



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

February 27, 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 January 31, 2012. 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
 January 31, 2012
 (\$ in millions)

	FISCAL 2012
Beginning Balance, October 1, 2011	<i>see one-time revenue</i>
Current Year GF/GP Revenues, January 2012 Consensus Estimate	\$ 9,030.5
Revenue Adjustments:	
Local Government Program Payments	\$ (330.0)
Use Tax on Medicaid managed care (PA 141 of 2011)	\$ 201.1
Other Revenue Adjustments	\$ 8.5
Subtotal Additional Revenue Adjustments	\$ (120.4)
Total FY Resources Available For Expenditure GF/GP	8,910.1
Expenditures, Current Law:	
FY 2012 Enacted with Vetoes	\$ 8,401.0
Total Expenditures Projected	\$ 8,401.0
Current Year Revenues minus Ongoing Costs	\$ 509.1
Beginning Balance (One-Time Revenue)	\$ 566.6
One-Time Spending Items - PA 62 and PA 63 of 2011	\$ 509.9
Proposed Supplemental Appropriations - Request 2012-8 (February 9, 2012)	\$ 23.9
One-Time Revenue minus One-Time Spending	\$ 32.8
Projected Ending Balance, September 30, 2012	\$ 541.9

¹ This report reflects the unassigned general fund balance for the fiscal year ending September 30, 2011, based upon the unaudited financial statement issued on January 27, 2012. 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.

SCHOOL AID FUND
Fiscal Year 2012
Projected Revenues and Expenditures
January 31, 2012
(\$ in millions)

	FISCAL 2012
Beginning Balance , October 1, 2011	see one-time revenue
Current Year School Aid Fund Revenues, January 2012 Consensus Estimate	\$ 10,763.6
Revenue Adjustments:	
General Fund	\$ 118.6
Federal Revenue	\$ 1,658.0
Subtotal Additional Revenue Adjustments	\$ 1,776.7
Total FY Resources Available for Expenditure School Aid Fund	\$ 12,540.3
School Aid Ongoing Costs	
PA 62 of 2011	\$ 12,198.9
PA 29 of 2012	\$ 68.4
School Aid Ongoing Costs	\$ 12,267.3
Community Colleges Ongoing Costs	
PA 62 of 2011	\$ 195.9
Universities Ongoing Costs	
PA 62 of 2011	\$ 200.0
Total School Aid Fund Ongoing Costs Projected	\$ 12,663.2
Current Year Revenues minus Ongoing Costs	\$ (122.9)
Beginning Balance (One-Time Revenue)	\$ 724.7
One-Time Spending Items	
PA 62 of 2011	\$ 460.2
PA 29 of 2012	\$ 16.5
Total School Aid Fund Spending - One-Time	\$ 476.7
One-Time Revenue minus One-Time Spending	\$ 248.0
Projected Ending Balance, September 30, 2012	\$ 125.1

¹ This report reflects the unassigned general fund balance for the fiscal year ending September 30, 2011, based upon the unaudited financial statement issued on January 27, 2012. 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**

January 31, 2012

(\$ IN MILLIONS)

FISCAL YEAR 2011

FISCAL YEAR 2012

Exp & Enc January 2011	Exp & Enc Yr-to-date FY 2011	Fiscal Year End SEP 30, 2011	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc January 2012	Exp & Enc Yr-to-date FY 2012
5.0	19.1	60.2	Agriculture and Rural Development	69.9	11.2	5.3	16.1
6.3	18.6	62.9	Attorney General	73.6	3.7	5.1	18.5
19.4	97.2	235.3	Capital Outlay**	279.1	4.0	19.6	97.7
1.1	3.4	11.5	Civil Rights	13.7	2.5	1.0	3.3
161.9	675.3	1,865.2	Colleges & Universities	1,250.2	1.9	104.4	461.8
1,072.2	4,482.6	14,302.1	Community Health	14,154.6	653.4	1,127.6	4,488.8
171.7	606.9	1,934.9	Corrections	1,915.2	19.0	155.9	610.1
6.2	22.8	105.2	Education	117.3	9.0	7.1	20.7
13.5	40.0	160.5	Environmental Quality	385.0	41.6	20.3	45.2
0.6	1.6	4.5	Executive Office	4.4	0.2	0.6	2.0
448.6	1,910.0	6,200.1	Human Services	6,793.4	0.0	450.2	1,869.5
31.9	57.2	231.2	Judiciary	257.0	0.1	20.3	52.3
1.4	4.8	16.7	Legislative Auditor General	15.6	0.4	1.4	4.9
10.5	37.5	96.4	Legislature	100.3	0.5	7.7	31.4
92.1	261.3	802.0	Licensing and Regulatory Affairs	568.2	107.6	56.5	122.6
9.7	45.2	120.9	Military Affairs	129.2	12.2	10.8	36.6
4.9	14.6	58.4	Natural Resources	93.3	14.6	17.3	26.4
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.0	54.6	172.3	State	210.9	9.7	13.4	44.6
37.3	122.8	474.7	State Police	523.6	16.8	34.6	111.1
20.1	78.8	305.2	Technology, Management & Budget***	522.9	15.9	38.4	141.5
0.0	0.0	0.0	Transportation	0.0	0.5	0.0	0.0
23.7	543.5	3,069.0	Treasury	1,476.8	100.1	29.7	574.8
5.4	20.9	32.1	Michigan Strategic Fund	59.0	86.7	5.8	15.4
\$2,157.5	\$9,118.7	\$30,321.3		\$29,013.3	\$1,111.5	\$2,132.7	\$8,795.0

