



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

JOHN S. ROBERTS
DIRECTOR

April 30, 2015

The Honorable Dave Hildenbrand, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Al Pscholka, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

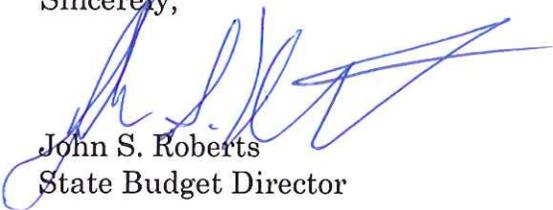
Dear Legislators:

Attached is the monthly financial report for the month ending March 31, 2015. 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 S. Roberts
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	Jeff Farrington, Chair, House Tax Policy Com.
Jase Bolger, Speaker of the House	Beth Clement, Deputy Chief of Staff
Tim Greimel, 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 2015
Projected Revenues and Expenditures
March 31, 2015
(\$ in millions)

FISCAL
2015

Beginning Balance, October 1, 2014	see one-time revenue
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Current Year GF/GP Revenues, January 2015 Consensus Estimate	\$	9,501.4
Revenue Adjustments:		
Local Government Program Payments	\$	(459.2)
General Fund share of HMO use tax collections - PA 161 of 2014	\$	373.7
Venture Michigan Fund tax vouchers	\$	(38.1)
Other revenue adjustments	\$	3.0
Subtotal Additional Revenue Adjustments	\$	(120.6)
Total FY Resources Available For Expenditure GF/GP - Ongoing		9,380.8

Expenditures, Current Law:		
FY 2015 Enacted with Vetoes	\$	9,599.3
Total Expenditures Projected - Ongoing	\$	9,599.3

Current Year Revenues minus Ongoing Costs	\$	(218.5)
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Beginning Balance (One-Time Revenue)	\$	306.4
Local Government Program Payments	\$	(8.8)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$	297.6
One-Time Spending Items:		
PA 182, PA 252, PA 281, PA 282, PA 318, PA 356, and PA 414 of 2014; PA 5 and PA 6 of 2015	\$	192.8
Executive Order 2015-5	\$	(106.4)
Work project lapse directive (letter 2/11/2015)	\$	(6.6)
Anticipated lapses	\$	(3.7)
One-Time Revenue minus One-Time Spending	\$	221.5

Projected Ending Balance, September 30, 2015	\$	3.0
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¹ On February 11, 2015, the Governor released his plan to bring the fiscal year 2015 budget into balance. The Senate and House Appropriations Committees approved Executive Order 2015-5 on February 12, 2015. On March 10, 2015, Public Act 5 and Public Act 6 were enacted, containing further General Fund spending reductions. The Legislature also agreed to lapse work project appropriations pursuant to Section 451a, 1984 PA 431. In total, the plan reduces General Fund spending by \$532.7 million.

School Aid Fund
Fiscal Year 2015
Projected Revenues and Expenditures
March 31, 2015
(\$ in millions)

	FISCAL 2015
Beginning Balance , October 1, 2014	see one-time revenue
Current Year School Aid Fund Revenues, January 2015 Consensus Estimate	\$ 11,889.1
Revenue Adjustments:	
Use Tax Revision (PA 161 of 2014)	\$ 186.8
Venture Michigan Fund	\$ (11.9)
MPSERS Reserve Fund	\$ 18.0
General Fund	\$ 114.9
General Fund Supplemental (PA 5 of 2015)	\$ (81.2)
Federal Revenue	\$ 1,808.2
Subtotal Additional Revenue Adjustments	\$ 2,034.8
Total FY Resources Available for Expenditure School Aid Fund	\$ 13,923.9
School Aid Ongoing Costs	
PA 196 of 2014	\$ 13,494.1
PA 5 of 2015	\$ (93.8)
Community Colleges Ongoing Costs	
PA 196 of 2014	\$ 197.6
Universities Ongoing Costs	
PA 196 of 2014	\$ 200.5
PA 5 of 2015	\$ 2.0
Total School Aid Fund Ongoing Costs Projected	\$ 13,800.4
Current Year Revenues minus Ongoing Costs	\$ 123.5
Beginning Balance (One-Time Revenue)	\$ 455.1
One-Time Spending Items	
PA 196 of 2014 School Aid	\$ 376.2
PA 5 of 2015 School Aid	\$ (89.6)
PA 5 of 2015 Community Colleges	\$ 167.1
PA 196 of 2014 Higher Education	\$ 4.0
One-Time Revenue minus One-Time Spending	\$ (2.6)
Projected Ending Balance, September 30, 2015	\$ 120.8

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

March 31, 2015

(\$ IN MILLIONS)

