$11,319,497	$478,505	4.4%	$10,816,900	$10,832,900	$11,111,500
$538,658	$603,529	$64,871	12.0%	SALES TAX 6%	$6,201,382	$6,698,566	$497,184	8.0%	$6,176,900	$6,260,800	$6,498,600
367,423	410,875	43,452	11.8%	SALES TAX 4%(d)	4,234,107	4,567,650	333,543	7.9%	4,219,900	4,276,200	4,435,700
171,235	192,654	21,418	12.5%	SALES TAX 2%	1,967,275	2,130,916	163,641	8.3%	1,957,000	1,984,600	2,062,900
147,229	135,904	(11,326)	-7.7%	USE TAX 6% (g)	1,550,241	1,558,966	8,725	0.6%	1,215,900	1,170,000	1,149,000
135,398	190,730	55,332	40.9%	MICHIGAN BUSINESS TAX	2,053,046	2,129,444	76,397	3.7%	1,861,300	2,191,400	2,060,000
86,102	91,229	5,128	6.0%	TOBACCO TAXES	1,008,542	971,935	(36,607)	-3.6%	1,006,500	955,000	961,000
0	0	0	na	TOBACCO SETTLEMENT	201,645	187,854	(13,791)	-6.8%	na	na	na
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na

continued

Revenue Summary FY 2010-11
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
September		Difference			Year-to-Date		Difference				
2010	2011	Amount	Percent	SOURCE OF REVENUE	FY 2009-10	FY 2010-11	Amount	Percent	FY 2009-10 Actual Totals (h)	FY 2010-11 Statutory Estimate	FY 2010-11 May 2011 Consensus
				Major Transportation Revenues							
$10,991	$11,816	$825	7.5%	Diesel Fuel / Motor Carrier Fuel Tax	$123,222	$123,521	$299	0.2%	$120,069	$115,000	$122,000
77,768	80,518	2,750	3.5%	Gasoline	844,563	832,652	(11,911)	-1.4%	841,659	826,000	839,000
65,169	69,644	4,475	6.9%	Motor Vehicle Registration	842,424	860,846	18,422	2.2%	842,106	831,000	838,000
4,298	4,411	113	2.6%	Other Taxes, Fees & Misc.	44,738	46,741	2,003	4.5%	116,840	153,020	167,011
7,373	7,872	499	6.8%	Comprehensive Transportation (c)	88,476	92,829	4,353	4.9%	78,981	90,574	94,469
$165,599	$174,261	$8,662	5.2%	TOTAL MAJOR TRANS. REVENUES	$1,943,422	$1,956,589	$13,166	0.7%	$1,999,655	$2,015,594	$2,060,479
				Lottery Sales By Games							
62,620	58,545	(4,075)	-6.5%	Instant Games	750,921	739,250	(11,672)	-1.6%	na	na	na
59,405	58,252	(1,152)	-1.9%	Daily Games	703,224	685,569	(17,655)	-2.5%	na	na	na
23,564	26,392	2,829	12.0%	Lotto and Big Game	334,655	351,508	16,853	5.0%	na	na	na
1,046	1,115	69	6.6%	Keno Game	15,874	12,549	(3,326)	-20.9%	na	na	na
1,368	557	(811)	-59.3%	Lucky Lines Game	15,765	8,085	(7,680)	-48.7%	na	na	na
2,785	2,852	67	2.4%	Millionaires Raffle	19,301	15,155	(4,146)	-21.5%	na	na	na
39,218	45,626	6,409	16.3%	Club Games	519,592	527,888	8,296	1.6%	na	na	na
$190,005	$193,340	$3,335	1.8%	TOTAL LOTTERY SALES	$2,359,334	$2,340,004	($19,330)	-0.8%	na	na	na

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 Non-tax revenue items other than interest are estimates.

f MBT and Use tax GF/SAF distributions adjusted for P.A. 106 of 2009.

