



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

March 21, 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 January 31, 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 | Jeff Barnes, Deputy Chief of Staff |
| Richard Hammel, 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 2011
Projected Revenues and Expenditures
January 31, 2011
(\$ in millions)

		FISCAL 2011
Beginning Balance, October 1, 2010		\$ 205.2
Revenues, Current Law:		
Current Year GF/GP Revenues, January 2011 Consensus Estimate		\$ 7,227.8
Revenue Adjustments:		
Revenue Sharing Freeze (January 2011 Consensus)	\$	397.0
County Revenue Sharing payments	\$	101.5
Use Tax on Medicaid Managed Care Organizations (PA 106 of 2009)	\$	368.4
Other Revenue Adjustments	\$	30.4
Tax Amnesty (PA 198 of 2010)	\$	61.8
Unclaimed Property Reforms (PA 197 of 2010)	\$	166.0
Liquor Reforms (PA 175 of 2010)	\$	9.1
Convention Facilities Development Fund Transfer to GF (PA 207 of 2010)	\$	5.0
Department of State work project cancellation notice (12/22/10)	\$	6.0
Subtotal Additional Revenue Adjustments	\$	1,145.2
Total FY Resources Available For Expenditure GF/GP		8,578.2
Expenditures, Current Law:		
FY 2011 Enacted with Vetoes	\$	8,311.8
Employee Pension Reforms (PA 185 of 2010)	\$	(60.2)
Employee Health Contribution (PA 185 of 2010)		tdb
Total Expenditures Projected		\$ 8,251.6
Projected Ending Balance, September 30, 2011		\$ 326.6

¹ Subsequent to the date of this report, the fiscal year 2010 Comprehensive Annual Financial Report was issued on February 18, 2011, and indicated a final year-end balance for fiscal year 2010 of \$187.2 million, including \$5 million transferred from the Convention Facility Development Fund. At the time of this report, the projected general fund balance for the fiscal year ending September 30, 2011 is \$303.6 million.

² The employee health contribution is currently in escrow pending the outcome of litigation.

OFFICIAL BALANCE SHEET

**SCHOOL AID FUND
Fiscal Year 2011
Projected Revenues and Expenditures
January 31, 2011
(\$ in millions)**

	FISCAL 2011
Beginning Balance, October 1, 2010	\$ 255.9
Revenues, Current Law:	
Current Year School Aid Fund Revenues, January 2011 Consensus	\$ 10,979.1
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	\$ 13,461.3
Expenditures, Current Law:	
Public Act 205 of 2010	\$ 12,888.2
Public Act 217 of 2010 Revisions	\$ 246.0
Adjusted Appropriations	\$ 13,134.2
Projected School Aid Fund Ending Balance September 30, 2011	\$ 327.1

¹ Cost savings of \$180 million were identified in the Executive Recommendation released on February 17, 2011, which will increase the ending fund balance to \$507.1 million.

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

January 31, 2011

(\$ IN MILLIONS)

FISCAL YEAR 2009-10

FISCAL YEAR 2010-11

January 2010	Yr-to-date 2009-10	Fiscal Yr end SEP 30, 2010	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc January 2011	Exp & Enc Yr-to-date 2010-11
4.6	20.6	63.9	Agriculture	73.1	11.2	5.0	19.1
5.2	19.2	65.1	Attorney General	72.4	3.7	6.3	18.6
19.7	95.4	234.4	Capital Outlay**	273.7	0.0	19.4	97.2
1.0	3.4	12.2	Civil Rights	12.8	2.0	1.1	3.4
180.8	662.7	1,904.7	Colleges & Universities	1,841.4	0.0	161.9	675.3
1,037.3	4,212.5	13,441.6	Community Health	14,037.6	150.0	1,072.2	4,482.6
154.9	603.9	1,958.2	Corrections	1,986.6	19.0	171.7	606.9
5.1	25.3	81.3	Education	127.0	0.0	6.2	22.8
77.7	270.0	1,059.2	Energy, Labor & Economic Growth	1,042.5	84.7	92.1	261.3
0.4	1.5	4.7	Executive Office	4.6	0.0	0.6	1.6
455.6	1,771.0	6,003.7	Human Services	6,944.1	245.0	448.6	1,910.0
31.7	58.1	239.4	Judiciary	260.4	0.0	31.9	57.2
1.3	4.7	17.2	Legislative Auditor General	14.5	0.0	1.4	4.8
9.3	36.4	115.8	Legislature	102.1	0.0	10.5	37.5
14.5	58.6	148.5	Military Affairs	128.0	12.2	9.7	45.2
22.1	63.8	247.0	Natural Resources & Environment	458.4	45.6	18.4	54.6
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
16.9	65.6	224.5	State	212.6	9.7	14.0	54.6
39.0	122.5	510.2	State Police	528.6	22.6	37.3	122.8
11.4	69.2	273.6	Technology, Management & Budget***	251.2	16.0	20.1	78.8
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
46.7	528.0	4,103.3	Treasury	1,471.2	79.3	23.7	543.5
7.1	13.4	27.0	Michigan Strategic Fund	22.8	21.7	5.4	20.9
\$2,142.3	\$8,705.8	\$30,735.7		\$29,865.4	\$722.7	\$2,157.7	\$9,118.6

*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
January 2011
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,130.1	-7.1	15,123.0
Total state spending from state resources	26,104.4	-33.5	26,070.9
Percentage of state spending from state resources paid to local units	57.96%		58.01%
Required payments to local units (48.97%)	12,783.3		12,766.9
Surplus/(deficit)	\$2,346.8		\$2,356.1

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2010 THROUGH JANUARY 31, 2011

REVENUES

Taxes	\$	-
From federal agencies		-
Miscellaneous		1,286.98
		1,286.98
Total Revenues		1,286.98

EXPENDITURES

Current:		
General government		-
Education		-
Family Independence services		-
Public safety and corrections		-
		-
Total Expenditures		-
Excess of Revenues over (under)		
Expenditures		1,286.98

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	\$	1,286.98 ¹

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2010 THROUGH JANUARY 31, 2011

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Program fees	1,425,112.00
Other	-
Total miscellaneous	<u>1,425,112.00</u>
Total Operating Revenues	<u>1,425,112.00</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	1,077,925.28
Total other operating expenses	<u>1,077,925.28</u>
Total Operating Expenses	<u>1,077,925.28</u>
Operating Income (Loss)	<u>347,186.72</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>347,186.72</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	-
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	<u>\$ 347,186.72 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, 2010 THROUGH JANUARY 31, 2011

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>27,478,633.24</u>
Total Revenues	<u>27,478,633.24</u>

EXPENDITURES

Current:	
General government	-
Conservation, environment, recreation, and agriculture	920,377.34
Capital outlay	<u>8,241,712.38</u>
Total Expenditures	<u>9,162,089.72</u>
Excess of Revenues over (under) Expenditures	<u>18,316,543.52</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>(9,934,725.69)</u>
Total Other Financing Sources (Uses)	<u>(9,934,725.69)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ 8,381,817.83</u></u> ¹

REVENUE OVERVIEW

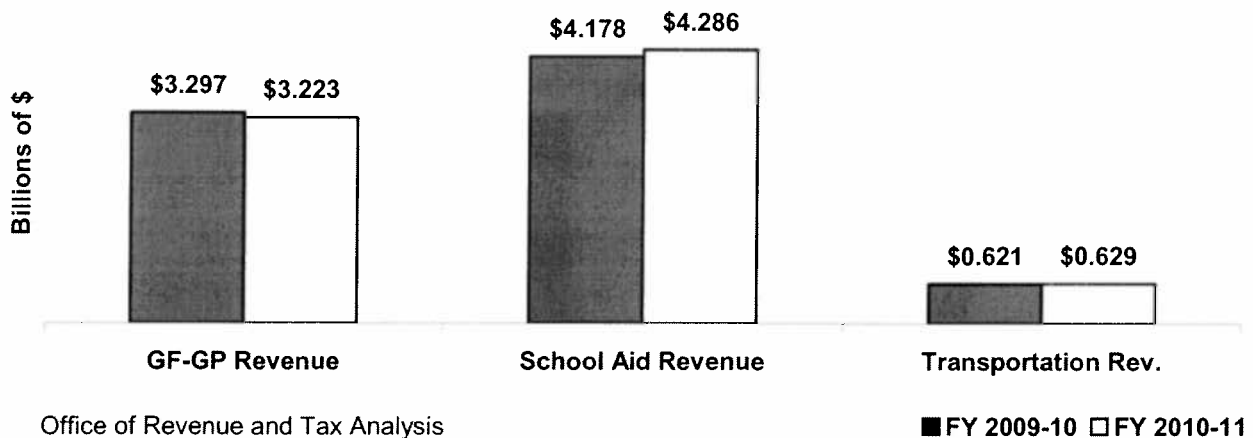
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for January 2011, representing some December 2010 and some January 2011 economic activity in Michigan.

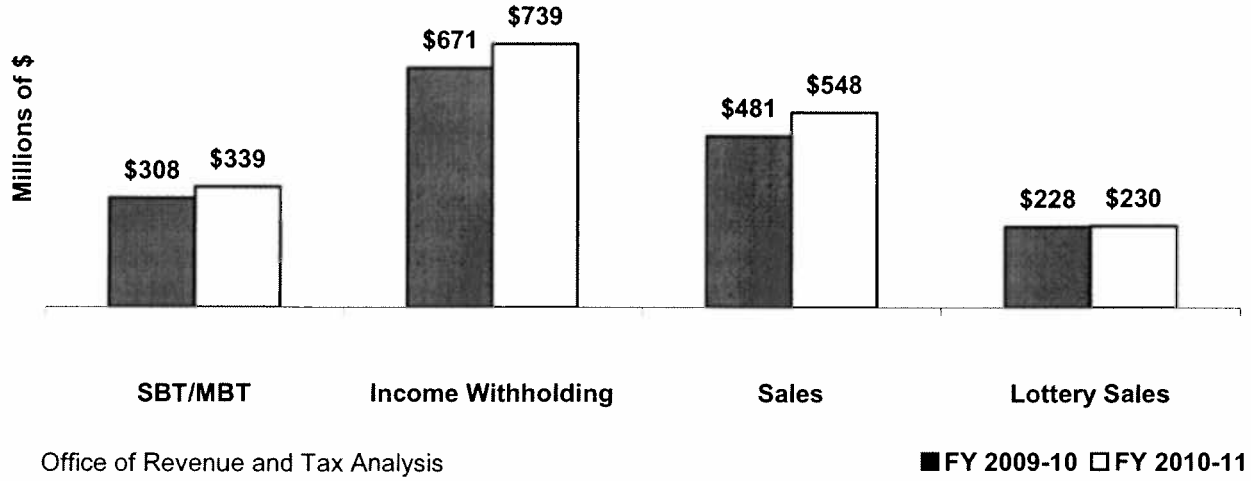
Total General Fund - General Purpose cash collections were \$53.9 million (5.1 percent) higher in January 2011 than in January 2010. The January 2011 School Aid Fund cash collections were \$83.1 million (10.8 percent) higher than in January 2010. January 2011 transportation collections were \$8.1 million (4.9 percent) higher than in January 2010 (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 down \$74.2 million (2.3 percent) from a year ago. School Aid Fund cash collections are up \$107.8 million (2.6 percent) and transportation collections are up \$7.8 million (1.3 percent).

The FY 2010-11 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 14, 2011. The revenue estimate for net General Fund – General Purpose revenue for FY 2010-11 is \$7,227.8 million and the net School Aid revenue forecast is \$1,979.1 million. The Transportation Funds revenue forecast is \$2,065.5 million. The next regularly scheduled revenue conference will be held in May 2011.

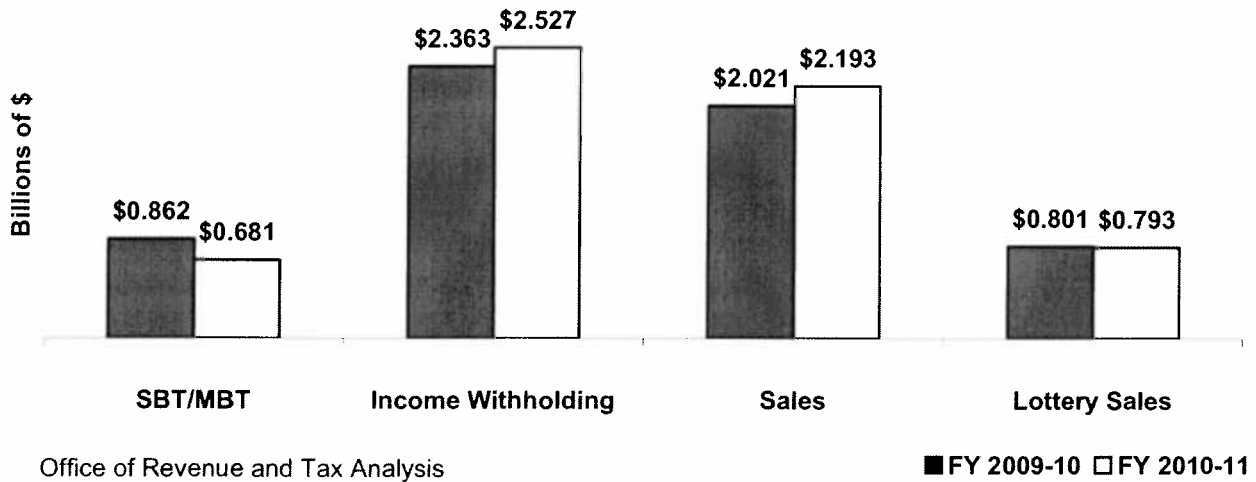
October through January Collections FY 2009-10 and FY 2010-11



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



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



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

For The Month Ended: January 31, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2009-10	FY 2010-11	FY 2010-11
2010	2011	Amount	Percent		FY 2009-10	FY 2010-11	Amount	Percent	Preliminary Totals (h)	Statutory Estimate	January 2011 Consensus
Income Taxes											
\$671,307	\$738,942	\$67,634	10.1%	Withholding	\$2,362,555	\$2,526,661	\$164,106	6.9%	\$6,813,800	\$6,832,900	\$6,982,000
142,790	145,156	2,366	1.7%	Quarterlies	200,412	217,211	16,799	8.4%	553,800	584,800	592,800
9,047	9,161	115	1.3%	Annuals	62,768	58,488	(4,280)	-6.8%	564,800	602,900	615,700
823,144	893,259	70,115	8.5%	Gross Collections	2,625,735	2,802,360	176,625	6.7%	\$7,932,400	\$8,020,600	\$8,190,500
33,324	79,090	45,766	137.0%	Less: Refunds	125,201	161,551	36,350	29.0%	2,400,800	2,482,600	2,450,000
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,500	1,500
789,820	814,169	24,349	3.1%	Net Personal Income	2,500,535	2,640,809	140,275	5.6%	\$5,530,600	\$5,536,500	\$5,739,000
191,628	207,951	16,323	8.5%	Less: Disbursements to SAF	611,271	652,389	41,118	6.7%	\$1,836,100	\$1,857,300	\$1,905,500
\$598,192	\$606,218	\$8,026	1.3%	NET PERSONAL INCOME TO GF-GP	\$1,889,263	\$1,988,420	\$99,156	5.2%	\$3,694,500	\$3,679,200	\$3,833,700
Consumption Taxes											
\$4,922	\$6,247	\$1,324	26.9%	Sales (a)	\$22,083	\$25,512	\$3,430	15.5%	\$73,000	\$88,500	\$88,800
57,479	68,497	11,018	19.2%	Use (f) (g)	244,064	258,586	14,522	5.9%	818,200	780,000	839,600
16,890	15,661	(1,229)	-7.3%	Tobacco	68,345	64,111	(4,235)	-6.2%	200,800	192,200	196,000
3,536	3,405	(130)	-3.7%	Beer, Wine & Mixed Spirits	15,321	15,071	(250)	-1.6%	51,000	53,000	53,000
4,228	4,470	242	5.7%	Liquor Specific	10,623	10,875	252	2.4%	38,000	38,500	39,000
\$87,055	\$98,280	\$11,225	12.9%	TOTAL CONSUMPTION TAXES	\$360,436	\$374,155	\$13,719	3.8%	\$1,181,000	\$1,152,200	\$1,216,400
Other Taxes											
\$11,459	\$18,805	\$7,346	-64.1%	Single Business	\$27,977	\$13,983	(\$13,994)	-50.0%	\$2,300	\$0	\$0
58,039	59,093	1,053	1.8%	Insurance Premiums Taxes	126,234	123,609	(2,625)	-2.1%	257,400	286,600	271,600
69,498	77,898	8,400	12.1%	Sub-total SBT & Insurance	154,211	137,592	(16,619)	-10.8%	259,700	286,600	271,600
261,736	291,951	30,214	11.5%	Michigan Business Tax (f)	709,387	550,012	(159,375)	-22.5%	1,134,500	1,449,400	1,370,800
6	8	1	19.0%	Inheritance / Estate	45	17	(28)	-62.3%	0	0	0
819	(135)	(954)	na	Telephone & Telegraph	26,687	25,208	(1,479)	-5.5%	60,800	63,000	62,000
4,364	5,409	1,045	23.9%	Oil & Gas Severance	18,632	18,143	(489)	-2.6%	58,500	64,000	66,000
9,792	7,966	(1,825)	-18.6%	Penalties & Interest	36,289	29,755	(6,534)	-18.0%	140,800	139,000	146,000
50	3	(47)	-94.7%	Miscellaneous Other/Railroad	318	248	(70)	-22.0%	6,400	1,000	1,000
(9,583)	(10,417)	(833)	-8.7%	Treasury Enforcement Programs (e)	(38,333)	(40,417)	(2,083)	-5.4%	(123,100)	(120,000)	(125,000)
\$336,682	\$372,683	\$36,000	10.7%	TOTAL OTHER TAXES	\$907,236	\$720,558	(\$186,677)	-20.6%	\$1,537,600	\$1,883,000	\$1,792,400
\$1,021,929	\$1,077,180	\$55,251	5.4%	SUBTOTAL GF-GP TAXES	\$3,156,935	\$3,083,133	(\$73,802)	-2.3%	\$6,413,200	\$6,714,400	\$6,842,500

continued

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

For The Month Ended: January 31, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2009-10	FY 2010-11	FY 2010-11
2010	2011	Amount	Percent		FY 2009-10	FY 2010-11	Amount	Percent	Preliminary Totals (h)	Statutory Estimate	January 2011 Consensus
Non-Tax Revenue (e)											
\$2,417	\$1,833	(\$583)	-24.1%	Federal Aid	\$9,667	\$9,083	(\$583)	-6.0%	\$20,800	\$29,000	\$22,000
42	33	(8)	-20.0%	Local Agencies	167	158	(8)	-5.0%	400	500	400
833	792	(42)	-5.0%	Services	3,333	3,292	(42)	-1.3%	9,500	10,000	9,500
2,417	1,667	(750)	-31.0%	Licenses & Permits	9,667	8,917	(750)	-7.8%	16,100	29,000	20,000
(1,151)	(302)	849	73.8%	Investments/Interest Costs	(1,151)	(302)	849	-73.8%	(11,200)	(45,000)	(15,000)
11,833	11,417	(417)	-3.5%	Misc. Non-tax Revenue	47,333	46,917	(417)	-0.9%	129,200	142,000	137,000
13,583	13,333	(250)	-1.8%	Liquor Purchase Revolving Fund	54,333	54,583	250	0.5%	157,100	165,000	160,000
4,150	3,958	(192)	-4.6%	From Other Funds-Lottery & Escheats	16,600	16,908	308	1.9%	50,200	51,800	51,500
\$34,125	\$32,731	(\$1,393)	-4.1%	TOTAL NON-TAX REVENUE	\$139,950	\$139,556	(\$393)	-0.3%	\$372,100	\$382,300	\$385,400
\$1,056,054	\$1,109,912	\$53,858	5.1%	TOTAL GF-GP REVENUE	\$3,296,884	\$3,222,689	(\$74,195)	-2.3%	\$6,785,300	\$7,096,700	\$7,227,800
School Aid Fund											
\$197,389	\$224,268	\$26,879	13.6%	Sales Tax 4%	\$828,368	\$897,495	\$69,128	8.3%	2,531,900	2,565,700	2,604,400
151,981	174,065	22,084	14.5%	Sales Tax 2%	640,350	696,756	56,406	8.8%	1,957,000	1,984,600	2,016,300
54,996	66,806	11,810	21.5%	Use Tax 2% (f) (g)	240,339	255,010	14,671	6.1%	397,700	390,000	419,800
34,493	28,010	(6,483)	-18.8%	Michigan Business Tax (f)	124,693	116,554	(8,139)	-6.5%	726,800	742,000	739,200
17,071	16,055	(1,016)	-5.9%	State Education Property Tax	1,304,919	1,243,475	(61,444)	-4.7%	1,930,500	1,833,000	1,860,000
10,695	9,606	(1,089)	-10.2%	Real Estate Transfer Tax	47,531	39,641	(7,890)	-16.6%	121,600	140,000	125,000
60,000	80,000	20,000	33.3%	Lottery Transfer (b)	170,000	185,000	15,000	8.8%	701,300	740,000	714,000
10,146	9,320	(825)	-8.1%	Casino Wagering Tax	40,558	37,126	(3,433)	-8.5%	111,100	112,000	112,000
4,189	4,448	259	6.2%	Liquor Excise Tax	10,441	10,797	356	3.4%	37,600	38,500	39,000
34,289	31,794	(2,496)	-7.3%	Cigarette/Tobacco Tax	138,751	130,154	(8,597)	-6.2%	392,900	370,800	378,700
4,481	1,536	(2,945)	-65.7%	Indus. & Comm. Facilities Taxes	19,275	15,935	(3,340)	-17.3%	55,200	42,800	48,000
193	840	647	335.0%	Specific Other	1,926	5,882	3,956	205.0%	17,100	16,300	17,100
191,628	207,951	16,323	8.5%	Income Tax Earmarking	611,271	652,389	41,118	6.7%	\$1,836,100	\$1,857,300	\$1,905,500
\$771,551	\$854,699	\$83,148	10.8%	TOTAL SCHOOL AID FUND	\$4,178,423	\$4,286,214	\$107,791	2.6%	\$10,816,900	\$10,832,900	\$10,979,100
\$480,962	\$547,845	\$66,883	13.9%	SALES TAX 6%	\$2,020,963	\$2,192,581	\$171,618	8.5%	\$6,176,900	\$6,260,800	\$6,357,000
328,981	373,780	44,799	13.6%	SALES TAX 4%(d)	1,380,613	1,495,826	115,213	8.3%	4,219,900	4,276,200	4,340,700
151,981	174,065	22,084	14.5%	SALES TAX 2%	640,350	696,756	56,406	8.8%	1,957,000	1,984,600	2,016,300
112,475	135,303	22,828	20.3%	USE TAX 6% (g)	484,403	513,596	29,193	6.0%	1,215,900	1,170,000	1,259,400
296,230	319,961	23,731	8.0%	MICHIGAN BUSINESS TAX	834,080	666,566	(167,515)	-20.1%	1,861,300	2,191,400	2,110,000
84,875	78,697	(6,177)	-7.3%	TOBACCO TAXES	343,443	322,163	(21,279)	-6.2%	1,006,500	955,000	974,300
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 2010-11
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2009-10	FY 2010-11	FY 2010-11
2010	2011	Amount	Percent		FY 2009-10	FY 2010-11	Amount	Percent	Preliminary Totals (h)	Statutory Estimate	January 2011 Consensus
Major Transportation Revenues											
\$11,059	\$10,274	(\$785)	-7.1%	Diesel Fuel / Motor Carrier Fuel Tax	\$42,109	\$41,617	(\$491)	-1.2%	\$120,069	\$115,000	\$122,000
68,929	76,153	7,224	10.5%	Gasoline	282,922	285,898	2,976	1.1%	841,659	826,000	839,000
74,848	76,085	1,237	1.7%	Motor Vehicle Registration	255,140	259,387	4,247	1.7%	842,106	831,000	845,000
2,702	2,824	122	4.5%	Other Taxes, Fees & Misc.	11,248	11,503	256	2.3%	116,840	153,020	167,011
7,373	7,706	333	4.5%	Comprehensive Transportation (c)	29,492	30,349	857	2.9%	78,981	90,574	92,469
\$164,911	\$173,042	\$8,131	4.9%	TOTAL MAJOR TRANS. REVENUES	\$620,910	\$628,755	\$7,845	1.3%	\$1,999,655	\$2,015,594	\$2,065,479
Lottery Sales By Games											
69,213	67,895	(1,318)	-1.9%	Instant Games	249,526	254,591	5,065	2.0%	na	na	na
66,236	61,278	(4,958)	-7.5%	Daily Games	236,037	225,290	(10,747)	-4.6%	na	na	na
32,103	44,755	12,652	39.4%	Lotto and Big Game	113,786	120,679	6,893	6.1%	na	na	na
1,302	1,179	(123)	-9.4%	Keno Game	4,656	4,106	(551)	-11.8%	na	na	na
0	649	649	na	Lucky Lines Game	0	2,913	2,913	na	na	na	na
4,473	3,580	(893)	-20.0%	Millionaires Raffle	11,996	10,181	(1,815)	-15.1%	na	na	na
54,555	50,899	(3,656)	-6.7%	Club Games	185,217	175,208	(10,009)	-5.4%	na	na	na
\$227,882	\$230,234	\$2,352	1.0%	TOTAL LOTTERY SALES	\$801,218	\$792,968	(\$8,250)	-1.0%	na	na	na

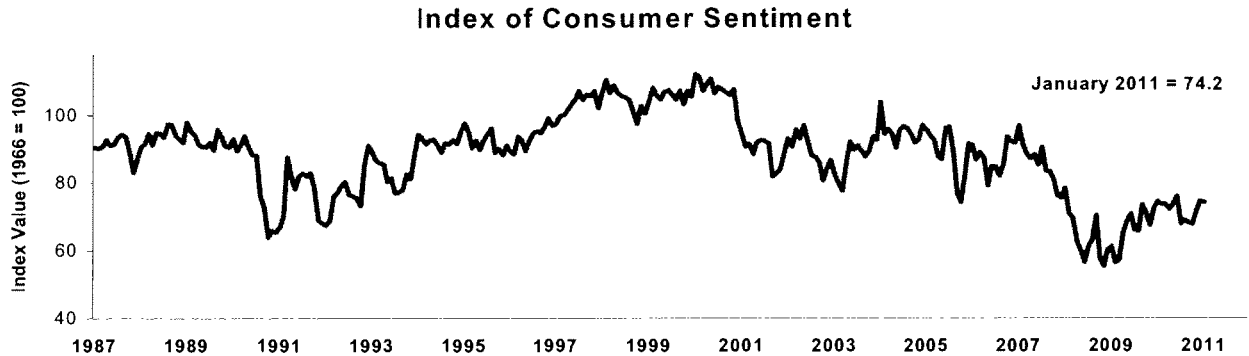
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (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 Preliminary 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



The **Index of Consumer Sentiment** was 74.2 in January, 0.3 index-points below the December value and 0.2 index-points below January 2010. On the slight decrease in confidence, Survey Director Richard Curtin reported, "Consumer confidence rebounded in late January to recoup nearly all its losses earlier in the month. The favorable impact on personal financial prospects for the year ahead from the extension of tax cuts, as well as the 2% reduction in taxes on wages, was largely offset by concerns with rising prices, especially food and fuel prices. The tax cuts, nonetheless, helped to improve overall prospects for the national economy, including job prospects. Importantly, concerns about price increases spread beyond food and fuel prices to lower consumers' buying attitudes toward household durables and vehicles, especially noticeable among higher income households." Curtin noted, "Consumers anticipated a stronger economy during the year ahead by a margin of more than two-to-one --- 33% versus 14%. Moreover, they anticipated that this renewed strength will lower the unemployment rate." On spending plans for durables, Curtin observed, "Buying plans for household durables as well as vehicles posted sharp declines in January. The decline was due to less frequent references to price discounts and more frequent expressions of uncertainty about future incomes." In January, consumers in two of the four regions reported an increase in confidence. Western consumers reported the largest increase in confidence of 1.8 index-points, followed by Northeastern consumers at 0.7 index-points. Midwestern consumers reported a decrease in confidence of 2.3 index-points. The gap across regions decreased from last month to 6.0 index-points, with Midwestern consumers on top and Southern consumers on the bottom.

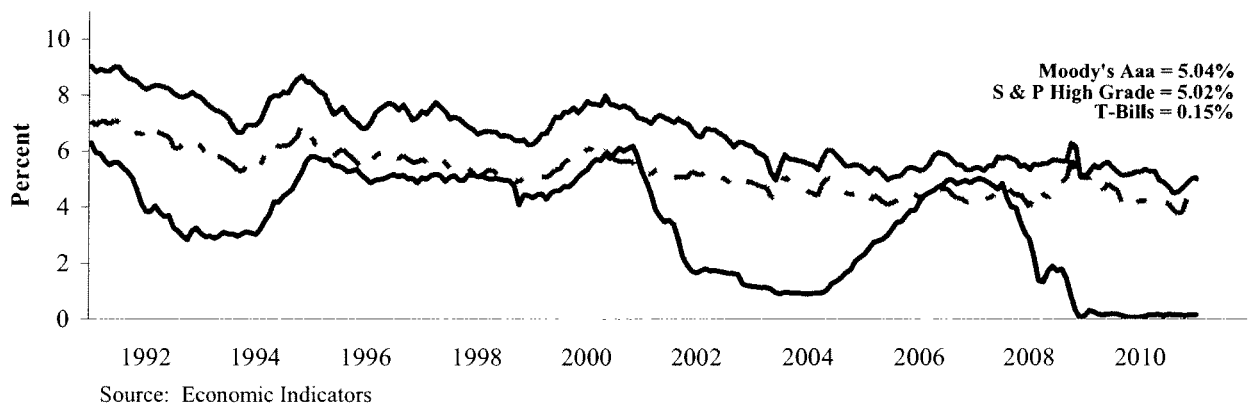
The revised estimate of real **Gross Domestic Product** for the fourth quarter of 2010 is \$13,382.6 billion (chained 2005 dollars), an increase of 3.2 percent at an annual rate. In the third quarter of 2010, real gross domestic product increased 2.6 percent. The increase in real GDP was mainly due to personal consumption expenditures, exports, and nonresidential fixed investment. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures increased 4.4 percent in the fourth quarter, compared to a 2.4 percent increase in the third quarter. Real residential fixed investment increased 3.4 percent in the fourth quarter compared to a decrease of 27.3 percent in the third quarter. Real nonresidential fixed investment increased 4.4 percent in the fourth quarter with an increase in equipment and software of 10.0 percent. Real federal government expenditures decreased 0.2 percent in the fourth quarter, compared to an increase of 8.8 percent in the third quarter. Real state and local government spending decreased 0.9 percent in the fourth quarter, compared to an

increase of 0.7 percent in the third quarter. Exports of goods and services increased 8.5 percent in the fourth quarter, compared to a 6.8 percent increase in the third quarter. Imports decreased 13.6 percent in the fourth quarter compared to an increase of 16.8 percent in the third quarter. Private inventory investment increased \$7.2 billion in the fourth quarter, following a \$121.4 billion increase in the third quarter. Real final sales increased 7.1 percent in the fourth quarter compared to an increase of 0.9 percent in the third quarter. On the inflation front, the **implicit price deflator** increased 0.3 percent in the fourth quarter compared to a 2.0 percent increase observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.4 percent in January, the same change reported in December. Energy increased 2.1 percent in January, down from a 4.0 percent increase 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 3.2 percent.

Compared to January 2010, the all-items index increased 1.6 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.8 percent; medical care, 2.9 percent; apparel, 0.0 percent; education and communication, 1.2 percent; other goods and services, 1.9 percent; recreation, -0.6 percent; housing, 0.4 percent; transportation, 5.4 percent, with gasoline prices up 13.4 percent.

Selected Key Interest Rates



Short-term **interest rates** remained unchanged in January as the 3-month Treasury bill (T-bill) rate held steady at December's level of 0.15 percent. Compared to one year ago, the T-bill rate was up 0.09 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, increased 0.02 percentage points to an interest yield of 5.04 percent in January. Compared to one year ago, the Aaa bond yield was down 0.22 percentage points. The interest rate on High-grade municipal bonds increased 0.30 percentage points from the December level to 5.02 percent in January, and was up 0.80 percentage points from its year ago level. The Federal Open Market Committee (FOMC) kept the target range for the federal funds rate between 0 and 0.25 percent at the January 26th meeting. The FOMC stated that, "The Committee will maintain the target range for the federal funds rate at 0 to ¼ percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period." The Committee, "will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to support the economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate."

In January, the **U. S. unemployment rate** decreased 0.4 percentage points from a month ago to 9.0 percent and was 0.7 percentage points lower than a year ago. Civilian employment totaled 139.3 million persons in January, an increase of 0.1 million from December. The number unemployed was 13.9 million nationwide.

Unemployment Rates 2007 - 2011

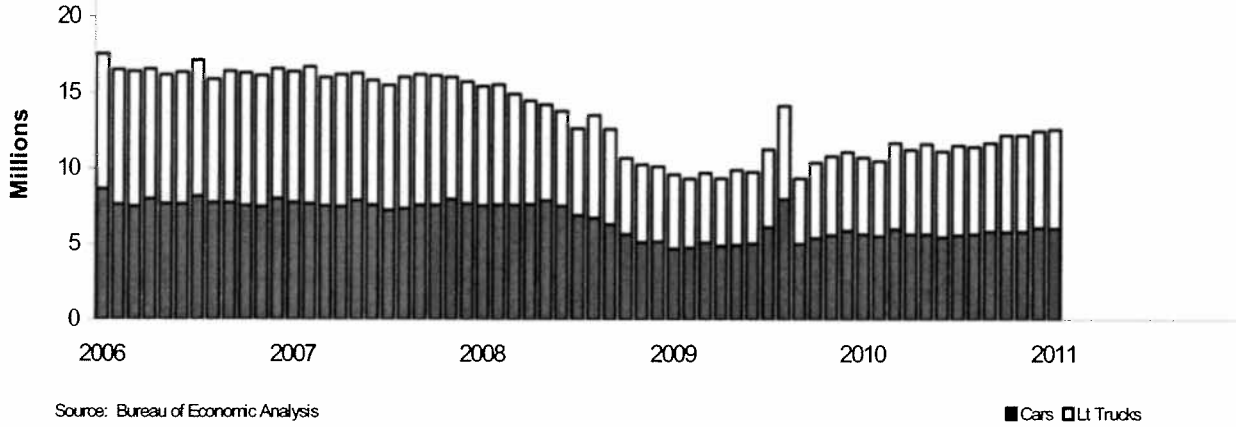


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In January, the **Michigan jobless rate** decreased 0.4 percentage points from 11.1 percent in December to 10.7 percent. The January unemployment rate is 3.0 percentage points below the year ago level. In January, the labor force decreased by 5,000 to 4,741,000, while the number of people employed increased by 16,000 to 4,233,000. In January, there were 508,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

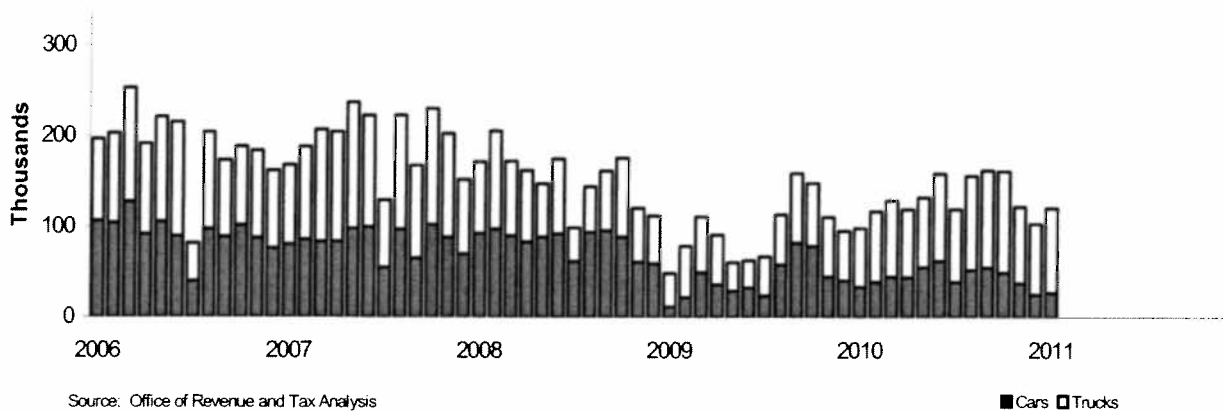
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 0.7 percent in January compared to December, selling at a 12.6 million unit seasonally adjusted annual rate. Domestic car sales increased 1.8 percent while domestic light truck sales increased 1.9 percent. Import car sales decreased 4.4 percent while import light truck sales decreased 0.1 percent. Compared to last year, light vehicle sales increased 17.1 percent. Domestic car sales were up 7.1 percent while domestic light truck sales increased 27.9 percent. Import car sales were up 7.7 percent while import truck sales increased 28.8 percent from last year. As a result, the domestic share increased 0.6 percentage points from a year ago. For fiscal year 2011 year-to-date, domestic light vehicles recorded a 75.7 percent share of a 12.4 million-unit market.

Michigan motor vehicle production increased to 120,700 units in January from the 102,899 units produced in December. From a year ago, motor vehicle production increased 23 percent in Michigan and rose 9 percent nationally. In January, Michigan's car production was 26,973 units while the state's truck production was 93,727 units. Compared with a year ago, car production decreased 20 percent in Michigan and fell 6 percent nationwide. The state's truck production increased 44 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



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 14, 2011 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2008-09 Actual	Fiscal Year 2009-10 Estimate	Fiscal Year 2010-11 Estimate
Applicable Calendar Year Personal Income	\$345,885	\$349,612	\$339,219
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$32,824.5</u>	<u>\$33,178.2</u>	<u>\$32,191.9</u>
Revenue Limit	\$32,824.5	\$33,178.2	\$32,191.9
State Revenue Subject to Limit	<u>\$24,838.5</u>	<u>\$24,263.7</u>	<u>\$25,065.6</u>
Amount Under (Over) Limit	\$7,985.9	\$8,914.5	\$7,126.3

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 January 14, 2011 Consensus Revenue Agreement.

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 January 14, 2011 Consensus Revenue Agreement.

The FY 2010-11 calculation uses the January 14, 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