FISCAL YEAR 2014

FISCAL YEAR 2015

Exp & Enc March 2014	Exp & Enc Yr-to-date FY 2014	Fiscal Year End SEP 30, 2014	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc March 2015	Exp & Enc Yr-to-date FY 2015
6.0	30.5	70.9	Agriculture and Rural Development	84.5	11.0	5.5	31.7
6.1	38.0	81.4	Attorney General	92.6	3.7	6.3	38.3
23.4	139.5	314.6	Capital Outlay**	321.8	(22.1)	23.1	150.5
1.1	6.6	14.1	Civil Rights	16.6	0.0	1.1	6.7
132.4	774.0	1,356.4	Colleges & Universities	1,479.1	0.0	55.7	740.9
1,029.0	6,464.2	15,358.8	Community Health	18,147.0	161.3	1,413.7	7,977.0
151.7	919.7	1,984.9	Corrections	2,022.2	(17.8)	147.4	901.4
17.0	100.8	399.8	Education	287.1	(68.8)	18.7	102.7
18.1	74.8	254.8	Environmental Quality	473.9	52.2	13.4	69.3
0.8	2.7	5.1	Executive Office	5.9	0.0	(0.6)	2.5
450.3	2,633.6	5,488.4	Human Services	5,966.8	(33.3)	393.8	2,473.2
3.6	20.7	61.9	Insurance and Financial Services	65.2	0.0	3.6	20.5
10.7	90.4	249.7	Judiciary	287.8	0.0	17.3	90.8
0.0	0.0	1.8	Land Bank Fast Track Authority	4.0	0.0	0.0	1.1
1.5	9.3	20.2	Legislative Auditor General	22.2	0.0	1.6	9.3
7.8	56.3	115.0	Legislature	128.9	(0.1)	10.3	61.9
34.1	129.8	252.5	Licensing and Regulatory Affairs	326.4	54.0	32.1	184.2
10.2	57.7	128.3	Military Affairs	140.7	12.2	9.6	59.1
3.6	22.2	72.1	Natural Resources	126.6	16.5	4.1	32.2
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
16.8	84.0	198.5	State	224.0	10.9	14.0	83.8
44.0	234.7	577.5	State Police	638.8	30.8	37.5	244.7
27.0	149.5	1,013.8	Technology, Management & Budget***	420.1	87.5	33.0	186.4
100.2	100.5	221.6	Transportation	282.6	0.0	1.4	50.5
24.6	865.6	2,712.3	Treasury	1,838.9	70.7	29.1	950.4
0.5	110.0	221.0	Michigan Strategic Fund	240.7	24.1	7.2	139.1
\$2,120.5	\$13,115.2	\$31,175.3		\$33,644.4	\$392.8	\$2,278.7	\$14,608.4

*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 2015

March, 2015

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,560.3	(139.6)	16,420.7
Total state spending from state resources	30,143.5	(297.4)	29,846.1
Percentage of state spending from state resources paid to local units	54.94%		55.02%
Required payments to local units (48.97%)	14,761.3		14,615.6
Surplus/(deficit)	\$1,799.0		\$1,805.1

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2014 Through March 31, 2015
 (in thousands)

REVENUES

Miscellaneous	\$	90
Total Revenues		90

EXPENDITURES

Current:		
General government		113
Total Expenditures		113
Excess of Revenues over (under) Expenditures		(23)

OTHER FINANCING SOURCES (USES)

Transfers from other funds		47,000
Transfers to other funds		-
Total Other Financing Sources (Uses)		47,000
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	46,977 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, 2014 through March 31, 2015
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>17,836</u>
Total Revenues		<u>17,836</u>

EXPENDITURES

Current:		
General government		1,749
Conservation, environment, recreation, and agriculture		1,041
Capital outlay		<u>3,465</u>
Total Expenditures		<u>6,255</u>
Excess of Revenues over (under) Expenditures		<u>11,581</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		-
Transfers from other funds		-
Transfers to other funds		<u>(18)</u>
Total Other Financing Sources (Uses)		<u>(18)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>11,563</u></u> ¹