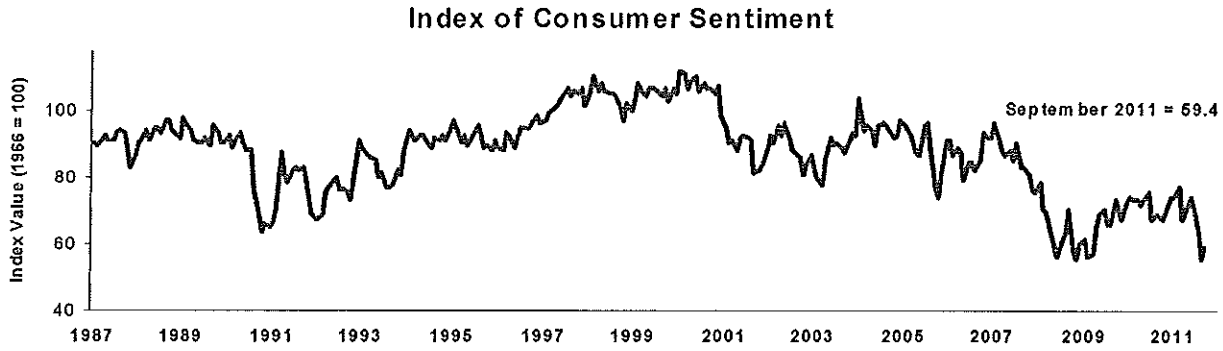
g Starting in April 2009, per P.A. 440 of 2008, totals include revenue from expanded use tax collections.

h Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, 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*** rose in September to 59.4 index-points, 3.7 index-points above the August value but 8.8 index-points below September 2010. On the slight increase in confidence, Survey Director Richard Curtin observed, "Consumer confidence continued to inch upward in late September to post a significant monthly gain over the August low. The data indicate that consumers have shifted from anticipating deeper declines to the growing belief that the economy will stagnate at its currently depressed level. To be sure, consumer expectations did not rise enough to signal that the economy would avoid some negative quarters in the year ahead." Curtin reported, "The majority of consumers in September reported that their finances had worsened in the past year, twice as many as reported improved finances. When asked about their financial prospects for the year ahead, fewer consumers reported that they would either be better or worse off financially." On spending plans for vehicles, Curtin noted, "Vehicle buying plans have remained unchanged at diminished levels for the past three months. Although negative views on the vehicle market have only been as frequent during past recessions, vehicle sales have never been so dismal when compared with anything but the past trough: light vehicle sales have average 12.4 million so far in 2011, above the low of 10.4 million in 2009, but still substantially below the average of 16.9 million from 1999 to 2006". In September, consumers in three of the four regions reported an increase in confidence. Northeastern consumers reported the largest increase in confidence at 14.2 index-points, followed by Western consumers with an increase in confidence of 2.9 index-points. The gap across regions decreased from last month to 3.3 index-points, with Northeastern consumers on top and Southern consumers on the bottom.

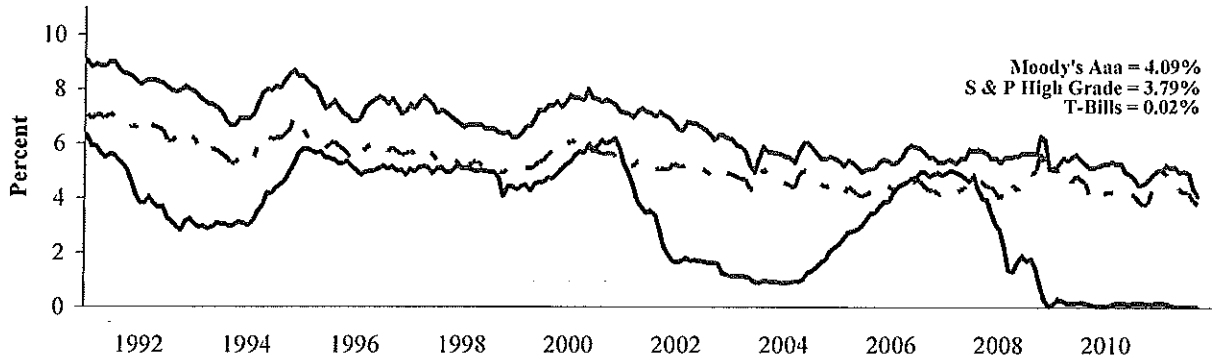
The revised estimate of real ***Gross Domestic Product*** for the second quarter of 2011 is $13,271.8 billion (chained 2005 dollars), an increase of 1.3 percent at an annual rate. In the first quarter of 2010, real gross domestic product increased 0.4 percent. The increase in second quarter real GDP was mainly due to nonresidential fixed investment, exports, and personal consumption expenditures. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 0.7 percent in the second quarter, compared to a 2.1 percent increase in the first quarter. Real residential fixed investment increased 4.2 percent in the second quarter compared to a decrease of 2.4 percent in the first quarter. Real nonresidential fixed investment increased 10.3 percent in the second quarter with an increase in equipment and software of 6.2 percent. Real federal government expenditures increased 1.9 percent in the second quarter, compared to a decrease of 9.4 percent in the first quarter. Real state and local government spending decreased 2.8 percent in the

