



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

January 3, 2012

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

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

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2012
Projected Revenues and Expenditures
November 30, 2011
(\$ in millions)

FISCAL
2012

Beginning Balance, October 1, 2011	\$ 242.1
Revenues, Current Law:	
Current Year GF/GP Revenues, May 2011 Consensus Estimate	\$ 7,651.0
Revenue Adjustments:	
Revenue Sharing adjustments (May 2011 Consensus)	\$ 622.5
Other revenue adjustments	\$ 20.0
Tax Amnesty (PA 198 of 2010)	\$ (49.8)
Unclaimed Property Reforms (PA 197 of 2010)	\$ 35.0
Liquor Reforms (PA 175 of 2010)	\$ 9.1
Use Tax on Medicaid managed care (PA 141 of 2011)	\$ 201.1
Northville Sale - balloon payment 10/14/2011	\$ 6.5
Tax Reform Plan (PA 38, 39 and 40 of 2011)	\$ 154.7
Subtotal Additional Revenue Adjustments	\$ 999.1
Total FY Resources Available For Expenditure GF/GP	8,892.2
Expenditures, Current Law:	
FY 2012 Enacted with Vetoes	\$ 8,699.0
Supplemental Requests (letters 2012-1 through 2012-5)	\$ 168.9
Total Expenditures Projected	\$ 8,867.9
Projected Ending Balance, September 30, 2012	\$ 24.3

¹ 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. In addition to supplemental requests 2012-1 through 2012-5, the legislature enacted supplemental appropriations of \$11.5 million, resulting in a projected general fund balance for the fiscal year ending September 30, 2012 of \$12.8 million.

OFFICIAL BALANCE SHEET

SCHOOL AID FUND
Fiscal Year 2012
Projected Revenues and Expenditures
30-Nov-11
 (\$ in millions)

**FISCAL
2012**

Beginning Balance, October 1, 2011	\$ 645.9 ¹
Revenues, Current Law:	
Current Year School Aid Fund Revenues, May 2011 Consensus	\$ 10,645.4
Additional Revenue Adjustments:	
Treasury Reforms	\$ 2.3
Tax Amnesty (PA 198 of 2010)	\$ (11.2)
Enhanced Liquor Revenues	\$ 0.9
General Fund Subsidy	\$ 118.6
Federal Aid	\$ 1,653.3
Subtotal Additional Revenue Adjustments	\$ 1,763.9
Total FY Resources Available for Expenditure SAF	\$ 13,055.2

Expenditures, Current Law:	
Public Act 62 of 2011 - School Aid	\$ 12,659.1
Public Act 62 of 2011 - Community Colleges	\$ 195.9
Public Act 62 of 2011 - Universities	\$ 200.0
Adjusted Appropriations	\$ 13,055.0
Projected School Aid Fund Ending Balance September 30, 2012	\$ 0.2

¹ 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

November 30, 2011

(\$ IN MILLIONS)

FISCAL YEAR 2011

FISCAL YEAR 2012

Exp & Enc November 2010	Exp & Enc Yr-to-date FY 2011	Fiscal Year End SEP 30, 2011	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc November 2011	Exp & Enc Yr-to-date FY 2012
6.0	9.8	60.2	Agriculture and Rural Development	69.9	0.0	4.0	6.9
4.6	7.7	62.9	Attorney General	73.6	0.0	5.2	8.3
39.0	58.4	235.3	Capital Outlay**	279.1	4.0	19.5	58.6
0.8	1.4	11.5	Civil Rights	13.7	0.0	0.9	1.4
183.2	348.0	1,865.2	Colleges & Universities	1,250.3	0.0	105.0	209.9
1,103.6	2,152.5	14,302.1	Community Health	14,154.6	333.0	1,106.5	2,107.2
143.8	295.2	1,934.9	Corrections	1,915.2	0.0	151.8	301.9
5.3	10.4	105.2	Education	117.3	9.0	5.7	10.0
10.7	13.7	160.5	Environmental Quality	334.0	0.0	9.5	14.8
0.4	0.6	4.5	Executive Office	4.4	0.0	0.5	0.8
400.4	939.8	6,200.1	Human Services	6,793.4	0.0	426.6	928.7
8.4	14.9	231.2	Judiciary	257.0	0.1	8.5	14.8
1.3	2.1	16.7	Legislative Auditor General	15.6	0.0	1.3	2.1
9.5	18.0	96.4	Legislature	100.3	0.0	8.5	15.7
22.8	108.6	802.0	Licensing and Regulatory Affairs	568.2	84.6	25.8	41.8
14.0	25.4	120.9	Military Affairs	129.2	0.0	9.0	16.8
3.9	5.0	58.4	Natural Resources	93.3	14.1	3.4	6.1
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
17.0	29.5	172.3	State	210.9	9.7	11.3	19.1
34.6	55.1	474.7	State Police	523.6	14.7	28.8	46.9
17.5	34.6	305.2	Technology, Management & Budget***	522.9	0.1	36.8	66.0
0.0	0.0	0.0	Transportation	0.0	0.5	0.0	0.0
68.4	316.1	3,069.0	Treasury	1,476.8	100.1	88.2	337.4
0.0	5.4	32.1	Michigan Strategic Fund	59.0	86.7	1.7	7.9
\$2,095.2	\$4,452.2	\$30,321.3		\$28,962.3	\$656.5	\$2,058.4	\$4,223.1

*Includes boilerplate appropriations.

**Includes all capital outlay activity regardless of agency

***Includes Civil Service Commission

**ESTIMATED BALANCE OF STATE PAYMENTS
TO LOCAL UNITS OF GOVERNMENT**

Fiscal Year 2012

November, 2011

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,105.5	0.0	15,105.5
Total state spending from state resources	27,173.6	0.0	27,173.6
Percentage of state spending from state resources paid to local units	55.59%		55.59%
Required payments to local units (48.97%)	13,306.9		13,306.9
Surplus/(deficit)	\$1,798.6		\$1,798.6

STATE OF MICHIGAN
 YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
 COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 OCTOBER 1, 2011 THROUGH NOVEMBER 30, 2011
 (in thousands)

REVENUES

Miscellaneous	\$ <u> -</u>
Total Revenues	<u> -</u>

EXPENDITURES

Current:	
General government	<u> -</u>
Total Expenditures	<u> -</u>
Excess of Revenues over (under) Expenditures	<u> -</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	42,633
Transfers to other funds	<u> -</u>
Total Other Financing Sources (Uses)	<u>42,633</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 42,633</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, 2011 THROUGH NOVEMBER 30, 2011
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>14,358</u>
Total Revenues		<u>14,358</u>

EXPENDITURES

Current:		
General government		-
Conservation, environment, recreation, and agriculture		191
Capital outlay		<u>5,934</u>
Total Expenditures		<u>6,125</u>
Excess of Revenues over (under) Expenditures		<u>8,233</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		13
Transfers from other funds		-
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>13</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u>8,246</u> ¹

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

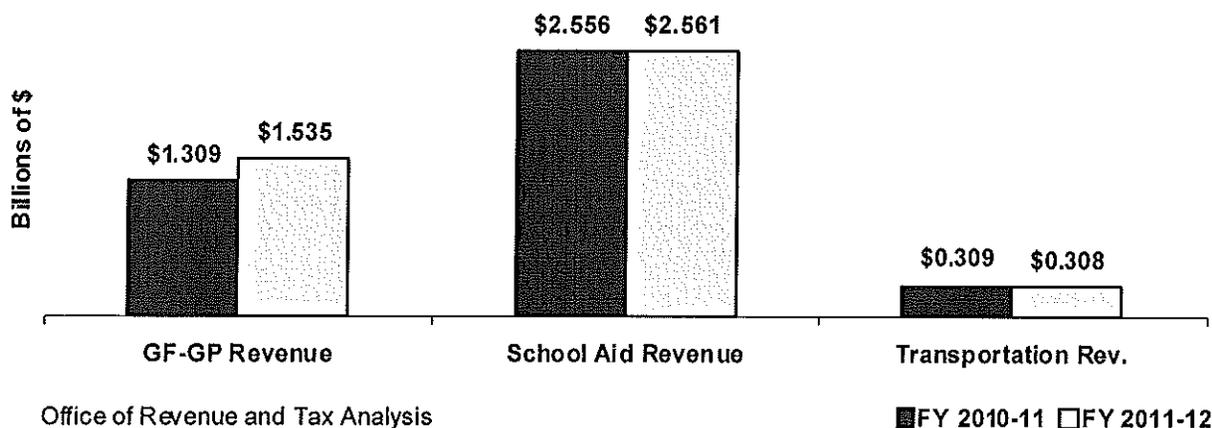
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

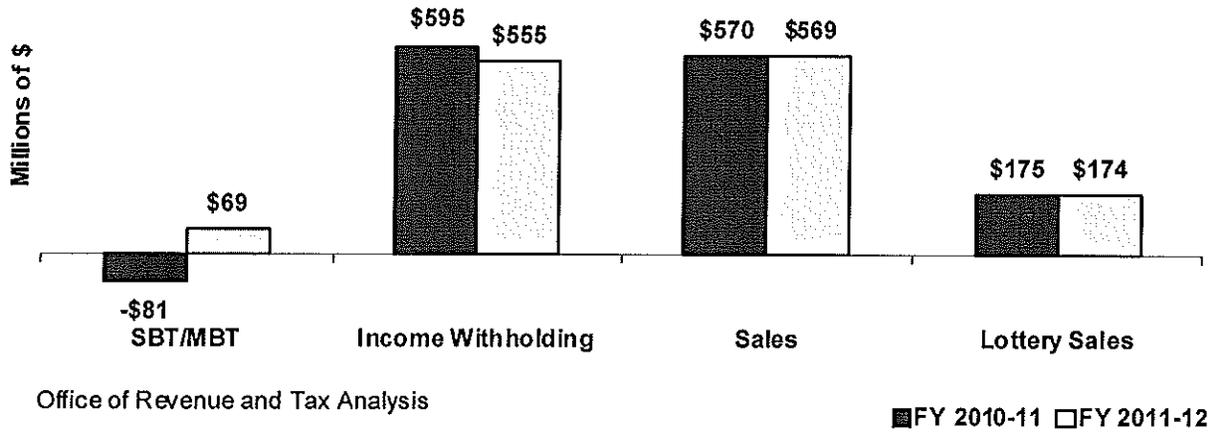
Total General Fund - General Purpose cash collections were \$141.1 million (29.8 percent) higher in November 2011 than in November 2010. This increase is primarily related to less Michigan Business Tax refunds in November 2011. The November 2011 School Aid Fund cash collections were \$16.8 million (1.8 percent) lower than in November 2010. November 2011 transportation collections were \$5.3 million (3.4 percent) lower than in November 2010 (see revenue table). November is the second 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 \$226.9 million (17.3 percent) from a year ago. School Aid Fund cash collections are up \$5.0 million (0.2 percent) and transportation collections are down \$1.4 million (0.4 percent).

The FY 2011-12 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 2011-12 is \$7,805.8 million and the net School Aid revenue forecast is \$10,645.4 million. The Transportation Funds revenue forecast is \$2,134.4 million. The next regularly scheduled revenue conference will be held on January 13, 2012.

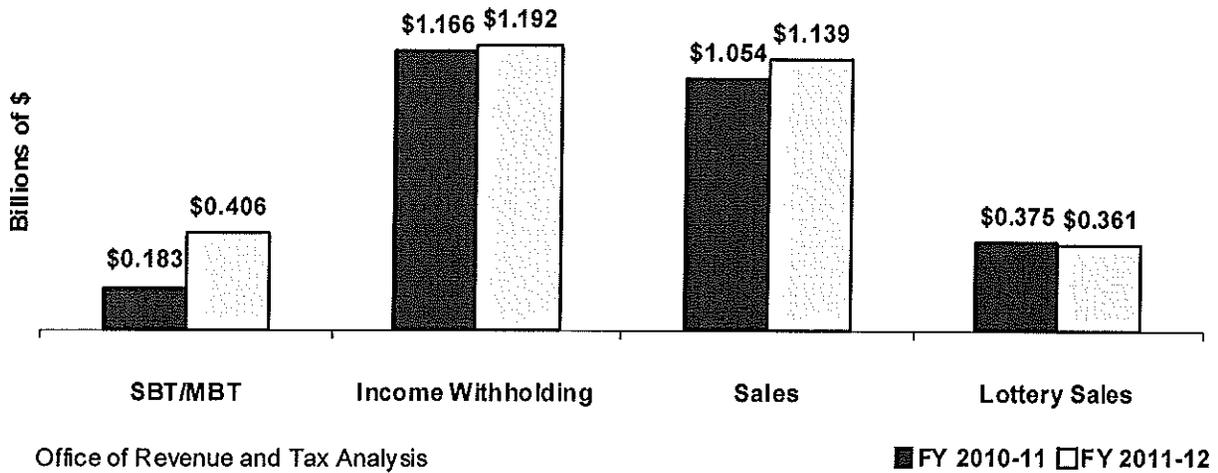
**October through November Collections
FY 2010-11 and FY 2011-12**



November Revenue Collections FY 2010-11 and FY 2011-12



October through November Collections FY 2010-11 and FY 2011-12



Revenue Summary FY 2011-12
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: November 30, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2010-11	FY 2011-12	FY 2011-12
2010	2011	Amount	Percent		FY 2010-11	FY 2011-12	Amount	Percent	May 2011	Statutory	May 2011
									Consensus	Estimate (h)	Consensus (h)
Income Taxes											
\$595,500	\$555,455	(\$40,045)	-6.7%	Withholding	\$1,165,544	\$1,192,346	\$26,803	2.3%	\$7,182,000	\$7,664,100	\$7,664,100
5,411	7,861	2,449	45.3%	Quarterlies	14,307	18,648	4,341	30.3%	607,500	665,900	665,900
9,273	10,247	974	10.5%	Annuals	39,894	43,357	3,463	8.7%	670,700	693,300	693,300
610,184	573,562	(36,622)	-6.0%	Gross Collections	1,219,745	1,254,352	34,607	2.8%	\$8,460,200	\$9,023,300	\$9,023,300
21,911	13,729	(8,182)	-37.3%	Less: Refunds	71,592	61,963	(9,629)	-13.4%	2,238,700	2,225,700	2,225,700
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,000	1,000
588,273	559,833	(28,440)	-4.8%	Net Personal Income	1,148,153	1,192,389	44,236	3.9%	\$6,220,500	\$6,796,600	\$6,796,600
142,051	133,525	(8,526)	-6.0%	Less: Disbursements to SAF	283,957	292,013	8,056	2.8%	\$1,968,300	\$2,098,600	\$2,098,600
\$448,222	\$426,308	(\$19,914)	-4.5%	NET PERSONAL INCOME TO GF-GP	\$864,196	\$900,376	\$36,179	4.2%	\$4,252,400	\$4,698,000	\$4,698,000
Consumption Taxes											
\$7,118	\$6,524	(\$594)	-8.3%	Sales (a)	\$12,135	\$13,087	\$952	7.8%	\$102,800	\$97,000	\$97,000
66,014	61,669	(4,345)	-6.6%	Use (f) (g)	127,497	78,409	(49,088)	-38.5%	766,000	846,600	846,600
15,609	15,598	(11)	-0.1%	Tobacco	32,510	32,321	(189)	-0.6%	193,400	189,200	189,200
3,393	5,173	1,780	52.5%	Beer, Wine & Mixed Spirits	7,880	8,167	287	3.6%	52,000	53,000	53,000
3,303	3,443	140	4.2%	Liquor Specific	3,314	3,489	175	5.3%	38,800	39,800	39,800
\$95,437	\$92,407	(\$3,031)	-3.2%	TOTAL CONSUMPTION TAXES	\$183,336	\$135,474	(\$47,862)	-26.1%	\$1,153,000	\$1,225,600	\$1,225,600
Other Taxes											
(\$23,140)	(\$14,609)	\$8,531	36.9%	Single Business	(\$3,480)	\$5,351	\$8,831	na	\$0	\$0	\$0
80	952	872	na	Insurance Premiums Taxes	61,291	65,583	4,292	7.0%	265,500	277,500	277,500
(23,080)	(13,657)	9,403	-40.8%	Sub-total SBT & Insurance	57,811	70,934	13,123	22.7%	265,500	277,500	277,500
(87,108)	51,723	138,831	na	Michigan Business Tax/CIT (f)	123,258	335,857	212,598	172.0%	1,320,800	1,064,700	1,064,700
0	15	15	na	Inheritance / Estate	7	15	8	126.0%	0	0	0
5,443	25,133	19,690	na	Telephone & Telegraph	5,462	25,802	20,340	na	61,000	61,000	61,000
4,193	4,432	239	5.7%	Oil & Gas Severance	8,827	7,987	(840)	-9.5%	67,000	71,600	71,600
6,876	5,452	(1,424)	-20.7%	Penalties & Interest	14,242	12,907	(1,335)	-9.4%	141,000	145,000	145,000
20	1	(18)	-93.3%	Miscellaneous Other/Railroad	20	28	7	36.0%	1,000	1,000	1,000
(9,583)	(10,583)	(1,000)	-10.4%	Treasury Enforcement Programs (e)	(19,167)	(21,157)	(2,000)	-10.4%	(125,000)	(127,000)	(127,000)
(\$103,221)	\$62,516	\$165,736	na	TOTAL OTHER TAXES	\$190,461	\$432,363	\$241,902	127.0%	\$1,731,300	\$1,493,800	\$1,493,800
\$438,439	\$581,230	\$142,791	32.6%	SUBTOTAL GF-GP TAXES	\$1,237,993	\$1,468,212	\$230,219	18.6%	\$7,136,800	\$7,417,400	\$7,417,400

continued

Revenue Summary FY 2011-12
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: November 30, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2010-11	FY 2011-12	FY 2011-12
2010	2011	Amount	Percent		FY 2010-11	FY 2011-12	Amount	Percent	May 2011	Statutory	May 2011
									Consensus	Estimate (h)	Consensus (h)
Non-Tax Revenue (e)											
\$2,417	\$1,917	(\$500)	-20.7%	Federal Aid	\$4,833	\$3,833	(\$1,000)	-20.7%	\$22,000	\$23,000	\$23,000
42	33	(8)	-20.0%	Local Agencies	83	67	(17)	-20.0%	400	400	400
833	792	(42)	-5.0%	Services	1,667	1,583	(83)	-5.0%	9,500	9,500	9,500
2,417	1,833	(583)	-24.1%	Licenses & Permits	4,833	3,667	(1,167)	-24.1%	20,000	22,000	22,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	(12,000)	(15,000)	(15,000)
11,833	11,500	(333)	-2.8%	Misc. Non-tax Revenue	23,687	23,000	(687)	-2.8%	138,000	138,000	138,000
13,583	13,583	0	0.0%	Liquor Purchase Revolving Fund	27,167	27,167	0	0.0%	160,000	163,000	163,000
4,150	3,958	(192)	-4.6%	From Other Funds-Lottery & Escheats	8,300	7,917	(383)	-4.6%	51,500	47,500	47,500
\$35,275	\$33,617	(\$1,658)	-4.7%	TOTAL NON-TAX REVENUE	\$70,550	\$67,233	(\$3,317)	-4.7%	\$387,400	\$388,400	\$388,400
\$473,714	\$614,846	\$141,133	29.8%	TOTAL GF-GP REVENUE	\$1,308,543	\$1,535,446	\$226,902	17.3%	\$7,524,100	\$7,805,800	\$7,805,800
School Aid Fund											
\$232,998	\$232,825	(\$173)	-0.1%	Sales Tax 4%	\$431,924	\$466,283	\$34,359	8.0%	2,661,400	2,721,400	2,721,400
181,386	180,491	(894)	-0.5%	Sales Tax 2%	334,381	361,573	27,191	8.1%	2,062,900	2,110,400	2,110,400
65,269	62,182	(3,107)	-4.8%	Use Tax 2% (f) (g)	123,531	101,034	(22,496)	-18.2%	383,000	423,300	423,300
29,336	31,933	2,597	8.9%	Michigan Business Tax (f)	63,413	64,691	1,278	2.0%	739,200	0	0
237,966	176,712	(61,254)	-25.7%	State Education Property Tax	1,194,355	1,091,325	(103,030)	-8.6%	1,852,000	1,829,000	1,829,000
10,122	10,193	71	0.7%	Real Estate Transfer Tax	21,918	27,421	5,503	25.1%	125,000	138,000	138,000
0	55,000	55,000	na	Lottery Transfer (b)	0	55,000	55,000	na	733,600	739,400	739,400
9,025	9,324	299	3.3%	Casino Wagering Tax	18,696	19,393	697	3.7%	114,000	119,500	119,500
3,281	3,427	146	4.4%	Liquor Excise Tax	3,281	3,427	146	4.4%	38,800	39,800	39,800
31,688	31,666	(22)	-0.1%	Cigarette/Tobacco Tax	66,000	65,617	(383)	-0.6%	373,200	365,100	365,100
2,810	2,152	(657)	-23.4%	Indus. & Comm. Facilities Taxes	12,064	11,793	(271)	-2.3%	43,000	43,900	43,900
773	509	(265)	-34.2%	Specific Other	2,253	1,214	(1,039)	-46.1%	17,100	17,100	17,100
142,051	133,525	(8,526)	-6.0%	Income Tax Earmarking	283,957	292,013	8,056	2.8%	\$1,968,300	\$2,098,600	\$2,098,600
\$946,704	\$929,920	(\$16,785)	-1.8%	TOTAL SCHOOL AID FUND	\$2,555,773	\$2,560,784	\$5,011	0.2%	\$11,111,500	\$10,645,400	\$10,645,400
\$569,716	\$568,533	(\$1,183)	-0.2%	SALES TAX 6%	\$1,054,255	\$1,138,711	\$84,456	8.0%	\$6,498,600	\$6,646,100	\$6,646,100
388,331	388,042	(289)	-0.1%	SALES TAX 4%(d)	719,874	777,139	57,265	8.0%	4,435,700	4,535,700	4,535,700
181,386	180,491	(894)	-0.5%	SALES TAX 2%	334,381	361,573	27,191	8.1%	2,062,900	2,110,400	2,110,400
131,283	123,831	(7,452)	-5.7%	USE TAX 6% (g)	251,028	179,443	(71,584)	-28.5%	1,149,000	1,269,900	1,269,900
(57,773)	83,656	141,428	na	MICHIGAN BUSINESS TAX/CIT	186,671	400,548	213,877	115.0%	2,060,000	1,064,700	1,064,700
78,436	78,382	(54)	-0.1%	TOBACCO TAXES	163,366	162,418	(948)	-0.6%	961,000	940,800	940,800
0	0	0	na	TOBACCO SETTLEMENT	0	0	0	na	na	na	na
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na

continued

Revenue Summary FY 2011-12
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: November 30, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2010-11	FY 2011-12	FY 2011-12
2010	2011	Amount	Percent		FY 2010-11	FY 2011-12	Amount	Percent	May 2011	Statutory	May 2011
									Consensus	Estimate (h)	Consensus (h)
Major Transportation Revenues											
\$11,580	\$10,720	(\$860)	-7.4%	Diesel Fuel / Motor Carrier Fuel Tax	\$22,208	\$23,234	\$1,026	4.6%	\$122,000	\$124,000	\$124,000
72,787	65,560	(7,227)	-9.9%	Gasoline	144,339	137,422	(6,917)	-4.8%	839,000	841,000	841,000
58,839	60,499	1,661	2.8%	Motor Vehicle Registration	122,287	123,902	1,615	1.3%	838,000	844,000	844,000
2,852	3,358	506	17.7%	Other Taxes, Fees & Misc.	5,864	7,460	1,596	27.2%	167,011	229,122	229,122
7,373	8,024	651	8.8%	Comprehensive Transportation (c)	14,746	16,049	1,303	8.8%	94,469	96,291	96,291
\$153,431	\$148,162	(\$5,269)	-3.4%	TOTAL MAJOR TRANS. REVENUES	\$309,444	\$308,066	(\$1,378)	-0.4%	\$2,060,479	\$2,134,413	\$2,134,413
Lottery Sales By Games											
55,308	53,886	(1,422)	-2.6%	Instant Games	121,729	112,932	(8,797)	-7.2%	na	na	na
52,263	50,982	(1,281)	-2.5%	Daily Games	112,180	106,710	(5,471)	-4.9%	na	na	na
21,683	22,896	1,213	5.6%	Lotto and Big Game	49,193	49,566	373	0.8%	na	na	na
932	983	51	5.5%	Keno Game	2,014	2,034	19	1.0%	na	na	na
892	431	(261)	-37.7%	Lucky Lines Game	1,672	949	(722)	-43.2%	na	na	na
3,546	3,011	(535)	-15.1%	Millionaires Raffle	3,545	3,011	(535)	-15.1%	na	na	na
40,122	41,368	1,246	3.1%	Club Games	85,024	86,042	1,017	1.2%	na	na	na
\$174,546	\$173,558	(\$988)	-0.6%	TOTAL LOTTERY SALES	\$375,357	\$361,243	(\$14,114)	-3.8%	na	na	na

-11-

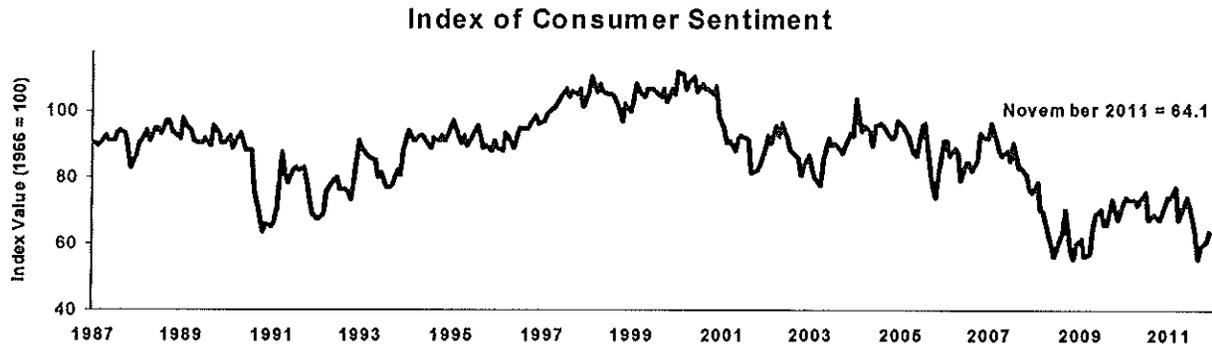
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (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 Income taxes, Withholding tax, Michigan Business tax, and Corporate Income tax estimates have been adjusted to reflect tax changes since May 2011 Consensus.

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 November to 64.1 index-points, 3.2 index-points above the September value but 7.5 index-points below November 2010. On the slight increase in confidence, Survey Director Richard Curtin observed, "The most important aspect of improved prospects for the economy was that consumers anticipated slight job gains. Consumers were no more positive about the current state of the economy, but they were less likely to expect the economy to worsen in the year ahead." Curtin noted, "Confidence in economic policies remained near record lows in November. In each of the past four months, the majority of consumers unfavorably rated the economic policies of the Obama administration. Moreover, the majority of consumers voiced less confidence in the Federal Reserve." On spending plans for vehicles, Curtin reported, "Vehicle buying plans improved in November among households with incomes over \$75,000, and buying attitudes toward household durables improved among lower income households. The greater availability of price discounts was the defining reason in both cases". In November, consumers in three of the four regions reported an increase in confidence. Midwestern consumers reported the largest increase in confidence at 6.3 index-points, followed by Northeastern consumers with an increase in confidence of 5.9 index-points. The gap across regions decreased from last month to 5.5 index-points, with Northeastern consumers on top and Western consumers on the bottom.

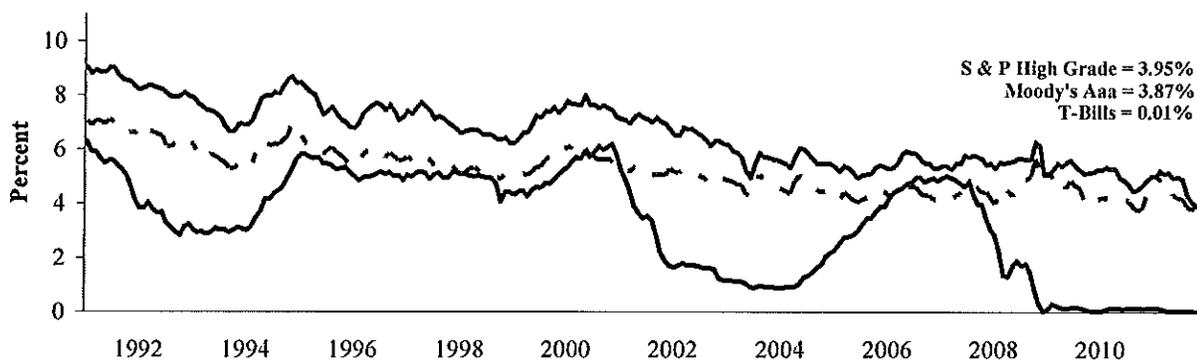
The preliminary estimate of real *Gross Domestic Product* for the third quarter of 2011 is \$13,337.8 billion (chained 2005 dollars), an increase of 2.0 percent at an annual rate. In the second quarter of 2011, real gross domestic product increased 1.3 percent. The increase in third quarter real GDP was mainly due to personal consumption expenditures, nonresidential fixed investment, exports, and federal government spending. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.3 percent in the third quarter, compared to a 0.7 percent increase in the second quarter. Real residential fixed investment increased 1.6 percent in the third quarter compared to an increase of 4.2 percent in the second quarter. Real nonresidential fixed investment increased 14.8 percent in the third quarter with an increase in equipment and software of 15.6 percent. Real federal government expenditures increased 1.9 percent in the third quarter, the same as in the second quarter. Real state and local government spending decreased 1.4 percent in the third quarter, compared to a decrease of 2.8 percent in the second quarter. Exports of goods and services increased 4.3 percent in the third quarter, compared to a 3.6 percent increase in the second quarter. Imports increased 0.5 percent in the third quarter compared to an increase of 1.4 percent in

the second quarter. Private inventory investment decreased \$8.5 billion in the third quarter, following a \$39.1 billion increase in the second quarter. Real final sales increased 3.6 percent in the third quarter compared to an increase of 1.6 percent in the second quarter. On the inflation front, the **implicit price deflator** increased 2.5 percent in the third quarter compared to a 2.6 percent increase observed in the second quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), remained unchanged in November, up from the 0.1 percent decrease in October. Energy decreased 1.6 percent in November, up from a 2.0 percent decrease in October, while the all-items less food and energy component increased 0.2 percent in November. For the six months since May, the all-items index increased 1.7 percent.

Compared to November 2010, the all-items index increased 3.4 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 4.4 percent; medical care, 3.4 percent; apparel, 4.8 percent; education and communication, 1.4 percent; other goods and services, 1.9 percent; housing, 1.9 percent; transportation, 8.0 percent, with gasoline prices up 19.7 percent; and recreation, 0.3 percent.

Selected Key Interest Rates



Source: Economic Indicators

Short-term interest rates decreased 0.01 percentage point in November as the 3-month Treasury bill (T-bill) rate was 0.01 percent. Compared to one year ago, the T-bill rate was down 0.12 percentage point. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.11 percentage point to an interest yield of 3.87 percent in November. Compared to one year ago, the Aaa bond yield was down 1.00 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.01 percentage point from the October level to 3.95 percent in November, but was down 0.35 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 December 13th 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 and 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 "will continue to assess the economic outlook in light of incoming information and is prepared to employ its tools to promote a stronger economic recovery in a context of price stability."

In November, the **U. S. unemployment rate** decreased 0.4 percentage point from a month ago to 8.6 percent and was 1.2 percentage points lower than a year ago. Civilian employment totaled 140.6

million persons in November, up 0.3 million from October. The number unemployed was 13.3 million nationwide.

Unemployment Rates 2007 - 2011

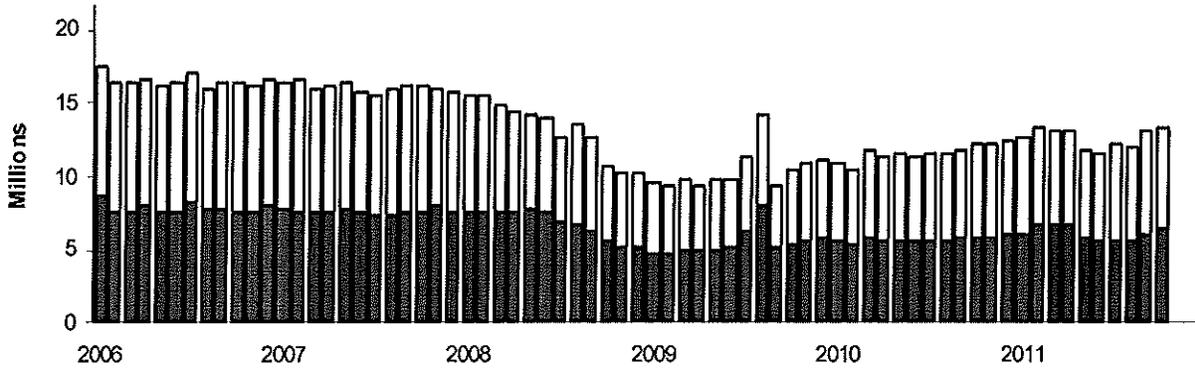


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In November, the *Michigan jobless rate* decreased 0.8 percentage point from 10.6 percent in October to 9.8 percent. The November unemployment rate is 1.6 percentage points below the year ago level. In November, the labor force decreased by 19,000 to 4,657,000, while the number of people employed increased by 21,000 to 4,201,000. In November, there were 496,000 unemployed people. Monthly unemployment rates fluctuate in part 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 2.9 percent in November compared to October, selling at a 13.6 million unit seasonally adjusted annual rate. Domestic car sales increased 2.4 percent while domestic light truck sales increased 2.5 percent. Import car sales increased 7.1 percent while import light truck sales decreased 0.7 percent. Compared to last year, light vehicle sales increased 11.1 percent. Domestic car sales were up 16.0 percent while domestic light truck sales increased 12.4 percent. Import car sales were up 4.6 percent while import truck sales decreased 1.4 percent from last year. As a result, the domestic share increased 1.4 percentage points from a year ago. For fiscal year 2012 year-to-date, domestic light vehicles recorded a 77.7 percent share of a 13.4 million-unit market.

Michigan motor vehicle production decreased to 169,503 units in November from 185,564 units last month. From a year ago, motor vehicle production increased 39 percent in Michigan and rose 21 percent nationally. In November, Michigan's car production was 67,160 units while the state's truck production was 102,343 units. Compared with a year ago, car production increased 80 percent in Michigan and rose 30 percent nationwide. The state's truck production increased 21 percent while national truck production increased 16 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)**

	<u>Fiscal Year 2009-10 Actual</u>	<u>Fiscal Year 2010-11 Estimate</u>	<u>Fiscal Year 2011-12 Estimate</u>
Applicable Calendar Year Personal Income	\$349,612	\$342,302	\$351,830
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$33,178.2</u>	<u>\$32,484.5</u>	<u>\$33,388.7</u>
Revenue Limit	\$33,178.2	\$32,484.5	\$33,388.7
State Revenue Subject to Limit	<u>\$25,572.6</u>	<u>\$25,581.2</u>	<u>\$26,218.9</u>
Amount Under (Over) Limit	\$7,605.6	\$6,903.3	\$7,169.8

Sources:

Personal Income Estimate

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).

The FY 2011-12 calculation uses the May 16, 2011 Consensus Revenue Agreement.

Revenue Subject to the Limit

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.

The FY 2011-12 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