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

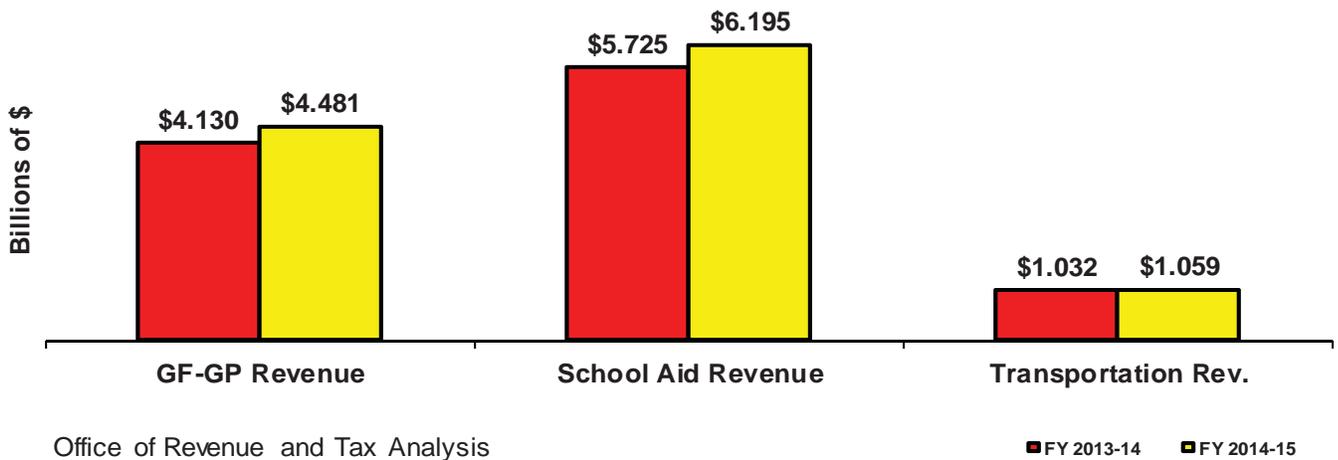
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for March 2015, representing some February and some March economic activity in Michigan.

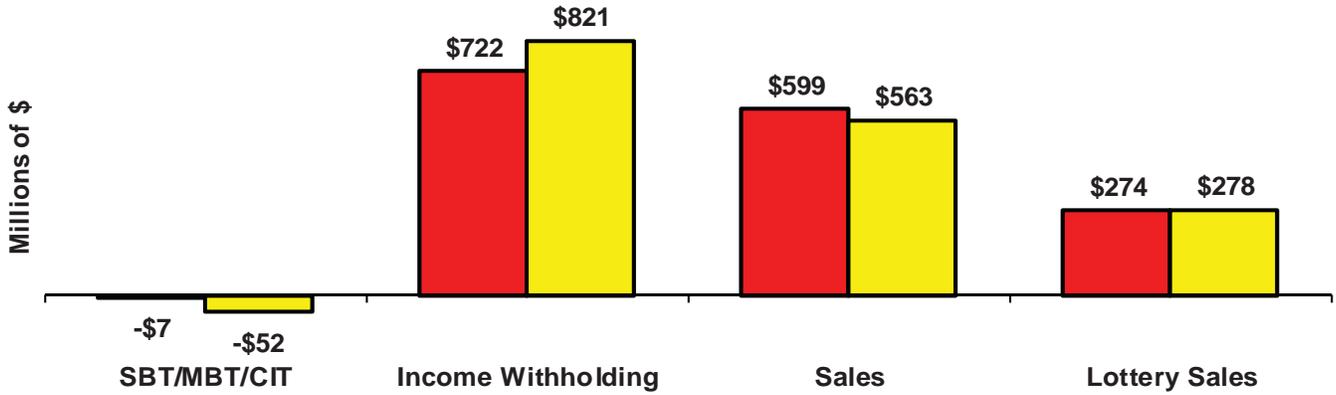
Total General Fund - General Purpose cash collections were \$8.9 million (2.4 percent) higher in March 2015 than in March 2014. The March 2015 School Aid Fund cash collections were \$55.5 million (7.0 percent) higher than in March 2014. March 2015 transportation collections were \$0.3 million (0.2 percent) lower than in March 2014 (see revenue table). March is the sixth 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 \$350.5 million (8.5 percent) from a year ago. School Aid Fund cash collections are up \$470.0 million (8.2 percent) and transportation collections are up \$27.0 million (2.6 percent).

The FY 2014-15 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on January 16, 2015. The revenue estimate for net General Fund – General Purpose revenue for FY 2014-15 is \$9,501.4 million and the net School Aid revenue forecast is \$11,889.1 million. The Transportation Funds revenue forecast is \$2,204.3 million. The next regularly scheduled Consensus Revenue Estimating Conference will be on May 15, 2015.

**October through March Collections
FY 2013-14 and FY 2014-15**



March Revenue Collections FY 2013-14 and FY 2014-15



Office of Revenue and Tax Analysis

FY 2013-14 FY 2014-15

October through March Collections FY 2013-14 and FY 2014-15



Office of Revenue and Tax Analysis

FY 2013-14 FY 2014-15

Revenue Summary FY 2014-15
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA				REVENUE PROJECTIONS					
March		Difference		Year-to-Date		Difference		FY 2013-14		FY 2014-15		FY 2014-15	
2014	2015	Amount	Percent	FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	January 2015 Consensus			
SOURCE OF REVENUE													
Income Taxes													
\$722,331	\$820,768	\$98,437	13.6%	\$4,240,796	\$4,421,941	\$181,145	4.3%	\$8,226,800	\$8,568,600	\$8,535,000			
7,893	12,634	4,740	60.1%	336,098	384,522	48,424	14.4%	878,000	908,500	907,400			
63,135	76,694	13,559	21.5%	171,348	183,213	11,865	6.9%	804,700	825,700	833,200			
793,359	910,095	116,736	14.7%	4,748,242	4,989,676	241,434	5.1%	\$9,909,500	\$10,302,800	\$10,275,600			
464,056	511,912	47,856	10.3%	1,045,554	1,062,323	16,769	1.6%	1,895,600	1,797,000	1,880,100			
0	0	0	na	0	0	0	na	800	1,000	800			
329,303	398,183	68,880	20.9%	3,702,688	3,927,353	224,665	6.1%	\$8,013,100	\$8,504,800	\$8,394,700			
182,078	206,643	24,565	13.5%	1,090,850	1,147,541	56,691	5.2%	\$2,357,600	\$2,453,100	\$2,446,600			
\$147,225	\$191,540	\$44,315	30.1%	\$2,611,838	\$2,779,812	\$167,974	6.4%	\$5,655,500	\$6,051,700	\$5,948,100			
NET PERSONAL INCOME TO GF-GP													
Consumption Taxes													
\$83,727	\$87,628	\$3,901	4.7%	\$478,378	\$558,896	\$80,518	16.8%	\$1,170,000	\$1,187,000	\$1,202,800			
70,023	72,748	2,724	3.9%	434,561	445,478	10,917	2.5%	926,600	952,400	965,500			
13,005	13,302	296	2.3%	90,691	89,862	(829)	-0.9%	192,900	182,900	180,100			
3,953	324	(3,629)	-91.8%	24,017	18,935	(5,082)	-21.2%	51,200	52,000	52,000			
2,927	3,152	225	7.7%	19,086	20,359	1,273	6.7%	46,400	46,000	47,500			
\$173,635	\$177,152	\$3,518	2.0%	\$1,046,733	\$1,133,530	\$86,797	8.3%	\$2,387,100	\$2,420,300	\$2,447,900			
Other Taxes													
(\$1,701)	\$1,970	\$3,670	na	(\$30,563)	(\$3,596)	\$26,967	88.2%	(\$45,500)	(\$10,000)	(\$20,000)			
13,765	14,367	602	4.4%	158,600	192,823	34,223	21.6%	362,200	396,000	412,000			
12,064	16,337	4,273	35.4%	128,037	189,227	61,190	47.8%	316,700	386,000	392,000			
(60,750)	(160,099)	(99,349)	na	(324,819)	(385,215)	(60,395)	-18.6%	(723,300)	(429,000)	(680,800)			
55,849	106,450	50,601	90.6%	440,100	541,127	101,027	23.0%	906,400	907,000	944,700			
40	0	(39)	-99.0%	44	(148)	(192)	na	0	0	0			
0	3	3	na	19,488	18,925	(563)	-2.9%	48,000	45,000	47,000			
6,936	2,134	(4,802)	-69.2%	31,868	19,070	(12,798)	-40.2%	61,000	68,500	58,000			
9,517	21,274	11,757	124.0%	53,516	69,574	16,058	30.0%	110,500	152,000	118,000			
0	0	(0)	-100.0%	14	(353)	(366)	na	1,800	1,000	1,500			
(11,083)	(11,583)	(500)	-4.5%	(66,500)	(68,250)	(1,750)	-2.6%	(138,700)	(134,000)	(139,000)			
\$12,573	(\$25,483)	(\$38,056)	na	\$281,747	\$383,958	\$102,211	36.3%	\$582,400	\$996,500	\$741,400			
\$333,432	\$343,209	\$9,777	2.9%	\$3,940,318	\$4,297,300	\$356,982	9.1%	\$8,625,200	\$9,468,500	\$9,137,400			

continued

Revenue Summary FY 2014-15
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: March 31, 2015

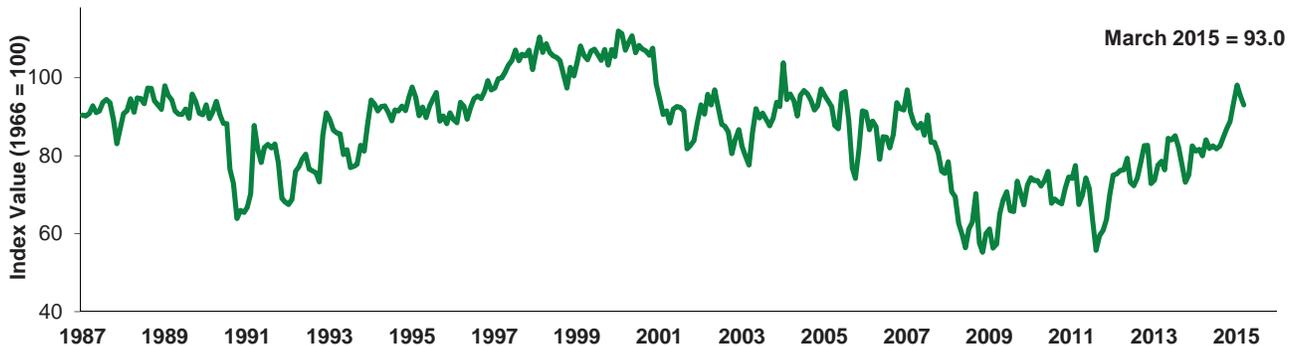
MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
2014	2015	Difference		SOURCE OF REVENUE	Year-to-Date		Percent	FY 2013-14 CAFR Totals (h)	FY 2014-15 Statutory Estimate	FY 2014-15 January 2015 Consensus	
		Amount	Percent		FY 2013-14	FY 2014-15					Amount
\$1,667	\$2,500	\$833	50.0%	Non-Tax Revenue (e)	\$10,000	\$12,500	25.0%	\$30,900	\$20,000	\$30,000	
83	83	0	0.0%	Federal Aid	500	500	0.0%	100	1,000	100	
833	667	(167)	-20.0%	Local Agencies	5,000	4,500	-10.0%	7,200	10,000	8,000	
833	1,083	250	30.0%	Services	5,000	5,750	15.0%	14,400	10,000	13,000	
0	0	0	na	Licenses & Permits	112	184	64.4%	300	(4,000)	(3,000)	
10,250	6,783	(3,467)	-33.8%	Investments/Interest Costs	61,000	45,600	-25.2%	85,000	101,000	81,400	
13,600	14,875	1,275	9.4%	Misc. Non-tax Revenue	82,800	87,625	5.8%	176,800	173,500	178,500	
4,250	4,667	417	9.8%	Liquor Purchase Revolving Fund	25,500	26,750	4.9%	78,600	46,000	56,000	
\$31,517	\$30,658	(\$858)	-2.7%	From Other Funds-Lottery & Escheats	\$189,912	\$183,409	-3.4%	\$393,300	\$357,500	\$364,000	
\$364,949	\$373,867	\$8,918	2.4%	TOTAL NON-TAX REVENUE	\$4,130,230	\$4,480,709	8.5%	\$9,018,500	\$9,826,000	\$9,501,400	
\$244,944	\$231,407	(\$13,537)	-5.5%	TOTAL GF-GP REVENUE	\$1,412,107	\$1,470,950	4.2%	3,002,700	3,083,600	3,109,500	
191,036	177,645	(13,391)	-7.0%	School Aid Fund	1,098,227	1,134,573	3.3%	2,347,200	2,409,700	2,426,300	
35,012	85,995	50,983	146.0%	Sales Tax 4%	217,280	490,113	126.0%	463,800	476,200	482,700	
12,270	15,764	3,494	28.5%	Sales Tax 2%	1,193,795	1,208,656	1.2%	1,804,200	1,841,300	1,845,300	
14,878	15,366	488	3.3%	Use Tax 2% (f)	110,086	128,609	16.8%	233,400	245,300	247,800	
65,000	65,000	0	0.0%	State Education Property Tax	320,000	333,759	4.3%	734,100	776,000	760,000	
10,120	10,036	(84)	-0.8%	Real Estate Transfer Tax	53,690	56,102	4.5%	106,900	112,000	111,000	
2,880	3,153	273	9.5%	Liquor Excise Tax	18,944	20,237	6.8%	46,000	45,500	47,100	
26,403	27,004	602	2.3%	Cigarette/Tobacco Tax	184,117	182,433	-0.9%	359,400	350,400	345,900	
3,646	5,396	1,750	48.0%	Indus. & Comm. Facilities Taxes	17,328	18,645	7.6%	33,500	36,100	35,000	
354	677	323	91.3%	Specific Other	8,894	3,721	-58.2%	31,700	24,100	31,900	
182,078	206,643	24,565	13.5%	Income Tax Earmarking	1,090,850	1,147,541	5.2%	\$2,357,600	\$2,453,100	\$2,446,600	
\$788,620	\$844,087	\$55,467	7.0%	TOTAL SCHOOL AID FUND	\$5,725,318	\$6,195,338	8.2%	\$11,520,500	\$11,853,300	\$11,889,100	
\$599,276	\$563,323	(\$35,953)	-6.0%	SALES TAX 6%	\$3,451,739	\$3,586,157	3.9%	\$7,354,900	\$7,549,100	\$7,608,800	
408,240	385,678	(22,562)	-5.5%	SALES TAX 4%(d)	2,353,512	2,451,583	4.2%	5,007,700	5,139,400	5,182,500	
191,036	177,645	(13,391)	-7.0%	SALES TAX 2%	1,098,227	1,134,573	3.3%	2,347,200	2,409,700	2,426,300	
105,035	158,742	53,707	51.1%	USE TAX 6% (f)	651,841	935,591	43.5%	1,390,700	1,428,600	1,448,200	
65,354	66,843	1,489	2.3%	TOBACCO TAXES	455,734	451,567	-0.9%	940,500	917,900	914,400	
0	0	0	na	TOBACCO SETTLEMENT	608	0	-100.0%	na	na	na	