*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
January, 2012
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,144.0	24.0	15,168.0
Total state spending from state resources	27,212.5	129.1	27,341.6
Percentage of state spending from state resources paid to local units	55.65%		55.48%
Required payments to local units (48.97%)	13,326.0		13,389.2
Surplus/(deficit)	\$1,818.0		\$1,778.8

STATE OF MICHIGAN
 YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
 COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 OCTOBER 1, 2011 THROUGH JANUARY 31, 2012
 (in thousands)

REVENUES

Miscellaneous	\$ <u>11</u>
Total Revenues	<u>11</u>

EXPENDITURES

Current:	
General government	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>11</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	85,267
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>85,267</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 85,278 ¹</u>

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 JANUARY 31, 2012
(in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>17,043</u>
Total Revenues		<u>17,043</u>

EXPENDITURES

Current:		
General government		-
Conservation, environment, recreation, and agriculture		399
Capital outlay		<u>13,480</u>
Total Expenditures		<u>13,879</u>
Excess of Revenues over (under) Expenditures		<u>3,164</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><u>3,177</u></u> ¹

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

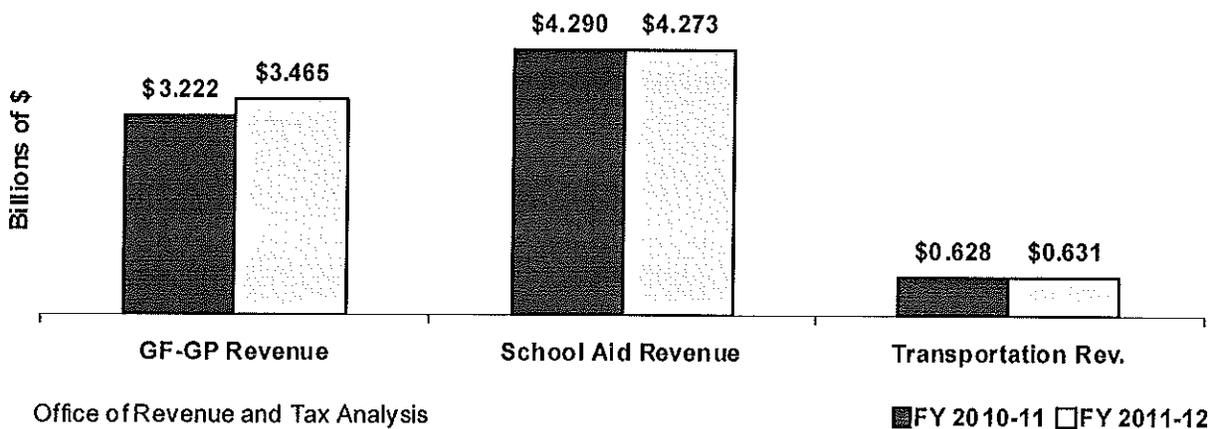
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for January 2012, representing some December 2011 and some January 2012 economic activity in Michigan.

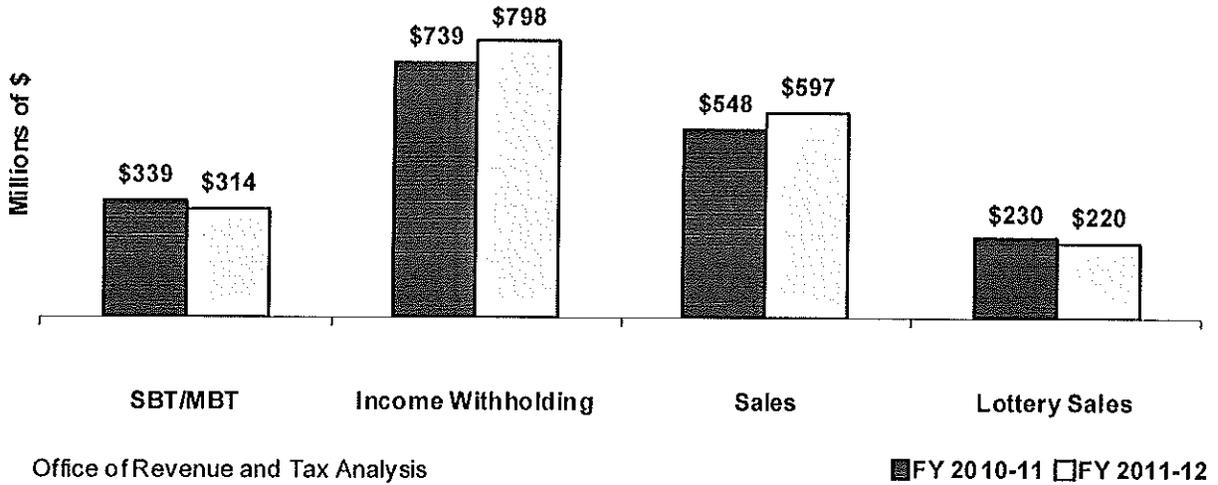
Total General Fund - General Purpose cash collections were \$21.8 million (2.0 percent) higher in January 2012 than in January 2011. The January 2012 School Aid Fund cash collections were \$81.8 million (9.6 percent) higher than in January 2011. January 2012 transportation collections were \$7.3 million (4.2 percent) lower than in January 2011 (see revenue table). January is the fourth 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 \$243.0 million (7.5 percent) from a year ago. School Aid Fund cash collections are down \$17.4 million (0.4 percent) and transportation collections are up \$2.7 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 January 13, 2012. The revenue estimate for net General Fund - General Purpose revenue for FY 2011-12 is \$9,030.5 million and the net School Aid revenue forecast is \$10,763.7 million. The Transportation Funds revenue forecast is \$2,105.9 million. The next regularly scheduled revenue conference will be held in May 2012.

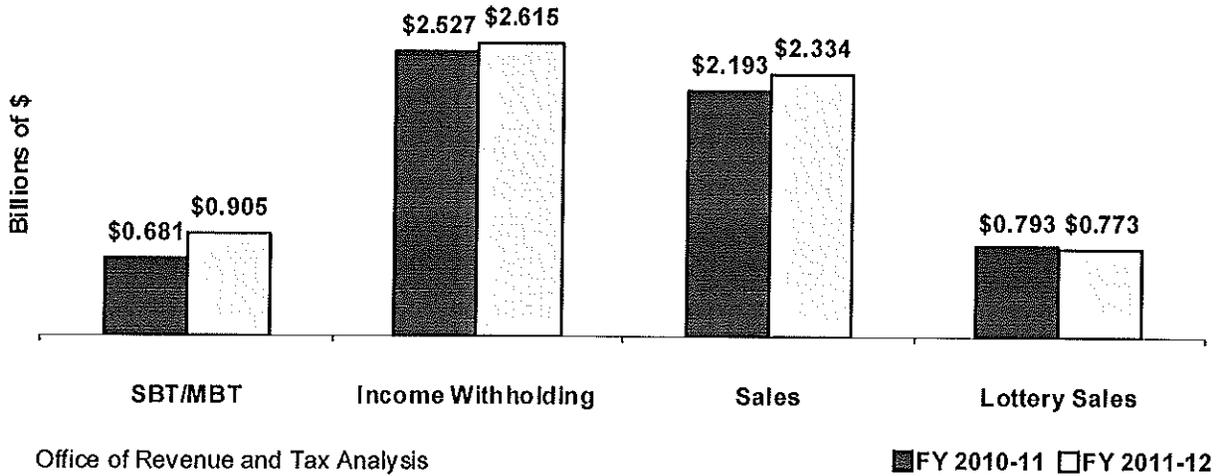
**October through January Collections
FY 2010-11 and FY 2011-12**



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



October through January 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: January 31, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2010-11	FY 2011-12	FY 2011-12
2011	2012	Amount	Percent		FY 2010-11	FY 2011-12	Amount	Percent	Preliminary Totals (h)	Statutory Estimate (i)	January 2012 Consensus
Income Taxes											
\$738,942	\$797,665	\$58,723	7.9%	Withholding	\$2,526,661	\$2,614,878	\$88,217	3.5%	\$7,192,100	\$7,664,100	\$7,659,300
145,156	161,866	16,710	11.5%	Quarterlies	217,211	231,555	14,343	6.6%	633,600	665,900	680,300
9,161	12,010	2,848	31.1%	Annuals	58,488	64,588	6,100	10.4%	719,700	693,300	733,400
893,259	971,541	78,282	8.8%	Gross Collections	2,802,360	2,911,021	108,661	3.9%	\$8,545,400	\$9,023,300	\$9,073,000
79,090	95,764	16,674	21.1%	Less: Refunds	161,551	174,755	13,204	8.2%	2,127,100	2,225,700	2,041,100
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,000	1,000
814,169	875,776	61,608	7.6%	Net Personal Income	2,640,809	2,736,266	95,457	3.6%	\$6,417,300	\$6,796,600	\$7,030,900
207,951	225,175	18,224	8.8%	Less: Disbursements to SAF	652,389	677,686	25,296	3.9%	\$1,972,500	\$2,098,600	\$2,104,400
\$606,218	\$649,602	\$43,384	7.2%	NET PERSONAL INCOME TO GF-GP	\$1,988,420	\$2,058,580	\$70,160	3.5%	\$4,444,800	\$4,698,000	\$4,926,500
Consumption Taxes											
\$6,580	\$7,227	\$547	9.8%	Sales (a)	\$26,346	\$27,573	\$1,227	4.7%	\$1,066,700	\$97,000	\$1,084,700
68,497	70,353	1,856	2.7%	Use (f) (g)	258,586	214,692	(43,894)	-17.0%	734,000	846,600	799,400
15,661	14,912	(749)	-4.8%	Tobacco	64,111	63,224	(886)	-1.4%	195,700	189,200	189,400
3,405	3,541	136	4.0%	Beer, Wine & Mixed Spirits	15,071	15,709	638	4.2%	47,100	53,000	49,000
4,470	4,733	263	5.9%	Liquor Specific	10,875	11,478	603	5.5%	39,500	39,800	40,300
\$98,613	\$100,766	\$2,153	2.2%	TOTAL CONSUMPTION TAXES	\$374,988	\$332,676	(\$42,313)	-11.3%	\$2,083,000	\$1,225,600	\$2,162,800
Other Taxes											
\$18,805	\$9,673	(\$9,132)	48.6%	Single Business	\$13,983	\$24,176	\$10,192	72.9%	\$2,600	\$0	(\$2,300)
59,093	64,994	5,902	10.0%	Insurance Premiums Taxes	123,609	135,235	11,627	9.4%	271,200	277,500	282,000
77,898	74,667	(3,231)	-4.1%	Sub-total SBT & Insurance	137,592	159,411	21,819	15.9%	273,800	277,500	279,700
290,921	271,773	(19,148)	-6.6%	Michigan Business Tax/CIT (f)	545,893	748,848	202,955	37.2%	1,344,000	1,064,700	1,122,900
8	10	2	32.6%	Inheritance / Estate	17	30	13	73.9%	100	0	0
(135)	0	135	-100.0%	Telephone & Telegraph	25,208	25,970	763	3.0%	56,100	61,000	57,000
5,409	5,332	(77)	-1.4%	Oil & Gas Severance	18,143	18,796	653	3.6%	59,800	71,600	62,200
7,966	8,331	364	4.6%	Penalties & Interest	29,755	28,497	(1,258)	-4.2%	136,100	145,000	123,700
3	0	(3)	-99.4%	Miscellaneous Other/Railroad	248	218	(30)	-12.2%	1,500	1,000	1,000
(9,583)	(10,583)	(1,000)	-10.4%	Treasury Enforcement Programs (e)	(38,333)	(42,333)	(4,000)	-10.4%	(124,900)	(127,000)	(127,000)
\$372,486	\$349,529	(\$22,957)	-6.2%	TOTAL OTHER TAXES	\$718,523	\$939,437	\$220,914	30.7%	\$1,746,500	\$1,493,800	\$1,519,500
\$1,077,317	\$1,099,897	\$22,579	2.1%	SUBTOTAL GF-GP TAXES	\$3,081,931	\$3,330,693	\$248,762	8.1%	\$8,274,400	\$7,417,400	\$8,608,800

continued

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

For The Month Ended: January 31, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2010-11	FY 2011-12	FY 2011-12
2011	2012	Amount	Percent		FY 2010-11	FY 2011-12	Amount	Percent	Preliminary Totals (h)	Statutory Estimate (i)	January 2012 Consensus
Non-Tax Revenue (e)											
\$2,417	\$1,917	(\$500)	-20.7%	Federal Aid	\$9,667	\$7,667	(\$2,000)	-20.7%	\$17,300	\$23,000	\$20,000
42	33	(8)	-20.0%	Local Agencies	167	133	(33)	-20.0%	2,400	400	1,000
833	792	(42)	-5.0%	Services	3,333	3,167	(167)	-5.0%	11,900	9,500	11,000
2,417	1,833	(583)	-24.1%	Licenses & Permits	9,667	7,333	(2,333)	-24.1%	15,400	22,000	20,000
(1,151)	(302)	849	73.8%	Investments/Interest Costs	(1,151)	(302)	849	-73.8%	(6,500)	(15,000)	(8,500)
11,833	11,500	(333)	-2.8%	Misc. Non-tax Revenue	47,333	46,000	(1,333)	-2.8%	109,200	138,000	128,000
13,583	13,583	0	0.0%	Liquor Purchase Revolving Fund	54,333	54,333	0	0.0%	164,300	163,000	167,200
4,150	3,958	(192)	-4.6%	From Other Funds-Lottery & Escheats	16,600	15,833	(767)	-4.6%	224,700	47,500	83,000
\$34,125	\$33,315	(\$810)	-2.4%	TOTAL NON-TAX REVENUE	\$139,950	\$134,165	(\$5,785)	-4.1%	\$538,700	\$388,400	\$421,700
\$1,111,442	\$1,133,211	\$21,769	2.0%	TOTAL GF-GP REVENUE	\$3,221,880	\$3,464,858	\$242,977	7.5%	\$8,813,000	\$7,805,800	\$9,030,500
School Aid Fund											
\$224,268	\$244,217	\$19,949	8.9%	Sales Tax 4%	\$897,495	\$955,233	\$57,737	6.4%	2,745,500	2,721,400	2,818,700
174,065	190,047	15,982	9.2%	Sales Tax 2%	696,756	742,106	45,350	6.5%	2,133,000	2,110,400	2,186,000
66,806	66,331	(476)	-0.7%	Use Tax 2% (f) (g)	255,010	228,104	(26,907)	-10.6%	367,000	423,300	399,700
29,040	32,106	3,067	10.6%	Michigan Business Tax (f)	120,672	132,284	11,612	9.6%	739,200	0	0
16,055	13,964	(2,091)	-13.0%	State Education Property Tax	1,243,475	1,135,739	(107,736)	-8.7%	1,845,100	1,829,000	1,820,000
9,606	9,367	(239)	-2.5%	Real Estate Transfer Tax	39,641	42,722	3,081	7.8%	123,200	138,000	132,900
80,000	110,000	30,000	37.5%	Lottery Transfer (b)	185,000	165,000	(20,000)	-10.8%	727,200	739,400	720,000
9,320	9,249	(71)	-0.8%	Casino Wagering Tax	37,126	38,663	1,537	4.1%	114,000	119,500	113,700
4,448	4,713	265	6.0%	Liquor Excise Tax	10,797	11,377	580	5.4%	39,100	39,800	40,300
31,794	30,274	(1,520)	-4.8%	Cigarette/Tobacco Tax	130,154	128,355	(1,799)	-1.4%	376,200	365,100	366,100
1,536	637	(899)	-58.5%	Indus. & Comm. Facilities Taxes	15,935	13,150	(2,785)	-17.5%	43,600	43,900	44,900
840	419	(421)	-50.1%	Specific Other	5,882	2,533	(3,350)	-56.9%	22,500	17,100	17,100
207,951	226,175	18,224	8.8%	Income Tax Earmarking	652,389	677,686	25,296	3.9%	\$1,972,500	\$2,098,600	\$2,104,400
\$855,729	\$937,498	\$81,769	9.6%	TOTAL SCHOOL AID FUND	\$4,290,333	\$4,272,950	(\$17,383)	-0.4%	\$11,248,100	\$10,645,400	\$10,763,700
\$547,845	\$597,075	\$49,230	9.0%	SALES TAX 6%	\$2,192,581	\$2,334,160	\$141,579	6.5%	\$6,709,000	\$6,646,100	\$6,883,900
373,780	407,028	33,249	8.9%	SALES TAX 4%(d)	1,495,826	1,592,054	96,229	6.4%	4,576,000	4,535,700	4,697,900
174,065	190,047	15,982	9.2%	SALES TAX 2%	696,756	742,106	45,350	6.5%	2,133,000	2,110,400	2,186,000
135,303	136,684	1,381	1.0%	USE TAX 6% (g)	513,596	442,795	(70,801)	-13.8%	1,101,100	1,269,900	1,199,100
319,961	303,879	(16,081)	-5.0%	MICHIGAN BUSINESS TAX/CIT	666,566	881,133	214,567	32.2%	2,083,200	1,064,700	1,122,900
78,697	74,935	(3,762)	-4.8%	TOBACCO TAXES	322,163	317,710	(4,453)	-1.4%	968,200	940,800	941,700
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: January 31, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2010-11	FY 2011-12	FY 2011-12
2011	2012	Amount	Percent		FY 2010-11	FY 2011-12	Amount	Percent	Preliminary Totals (h)	Statutory Estimate (i)	January 2012 Consensus
Major Transportation Revenues											
\$10,274	\$10,950	\$676	6.6%	Diesel Fuel / Motor Carrier Fuel Tax	\$41,617	\$44,906	\$3,289	7.9%	\$125,598	\$124,000	\$127,000
76,153	62,114	(14,039)	-18.4%	Gasoline	285,898	271,897	(14,001)	-4.9%	831,718	841,000	828,500
76,085	81,477	5,392	7.1%	Motor Vehicle Registration	259,387	268,441	9,054	3.5%	859,675	844,000	868,000
2,824	2,832	8	0.3%	Other Taxes, Fees & Misc.	11,503	13,230	1,726	15.0%	120,853	229,122	183,076
7,373	8,024	651	8.8%	Comprehensive Transportation (c)	29,492	32,097	2,605	8.8%	91,065	96,291	99,320
<u>\$172,710</u>	<u>\$165,397</u>	<u>(\$7,312)</u>	<u>-4.2%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$627,898</u>	<u>\$630,571</u>	<u>\$2,673</u>	<u>0.4%</u>	<u>\$2,028,909</u>	<u>\$2,134,413</u>	<u>\$2,105,896</u>
Lottery Sales By Games											
67,895	66,844	(1,051)	-1.5%	Instant Games	254,591	243,433	(11,158)	-4.4%	na	na	na
61,278	65,439	4,161	6.8%	Daily Games	225,290	225,264	(26)	0.0%	na	na	na
44,755	33,040	(11,715)	-26.2%	Lotto and Big Game	120,679	113,120	(7,559)	-6.3%	na	na	na
1,179	1,189	11	0.9%	Keno Game	4,106	4,152	46	1.1%	na	na	na
549	284	(364)	-56.2%	Lucky Lines Game	2,913	1,625	(1,288)	-44.2%	na	na	na
3,580	987	(2,593)	-72.4%	Millionaires Raffle	10,181	6,308	(3,873)	-38.0%	na	na	na
50,899	52,085	1,187	2.3%	Club Games	175,208	179,368	4,159	2.4%	na	na	na
<u>\$230,234</u>	<u>\$219,869</u>	<u>(\$10,364)</u>	<u>-4.5%</u>	TOTAL LOTTERY SALES	<u>\$792,968</u>	<u>\$773,270</u>	<u>(\$19,699)</u>	<u>-2.5%</u>	<u>na</u>	<u>na</u>	<u>na</u>

-11-

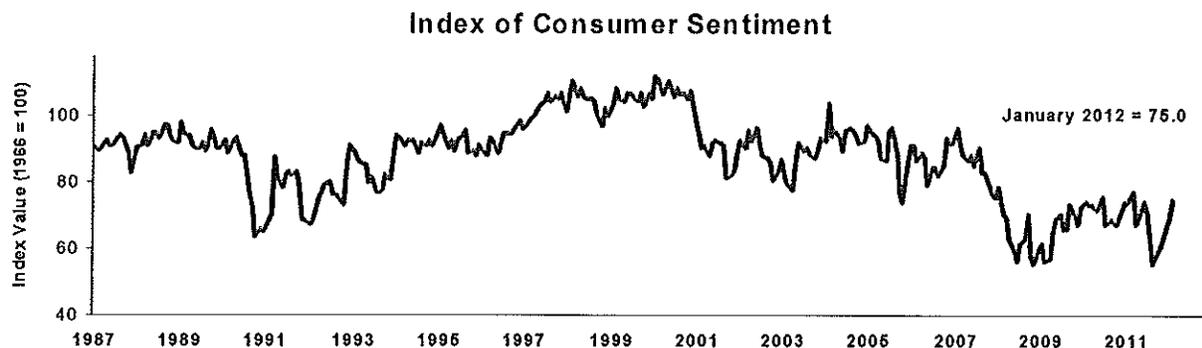
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (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 Preliminary CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.
- i 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 January to 75.0 index-points, 5.1 index-points above the December value and 0.8 index-points above January 2011. On the increase in confidence, Survey Director Richard Curtin observed, "Consumer confidence continued to inch higher in late January due to positive news about potential employment gains. The improvement in confidence over the past five months has been substantial, with the Sentiment Index rising by one-third over the depressed low caused by the Congressional debt debate debacle. Despite this nascent trend toward optimism, the majority of consumers remain deeply skeptical about the prospective strength of the economy." Curtin noted, "Confidence in government economic policies remains near an all-time low; in contrast, every sustained recovery over the past half century has been foreshadowed by rising confidence in economic policies. A tight presidential race will limit gains in confidence due to uncertainty about whose policies will be enacted." On home buying conditions, Curtin reported, "Three-quarters of all consumers rated current home buying conditions favorably mainly due to the availability of good buys and low interest rates. Two factors have neutralized these positive views. First, future declines in home prices make even first time buyers more cautious. Second, since most home buyers are home sellers, virtually all owners view selling conditions negatively, as two-thirds cited resistance to lower prices and one-in-five specifically cited losses if they sold their home." In January, consumers in all four regions reported an increase in confidence. Northeastern consumers reported the largest increase in confidence at 8.9 index-points, followed by Southern consumers with an increase in confidence of 5.4 index-points. The gap across regions decreased from last month to 3.9 index-points, with Western consumers on top and Southern consumers on the bottom.

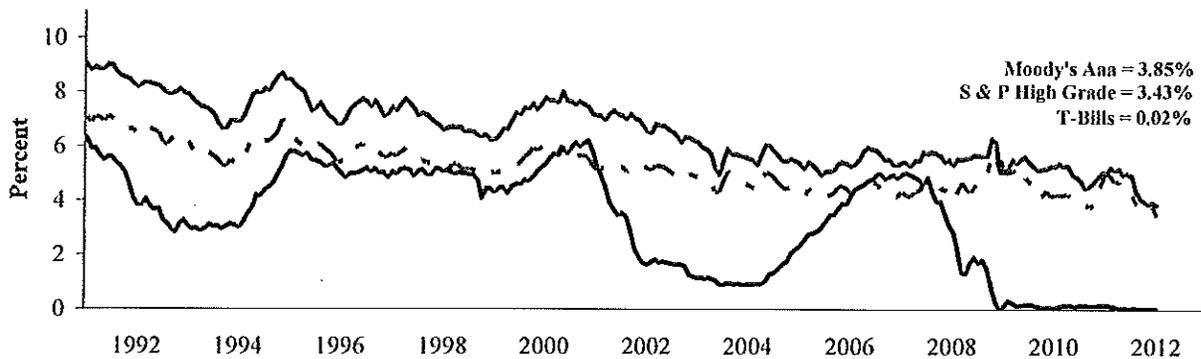
The advance estimate of real *Gross Domestic Product* for the fourth quarter of 2011 is \$13,422.4 billion (chained 2005 dollars), an increase of 2.8 percent at an annual rate. In the third quarter of 2011, real gross domestic product increased 1.8 percent. The increase in fourth quarter real GDP was mainly due to private inventory investment, personal consumption expenditures, residential fixed investment, exports, and nonresidential fixed investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.0 percent in the fourth quarter, compared to a 1.7 percent increase in the third quarter. Real residential fixed investment increased 10.9 percent in the fourth quarter compared to an increase of 1.3 percent in the third quarter. Real nonresidential fixed investment increased 1.7 percent in the fourth quarter with an increase in equipment and software of 5.2 percent. Real federal government expenditures decreased 7.3 percent

in the fourth quarter, compared to a 2.1 percent increase in the third quarter. Real state and local government spending decreased 2.6 percent in the fourth quarter, compared to a decrease of 1.6 percent in the third quarter. Exports of goods and services increased 4.7 percent in the fourth quarter, the same increase as in the third quarter. Imports increased 4.4 percent in the fourth quarter compared to an increase of 1.2 percent in the third quarter. Private inventory investment increased \$56.0 billion in the fourth quarter, following a \$2.0 billion decrease in the third quarter. Real final sales increased 0.8 percent in the fourth quarter compared to an increase of 3.2 percent in the third quarter. On the inflation front, the **implicit price deflator** increased 0.4 percent in the fourth quarter compared to a 2.6 percent increase observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.2 percent in January from December. Energy increased 0.2 percent in January, up from a 1.3 percent decrease in December, while the all-items less food and energy component increased 0.2 percent in January. For the six months since July, the all-items index increased 1.8 percent.

Compared to January 2011, the all-items index increased 2.9 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 4.2 percent; medical care, 3.6 percent; apparel, 4.7 percent; education and communication, 1.8 percent; other goods and services, 1.7 percent; housing, 1.9 percent; transportation, 5.0 percent, with gasoline prices up 9.7 percent; and recreation, 1.4 percent.

Selected Key Interest Rates

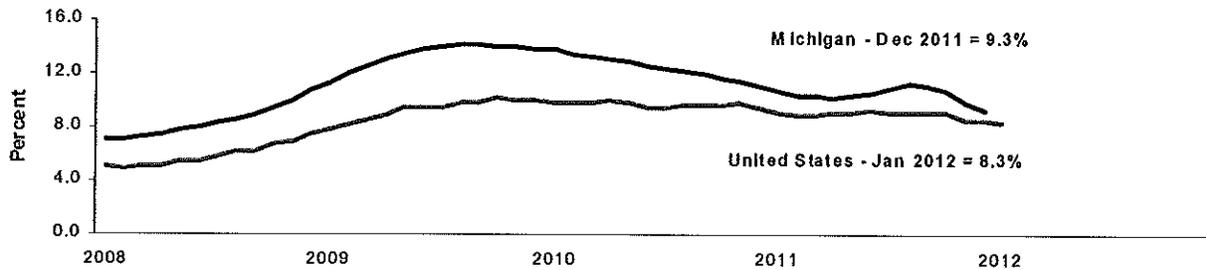


Source: Economic Indicators

Short-term interest rates remained unchanged in January 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 0.08 percentage point to an interest yield of 3.85 percent in January. Compared to one year ago, the Aaa bond yield was down 1.19 percentage points from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.33 percentage point from the December level to 3.76 percent in January, and was down 1.59 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 January 25th meeting. The FOMC stated that, "the Committee 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 late 2014." The Committee "will regularly review the size and composition of its securities holdings as appropriate to promote a stronger economic recovery in a context of price stability."

In January, the U. S. unemployment rate decreased 0.2 percentage point from a month ago to 8.3 percent and was 0.8 percentage point lower than a year ago. Civilian employment totaled 141.6 million persons in January. The number unemployed was 12.8 million nationwide.

Unemployment Rates 2008 - 2012

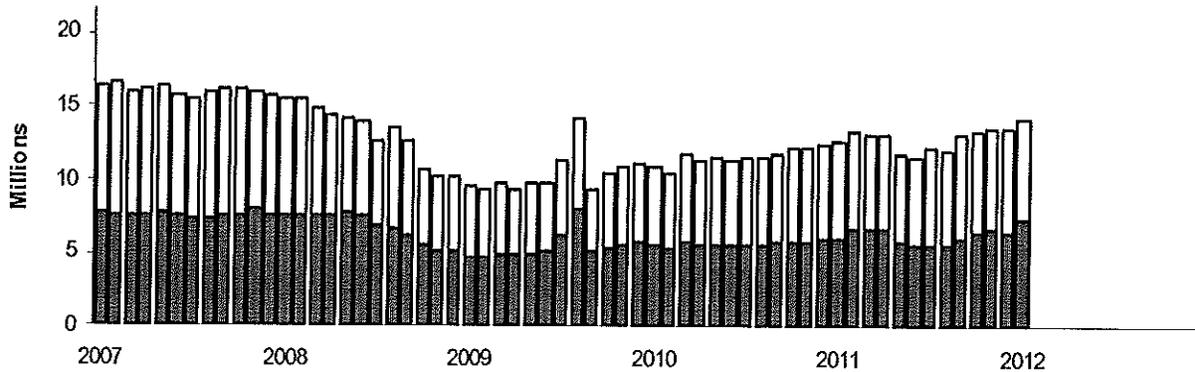


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In December, the **Michigan jobless rate** decreased 0.5 percentage point from 9.8 percent in November to 9.3 percent. The December unemployment rate is 1.8 percentage points below the year ago level. In December, the labor force decreased by 12,000 to 4,646,000, while the number of people employed increased by 13,000 to 4,214,000. In December, there were 431,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

U. S. Light Vehicle Sales



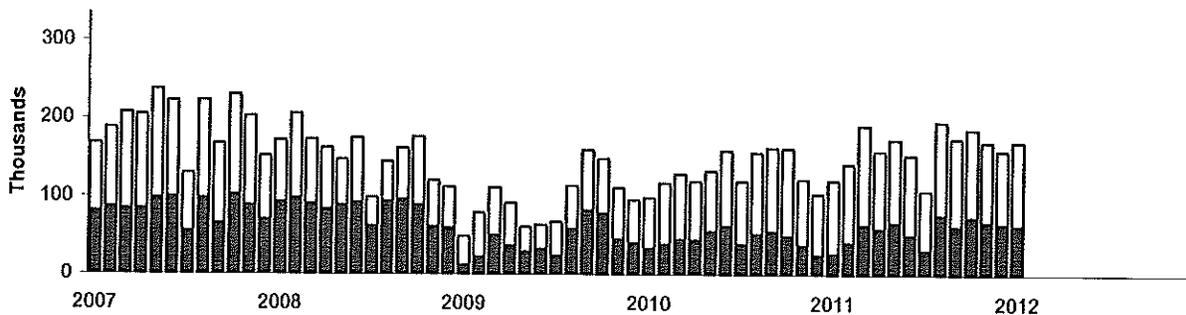
Source: Bureau of Economic Analysis

■ Cars □ Lt Trucks

U.S. light vehicle sales (cars + light trucks) increased 4.7 percent in January compared to December, selling at a 14.1 million unit seasonally adjusted annual rate. Domestic car sales increased 18.9 percent while domestic light truck sales decreased 4.9 percent. Import car sales increased 3.5 percent while import light truck sales decreased 4.0 percent. Compared to last year, light vehicle sales increased 11.8 percent. Domestic car sales were up 28.6 percent while domestic light truck sales increased 3.6 percent. Import car sales were up 3.1 percent while import truck sales increased 4.0 percent from last year. As a result, the domestic share of U.S. light vehicle sales increased 1.7 percentage points from a year ago. For fiscal year 2012 year-to-date, domestic light vehicles recorded a 78.2 percent share of a 13.6 million-unit market.

Michigan motor vehicle production increased to 169,693 units in January from 158,253 units last month. From a year ago, motor vehicle production increased 41 percent in Michigan and rose 33 percent nationally. In January, Michigan's car production was 62,825 units while the state's truck production was 106,868 units. Compared with a year ago, car production increased 133 percent in Michigan and rose 62 percent nationwide. The state's truck production increased 14 percent while national truck production increased 18 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 13, 2012 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	\$342,663
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$33,178.2</u>	<u>\$32,484.5</u>	<u>\$32,518.7</u>
Revenue Limit	\$33,178.2	\$32,484.5	\$32,518.7
State Revenue Subject to Limit	<u>\$25,572.6</u>	<u>\$26,333.5</u>	<u>\$26,354.8</u>
Amount Under (Over) Limit	\$7,605.6	\$6,151.0	\$6,164.0

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 January 13, 2012 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 January 13, 2012 Consensus Revenue Agreement.

The FY 2011-12 calculation uses the January 13, 2012 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