second quarter, the same as in the first quarter. Exports of goods and services increased 3.6 percent in the second quarter, compared to a 7.9 percent increase in the first quarter. Imports increased 1.4 percent in the second quarter compared to an increase of 8.3 percent in the first quarter. Private inventory investment increased $39.1 billion in the second quarter, following a $49.1 billion increase in the first quarter. Real final sales increased 1.6 percent in the second quarter compared to an increase of 0.1 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 2.6 percent in the second quarter compared to a 2.7 percent increase observed in the first quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.3 percent in September, down from the 0.4 percent increase in August. Energy increased 2.0 percent in September, up from a 1.2 percent increase in August, while the all-items less food and energy component increased 0.1 percent in September. For the six months since March, the all-items index increased 3.1 percent.

Compared to September 2010, the all-items index increased 3.9 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 4.5 percent; medical care, 2.8 percent; apparel, 3.5 percent; education and communication, 1.1 percent; other goods and services, 1.3 percent; housing, 1.8 percent; transportation, 11.8 percent, with gasoline prices up 33.3 percent; recreation, 0.3 percent.

Selected Key Interest Rates



Source: Economic Indicators

Short-term **interest rates** decreased 0.03 percentage point in September as the 3-month Treasury bill (T-bill) rate was 0.02 percent. Compared to one year ago, the T-bill rate was down 0.13 percentage point. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.28 percentage point to an interest yield of 4.09 percent in September. Compared to one year ago, the Aaa bond yield was down 0.44 percentage point from its year ago level. The interest rate on High-grade municipal bonds decreased 0.13 percentage point from the August level to 3.92 percent in September, but was up 0.03 percentage point 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 September 21st meeting. The FOMC stated that, "the Committee also decided today to keep the target range for the federal funds rate at 0 to ¼ percent. The Committee currently anticipates that economic conditions -- including low rates of resource utilization and a subdued outlook for inflation over the medium run -- are likely to warrant exceptionally low levels for the federal funds rate at least through mid-2013." The Committee "discussed the range of policy tools available to promote a stronger economic recovery in a context of price stability. It will continue to assess the economic outlook in light of incoming information and is prepared to employ these tools as appropriate."