continued

Economic Highlights
(All data seasonally adjusted unless otherwise noted.)

U. S. Economy

Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

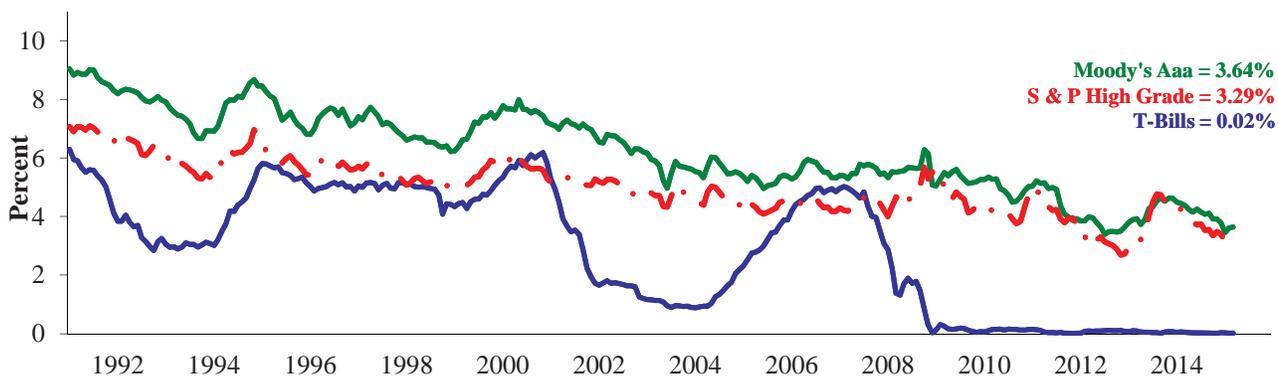
The **Index of Consumer Sentiment** decreased in March to 93.0 index-points, 2.4 index-points below the February value and 13.0 index-points above March 2014. On confidence in the first quarter of 2015, Survey Director Richard Curtin noted, “Consumer optimism reached a ten-year peak of 95.5 in the 1st quarter of 2015 – its highest level since the 3rd quarter of 2004. The January surge in confidence was partly due to falling gasoline prices and the small retreat since then was partly due to the unusually harsh winter. Importantly, most of the recent variation was among lower income households, whose budgets are more sensitive to higher utility costs and disruptions in work hours. Households with incomes in the middle and top thirds of the distribution, in contrast, recorded gains in confidence in the March survey.” Curtin observed, “Although a bit weaker since the start of the year, the data still provide support for a 3.3% growth rate in personal consumption expenditures in 2015, even with a weather diminished 1st quarter performance. While consumer optimism has thus far been built on job gains, spending gains will be paced by younger and higher income households who now anticipate higher wage gains during the year ahead.” On buying attitudes, Curtin reported, “Favorable views of home buying conditions were held by 75% of all consumers in March 2015. While this was not much below the ten-year high of 83% last recorded just three months ago, the reasons given by consumers have shifted dramatically from a reliance on low prices to low mortgage rates.” In March, consumers in only one of the four regions reported an increase in confidence. Northeastern consumers reported an increase of 8.5 index-points. Southern consumers reported the largest decrease in confidence at 7.2 index-points, followed by Western consumers with a decrease of 5.2 index-points. The gap across regions increased from last month to 12.9 index-points, with Northeastern consumers on top and Midwestern consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the fourth quarter of 2014 is \$16,294.7 billion (chained 2005 dollars), an increase of 2.2 percent at an annual rate. In the third quarter of 2014, real gross domestic product increased 5.0 percent. The increase in fourth quarter real GDP was mainly due to personal consumption expenditures, exports, nonresidential fixed investment, and state and local government spending. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 4.4 percent in the fourth quarter, compared to a 3.2 percent increase in the third quarter. Real residential fixed investment increased 3.8 percent in the fourth quarter compared to an increase of 3.2 percent in the third quarter. Real nonresidential fixed

investment increased 4.7 percent in the fourth quarter while real equipment expenditures increased 0.9 percent. Real federal government expenditures decreased 7.3 percent in the fourth quarter, compared to a 9.9 percent increase in the third quarter. Real state and local government spending increased 1.6 percent in the fourth quarter, compared to a 1.1 percent increase in the third quarter. Exports of goods and services increased 4.5 percent in the fourth quarter, compared to a 4.5 percent increase in the third quarter. Imports increased 10.4 percent in the fourth quarter compared to a decrease of 0.9 percent in the third quarter. Private inventory investment increased \$80.0 billion in the fourth quarter, following an \$82.2 billion increase in the third quarter. Real final sales increased 2.3 percent in the fourth quarter compared to an increase of 5.0 percent in the third quarter. On the inflation front, the **implicit price deflator** increased 0.2 percent in the fourth quarter compared to a 1.4 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 March, unchanged from February. Energy prices increased 1.1 percent in March, up from a 1.0 percent increase in February, while the all-items less food and energy component increased 0.2 percent in March. Compared to March 2014, the all-items index decreased 0.1 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 2.3 percent; medical care, 2.5 percent; apparel, -0.5 percent; education and communication, 0.3 percent; other goods and services, 1.4 percent; recreation, 0.1 percent; housing, 1.9 percent; and transportation, -8.5 percent, with gasoline prices down -29.2 percent.

Selected Key Interest Rates

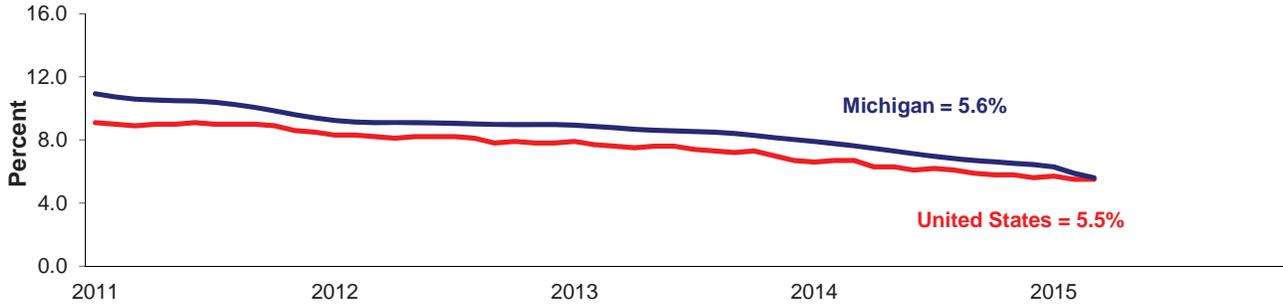


Source: Economic Indicators

Short-term **interest rates** remained unchanged in March as the 3-month Treasury bill (T-bill) rate was 0.02 percent. Compared to one year ago, the T-bill rate was down 0.03 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.03 percentage point to an interest yield of 3.64 percent in March. The Aaa bond yield was down 0.74 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.03 percentage point from the February level to 3.29 percent in March and was down 0.87 percentage point from its year-ago level. The Federal Open Market Committee kept the target range for the federal funds rate between 0 and 0.25 percent at the March 18th meeting. The FOMC stated “the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain the current 0 to ¼ percent target range for the federal funds rate, the Committee will assess progress – both realized and expected – toward its objectives of maximum employment and 2 percent inflation.” The Committee “seeks to foster maximum employment and price stability.”

In March, the **U. S. unemployment rate** remained unchanged from a month ago at 5.5 percent and was 1.1 percentage points lower than a year ago. Civilian employment totaled 148.3 million persons in March. The number unemployed was 8.6 million nationwide.

Unemployment Rates 2011 - 2015

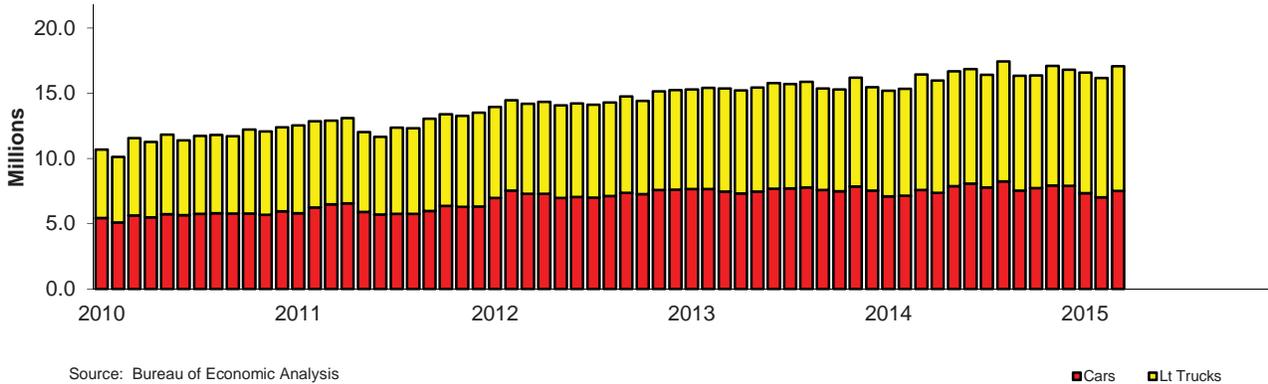


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In March, the **Michigan jobless rate** decreased 0.3 percentage point to 5.6 percent from February. The March unemployment rate is 2.0 percentage points below the year ago level. In March, the labor force fell 12,000 to 4,746,000, while the number of people employed increased by 2,000 to 4,477,000. In March, there were 267,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

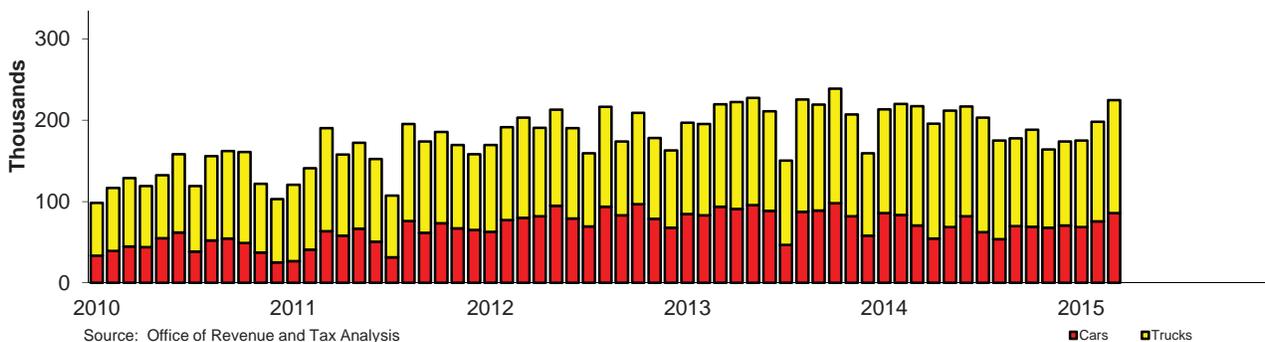
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 5.5 percent in March compared to February, selling at a 17.1 million unit seasonally adjusted annual rate. Domestic car sales increased 4.6 percent from February while domestic light truck sales increased 3.6 percent. Import car sales increased 13.0 percent while import light truck sales increased 8.9 percent. Compared to last year, light vehicle sales increased 3.8 percent. Domestic car sales were unchanged from the year ago level while domestic light truck sales increased 7.8 percent. Import car sales were down 3.4 percent from last year while import truck sales increased 8.6 percent. As a result, the domestic share of U.S. light vehicle sales increased 0.5 percentage points from a year ago. For fiscal year 2015 year-to-date, domestic light vehicles recorded a 79.8 percent share of a 16.7 million-unit market.

Michigan motor vehicle production increased to 224,937 units in March from 198,108 units in February. From a year ago, motor vehicle production increased 3.5 percent in Michigan and increased 0.4 percent nationally. In March, Michigan's car production was 86,001 units while the state's truck production was 138,936 units. Compared with a year ago, car production increased 22 percent in Michigan and increased 4 percent nationwide. The state's truck production decreased 5 percent while national truck production decreased 1 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 16, 2015 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2012-13 Actual	Fiscal Year 2013-14 Estimate	Fiscal Year 2014-15 Estimate
Applicable Calendar Year Personal Income	\$358,152	\$378,443	\$386,471
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$33,988.6</u>	<u>\$35,914.2</u>	<u>\$36,676.1</u>
Revenue Limit	\$33,988.6	\$35,914.2	\$36,676.1
State Revenue Subject to Limit	<u>\$27,441.1</u>	<u>\$27,189.9</u>	<u>\$28,168.3</u>
Amount Under (Over) Limit	\$6,547.6	\$8,724.4	\$8,507.8

Sources:

Personal Income Estimate

The FY 2012-13 calculation uses the official personal income estimate for calendar year 2011 (Survey of Current Business, October 2012).

The FY 2013-14 calculation uses the official personal income estimate for calendar year 2012 (Survey of Current Business, October 2013).

The FY 2014-15 calculation uses the official personal income estimate for calendar year 2013 (Survey of Current Business, October 2014).

Revenue Subject to the Limit

The FY 2012-13 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2013.

The FY 2013-14 calculation uses the January 16, 2015 Consensus Revenue Agreement.

The FY 2014-15 calculation uses the January 16, 2015 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