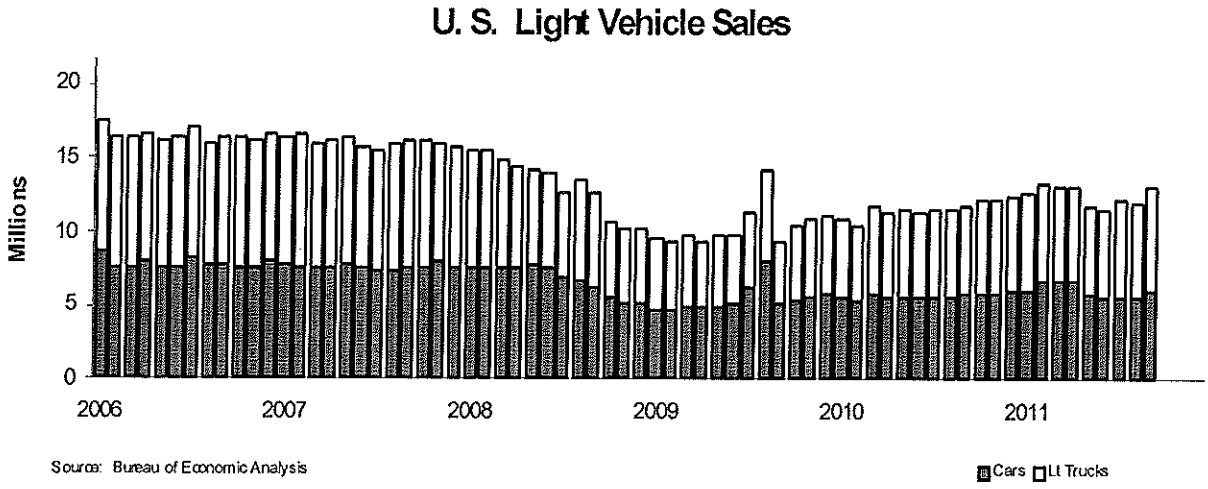
In September, the ***U. S. unemployment rate*** remained unchanged from a month ago at 9.1 percent and was 0.5 percentage point lower than a year ago. Civilian employment totaled 140.0 million persons in September, up 0.4 million from August. The number unemployed was 14.0 million nationwide.

Unemployment Rates 2007 - 2011

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

In September, the ***Michigan jobless rate*** decreased 0.1 percentage point from 11.2 percent in August to 11.1 percent. The September unemployment rate is 0.8 percentage point below the year ago level. In September, the labor force decreased by 2,000 to 4,692,000, while the number of people employed increased by 4,000 to 4,172,000. In September, there were 520,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector



U.S. light vehicle sales (cars + light trucks) increased 0.9 percent in September compared to August, selling at a 13.0 million unit seasonally adjusted annual rate. Domestic car sales increased 3.7 percent while domestic light truck sales increased 9.2 percent. Import car sales increased 11.4 percent while import light truck sales increased 12.0 percent. Compared to last year, light vehicle sales increased 10.8 percent. Domestic car sales were up 9.3 percent while domestic light truck sales increased 19.5 percent. Import car sales were down 9.2 percent while import truck sales increased 12.3 percent from last year. As a result, the domestic share increased 2.9 percentage points from a year ago. For fiscal year 2011, domestic light vehicles recorded a 77.1 percent share of a 12.5 million-unit market.

Michigan motor vehicle production decreased to 173,784 units in September from 195,470 units from last month. From a year ago, motor vehicle production increased 7 percent in Michigan and rose 8 percent nationally. In September, Michigan's car production was 61,757 units while the state's truck production was 112,027 units. Compared with a year ago, car production increased 13 percent in Michigan and rose 10 percent nationwide. The state's truck production increased 4 percent and national truck production also increased 8 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Summary Estimates of the Constitutional Revenue Limit Based on the May 16, 2011 Consensus Revenue Agreement (Article IX, Section 26)

(in millions)

	Fiscal Year 2008-09 Actual	Fiscal Year 2009-10 Actual	Fiscal Year 2010-11 Estimate
Applicable Calendar Year Personal Income	$345,885	$349,612	$342,302
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	$32,824.5	$33,178.2	$32,484.5
Revenue Limit	$32,824.5	$33,178.2	$32,484.5
State Revenue Subject to Limit	$24,838.5	$25,572.6	$25,581.2
Amount Under (Over) Limit	**$7,985.9**	**$7,605.6**	**$6,903.3**

Sources:

Personal Income Estimate

The FY 2008-09 calculation uses the official personal income estimate for calendar year 2007 (Survey of Current Business, October 2008).
The FY 2009-10 calculation uses the official personal income estimate for calendar year 2008 (Survey of Current Business, October 2009).
The FY 2010-11 calculation uses the official personal income estimate for calendar year 2009 (Survey of Current Business, October 2010).

Revenue Subject to the Limit

The FY 2008-09 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2009.
The FY 2009-10 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2010.
The FY 2010-11 calculation uses the May 16, 2011 Consensus Revenue Agreement.

Column detail may not add to totals because of rounding

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury