



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

October 29, 2021

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Thomas Albert, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

Attached is the monthly financial report for the month ending September 30, 2021. 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 "Spending and Revenue Reports".

If you have questions concerning the information in this report, please contact this office.

Sincerely,

Christopher M. Harkins
State Budget Director

Attachment

cc: Mike Shirkey, Senate Maj. Leader
Jim Ananich, Senate Min. Leader
Jason Wentworth, Speaker of the House
Donna Lasinski, House Min. Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Jim Runestad, Chair, Senate Finance Com.
Matt Hall, Chair, House Tax Policy Com.
JoAnne Huls, Executive Office
Tricia Foster, Executive Office
Jen Flood, Executive Office
Bethany Wicksall, Deputy State Budget Director
Heather Boyd, Office of Financial Mgmt.
Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2021
Projected Revenues and Expenditures
September 30, 2021
(\$ in millions)

| | FISCAL 2021 |
|---|------------------------|
| Beginning Balance | \$ 2,363.0 |
| Revenues | |
| Ongoing: | |
| May 2021 Consensus Forecast | \$ 11,276.8 |
| Local Government Program Payments | \$ (490.1) |
| Subtotal Ongoing Revenue | \$ 10,786.7 |
| One-Time: | |
| Miscellaneous Adjustments | \$ 12.6 |
| Subtotal One-Time Revenue | \$ 12.6 |
| Total Revenue | \$ 10,799.3 |
| Expenditures | |
| Ongoing: | |
| Public Acts 165 and 166 of 2020 | \$ 10,316.9 |
| Subtotal Ongoing Expenditures | \$ 10,316.9 |
| One-Time: | |
| Public Acts 165 and 166 of 2020 | \$ 285.3 |
| Public Act 257 of 2020 | \$ 243.3 |
| Public Acts 2, 30, 48, 65, 67, 86, and 87 of 2021 | \$ (408.3) |
| FY21 Transfers to Budget Stabilization Fund | \$ 535.0 |
| Lapse excess funds - VMF II payoff | \$ (10.2) |
| Subtotal One-Time Expenditures | \$ 645.1 |
| Total Expenditures | \$ 10,962.0 |
| Ending Balance | \$ 2,200.3 |

SCHOOL AID FUND
Fiscal Year 2021
Projected Revenues and Expenditures
September 30, 2021
(\$ in millions)

FISCAL
2021

| | | |
|---|-----------|-----------------|
| Beginning Balance | \$ | 1,190.5 |
| Revenues | | |
| Ongoing: | | |
| May 2021 Consensus Forecast | \$ | 15,032.4 |
| General Fund | \$ | 40.0 |
| Community District Trust Fund | \$ | 79.8 |
| Federal Revenue | \$ | 1,811.5 |
| Subtotal Ongoing Revenue | \$ | 16,963.7 |
| One-Time: | | |
| General Fund | \$ | 14.5 |
| Federal Revenue - ESSER/GEER | \$ | 5,574.8 |
| Other Federal Grants One Time | \$ | 481.3 |
| Subtotal One-Time Revenue | \$ | 6,070.6 |
| Total Revenue | \$ | 23,034.3 |
| Expenditures | | |
| Ongoing: | | |
| School Aid - Public Act 165 of 2020 | \$ | 15,340.1 |
| School Aid - Public Act 48 of 2021 | \$ | (23.2) |
| Community Colleges - Public Act 165 of 2020 | \$ | 425.7 |
| Universities - Public Act 165 of 2020 | \$ | 356.1 |
| Subtotal Ongoing Expenditures | \$ | 16,098.7 |
| One-Time: | | |
| School Aid - Public Act 165 of 2020 | \$ | 185.0 |
| School Aid - Public Act 3 of 2021 | \$ | 1,009.2 |
| School Aid - Public Act 47 of 2021 | \$ | 4,373.9 |
| School Aid - Public Act 48 of 2021 | \$ | 835.0 |
| Community Colleges - Public Act 86 of 2021 | \$ | 12.7 |
| Subtotal One-Time Expenditures | \$ | 6,415.8 |
| Total Expenditures | \$ | 22,514.5 |
| Ending Balance | \$ | 1,710.3 |

SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND - ALL PURPOSE
September 30, 2021
(\$ in millions)

| Fiscal Year 2020 | | | Fiscal Year 2021 | | | | |
|--|------------------------------|---------------------------------------|----------------------------|--|---|---------------------|--|
| Expenditures & Encumbrances Year to Date FY 2020 | Fiscal Year End SEP 30, 2020 | Department | Initial Appropriations (1) | Executive Orders & Supplemental Appropriations (1) (2) | Encumbrance, Work Project & Capital Outlay Carry Forwards | Total Authorization | Expenditures & Encumbrances Year to Date FY 2021 |
| 106.4 | 110.5 | Agriculture and Rural Development | 121.3 | 5.2 | 23.8 | 150.3 | 114.8 |
| 91.1 | 93.2 | Attorney General | 105.3 | 2.1 | 20.0 | 127.4 | 95.8 |
| 400.9 | 389.6 | Capital Outlay (3) | 332.4 | 1.4 | 673.9 | 1,007.7 | 302.6 |
| 13.5 | 14.0 | Civil Rights | 18.0 | 1.5 | 1.9 | 21.4 | 14.7 |
| 1,430.8 | 1,435.8 | Colleges and Universities | 1,343.9 | 0.0 | 110.7 | 1,454.5 | 1,413.6 |
| 1,997.9 | 2,017.3 | Corrections | 2,050.7 | 2.5 | 254.1 | 2,307.3 | 1,872.2 |
| 1,239.5 | 1,134.0 | Education | 516.7 | 125.4 | 155.7 | 797.8 | 543.8 |
| 494.4 | 502.2 | Environment, Great Lakes, and Energy | 480.9 | 3.0 | 658.5 | 1,142.4 | 584.5 |
| 8.2 | 7.4 | Executive Office | 7.1 | 0.0 | 0.9 | 8.1 | 7.8 |
| 25,311.6 | 26,614.3 | Health and Human Services | 28,453.2 | 3,090.4 | 1,278.2 | 32,821.9 | 29,286.8 |
| 53.4 | 53.9 | Insurance and Financial Service | 73.3 | 51.5 | 0.0 | 124.8 | 61.7 |
| 241.6 | 271.3 | Judiciary | 313.6 | 0.4 | 4.9 | 319.0 | 241.8 |
| 426.4 | 444.8 | Labor and Economic Opportunity | 745.2 | 683.4 | 2,850.0 | 4,278.6 | 722.9 |
| 23.6 | 24.2 | Legislative Auditor General | 26.7 | 0.0 | 3.5 | 30.2 | 24.8 |
| 149.6 | 154.3 | Legislature | 172.4 | 0.0 | 93.8 | 266.2 | 155.8 |
| 299.7 | 333.4 | Licensing and Regulatory Affairs | 452.6 | 58.5 | 39.8 | 551.0 | 386.4 |
| 0.1 | 0.1 | Marshall Plan for Talent | 0.0 | 0.0 | 30.3 | 30.3 | 0.0 |
| 66.0 | 86.7 | Michigan Strategic Fund | 120.3 | 58.5 | 0.0 | 178.8 | 178.8 |
| 0.0 | 0.0 | Michigan Veterans' Facility Authority | 41.3 | 1.2 | 0.1 | 42.5 | 67.4 |
| 182.8 | 171.9 | Military and Veterans Affairs | 102.4 | 17.0 | 14.3 | 133.7 | 112.3 |
| 124.1 | 132.7 | Natural Resources | 136.5 | 5.0 | 58.2 | 199.7 | 125.2 |
| 235.0 | 252.4 | State | 254.3 | 12.1 | 88.1 | 354.5 | 239.1 |
| 0.0 | 0.0 | State Land Bank Authority | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 816.6 | 837.6 | State Police (4) | 737.2 | 414.1 | 64.9 | 1,216.3 | 708.3 |
| 610.3 | 1,047.2 | Technology, Management and Budget (5) | 495.0 | 215.4 | 718.6 | 1,429.0 | 588.2 |
| 5.1 | 6.2 | Transportation | 0.0 | 47.0 | 29.7 | 76.7 | 2.6 |
| 2,257.2 | 3,758.1 | Treasury | 2,080.6 | 590.0 | 197.6 | 2,868.2 | 2,379.1 |
| \$36,585.7 | \$39,893.1 | | \$39,180.9 | \$5,385.7 | \$7,371.7 | \$51,938.3 | \$40,231.1 |

(1) Includes boilerplate appropriations.

(2) Does not include amounts appropriated in PA 87 of 2021.

(3) Includes all capital outlay activity regardless of agency.

(4) Does not include federal FEMA authorization and expenditures allocated to and included within the other departments.

(5) Includes Civil Service Commission.

**ESTIMATED BALANCE OF STATE PAYMENTS
TO LOCAL UNITS OF GOVERNMENT
Fiscal Year 2021
September 30, 2021
(\$ in millions)**

| | INITIAL APPROPRIATIONS | EXEC. ORDER and SUPPLEMENTALS | TOTAL APPROPRIATIONS YEAR-TO-DATE |
|---|-----------------------------------|--|--|
| Payments to local units of government | 19,907.4 | 78.6 | 19,986.0 |
| Total state spending from state resources | 35,359.1 | 34.8 | 35,393.9 |
| Percentage of state spending from state resources paid to local units | 56.30% | 225.86% | 56.47% |
| Required payments to local units (48.97%) | 17,315.4 | 17.0 | 17,332.4 |
| Surplus/(deficit) | \$2,592.0 | \$61.6 | \$2,653.6 |

STATE OF MICHIGAN
YEAR-TO-DATE BALANCE SHEET
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
September 30, 2021
(\$ in thousands)

ASSETS

| | |
|-----------------------|--------------------------|
| Current Assets: | |
| Equity in common cash | <u>\$ 882,089</u> |
| Total Assets | <u><u>\$ 882,089</u></u> |

LIABILITIES

| | |
|---------------------------|-------------|
| Current Liabilities: | |
| Total Current Liabilities | <u>\$ -</u> |
| Total Liabilities | <u>-</u> |

FUND BALANCES

| | |
|-------------------------------------|--------------------------|
| Committed | <u>882,089</u> |
| Total Fund Balances | <u>882,089</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 882,089</u></u> |

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
October 1, 2020 through September 30, 2021
(\$ in thousands)

REVENUES

| | |
|----------------|-----------|
| Miscellaneous | \$ 18,272 |
| | 18,272 |
| Total Revenues | 18,272 |

EXPENDITURES

| | |
|---|--------|
| Current: | |
| General government | 284 |
| | 284 |
| Total Expenditures | 284 |
| Excess of Revenues over (under) Expenditures | 17,988 |

OTHER FINANCING SOURCES (USES)

| | |
|---|------------------------|
| Transfers from other funds | 35,000 |
| Transfers to other funds | - |
| | - |
| Total Other Financing Sources (Uses) | 35,000 |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | \$ 52,988 ¹ |

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

STATE OF MICHIGAN
YEAR-TO-DATE BALANCE SHEET
MICHIGAN NATURAL RESOURCES TRUST FUND
September 30, 2021
(\$ in thousands)

ASSETS

| | |
|-----------------------|--------------------------|
| Current Assets: | |
| Equity in common cash | \$ 80,700 |
| Investments | - |
| Other current assets | 1,353 |
| Total Current Assets | <u>82,053</u> |
| Noncurrent Assets: | |
| Investments | <u>747,065</u> |
| Total Assets | <u><u>\$ 829,118</u></u> |

LIABILITIES

| | |
|--|--------------|
| Current Liabilities: | |
| Accounts payable and other liabilities | \$ 7,040 |
| Amounts due to other funds | - |
| Total Current Liabilities | <u>7,040</u> |
| Total Liabilities | <u>7,040</u> |

FUND BALANCES

| | |
|-------------------------------------|--------------------------|
| Nonspendable | 500,000 |
| Restricted | <u>322,078</u> |
| Total Fund Balances | <u>822,078</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 829,118</u></u> |

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND

October 1, 2020 through September 30, 2021

(\$ in thousands)

REVENUES

| | | |
|---------------------------|----|--------|
| Taxes | \$ | - |
| From federal agencies | | - |
| From licenses and permits | | - |
| Miscellaneous | | 99,488 |
| | | 99,488 |
| Total Revenues | | 99,488 |

EXPENDITURES

| | | |
|---|--|--------|
| Current: | | |
| General government | | 3,077 |
| Conservation, environment, recreation, and agriculture | | 13,972 |
| Capital outlay | | 5,340 |
| | | 5,340 |
| Total Expenditures | | 22,388 |
| Excess of Revenues over (under) Expenditures | | 77,100 |

OTHER FINANCING SOURCES (USES)

| | | |
|---|--|------------------------|
| Proceeds from bond issues | | - |
| Proceeds from sale of capital assets | | 1,593 |
| Transfers from other funds | | - |
| Transfers to other funds | | - |
| | | - |
| Total Other Financing Sources (Uses) | | 1,593 |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | | \$ 78,693 ¹ |

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

REVENUE OVERVIEW

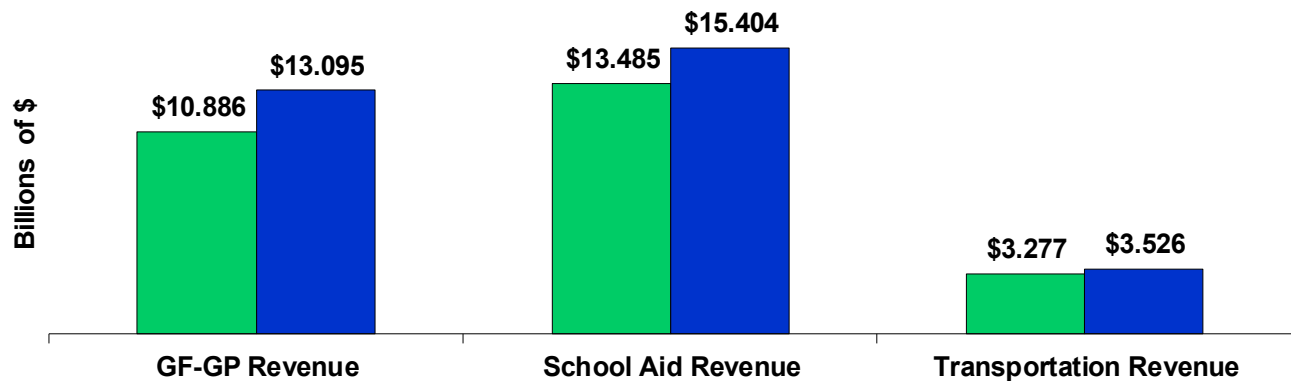
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for September 2021, representing some August and some September economic activity in Michigan.

In September, personal income tax estimated payments and corporate income tax estimated payments were robust which contributed to strong revenue collections this month. Total General Fund - General Purpose cash collections were \$172.0 million (13.3 percent) higher in September 2021 than in September 2020. The September 2021 School Aid Fund cash collections were \$126.2 million (8.3 percent) higher than in September 2020. September 2021 transportation collections were \$28.2 million (9.9 percent) higher than in September 2020 (see revenue summary table). September is the twelfth month of the state's fiscal year (FY). Year-to-date collection totals generally provide a more accurate view of collections since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are up \$2,208.7 million (20.3 percent) from a year ago. School Aid Fund cash collections are up \$1,918.6 million (14.2 percent) and transportation collections are up \$249.1 million (7.6 percent).

The FY 2020-21 revenue projections presented in the revenue summary table on page 11 are from the Consensus Revenue Estimating Conference held on May 21, 2021. The revenue estimate for net General Fund – General Purpose revenue for FY 2020-21 is \$11,276.8 million and the net School Aid revenue forecast is \$15,032.4 million. The Transportation Funds revenue forecast is \$3,684.5 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

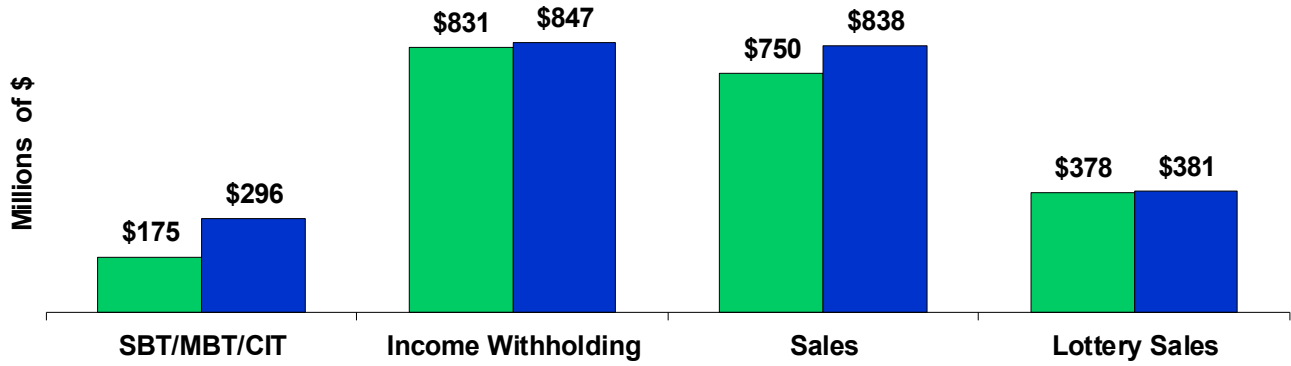
October through September Collections FY 2019-20 and FY 2020-21



Source: Office of Revenue and Tax Analysis

■ FY 2019-20 ■ FY 2020-21

September Revenue Collections FY 2019-20 and FY 2020-21



Source: Office of Revenue and Tax Analysis

■ FY 2019-20 ■ FY 2020-21

October through September Collections FY 2019-20 and FY 2020-21



Source: Office of Revenue and Tax Analysis

■ FY 2019-20 ■ FY 2020-21

Revenue Summary FY 2020-21
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2021

| Month-End Cash Collections Data | | | | October Through September Cash Collections Data | | | | | Revenue Projections | | |
|---------------------------------|-------------|------------|---------|---|---------------------|---------------------|--------------------|--------------|-------------------------|-------------------------------------|------------------------------------|
| September | | Difference | | Source of Revenue | Year-to-Date | | Difference | | FY 2019-20 Total (i) | FY 2020-21 Statutory Estimate | FY 2020-21 May 2021 Forecast |
| 2020 | 2021 | Amount | Percent | | FY 2019-20 | FY 2020-21 | Amount | Percent | | | |
| Income Taxes | | | | | | | | | | | |
| \$831,389 | \$846,619 | \$15,230 | 1.8% | Withholding | \$10,506,831 | \$10,999,221 | \$492,390 | 4.7% | \$10,511,500 | \$9,971,300 | \$11,014,500 |
| 309,235 | 402,663 | 93,429 | 30.2% | Quarterlies | 1,206,300 | 1,711,037 | 504,737 | 41.8% | 1,208,400 | 1,019,500 | 1,358,400 |
| 28,960 | 36,125 | 7,165 | 24.7% | Annuals | 1,279,183 | 1,789,786 | 510,603 | 39.9% | 1,298,100 | 1,147,600 | 1,017,400 |
| \$1,169,583 | \$1,285,407 | \$115,824 | 9.9% | Gross Collections | \$12,992,314 | \$14,500,044 | \$1,507,731 | 11.6% | \$13,018,000 | \$12,138,400 | \$13,390,300 |
| 47,118 | 94,949 | 47,831 | 102.0% | Less: Refunds | 2,343,520 | 2,486,173 | 142,652 | 6.1% | 2,517,700 | 2,366,900 | 2,738,400 |
| 0 | 0 | 0 | na | Less: State Campaign Fund | 0 | 0 | 0 | na | 600 | 800 | 800 |
| \$1,122,465 | \$1,190,458 | \$67,993 | 6.1% | Net Personal Income | \$10,648,793 | \$12,013,872 | \$1,365,078 | 12.8% | \$10,499,700 | \$9,770,700 | \$10,651,100 |
| 39,000 | 50,000 | 11,000 | 28.2% | Less: Disbursements to MTF | 468,000 | 600,000 | 132,000 | 28.2% | 468,000 | 600,000 | 600,000 |
| 5,750 | 5,750 | 0 | 0.0% | Less: Disbursements to Renew Michigan | 69,000 | 69,000 | 0 | 0.0% | 69,000 | 69,000 | 69,000 |
| 272,235 | 299,238 | 27,003 | 9.9% | Less: Disbursements to SAF | 3,024,563 | 3,375,546 | 350,982 | 11.6% | 3,093,000 | 2,889,900 | 3,188,200 |
| \$805,480 | \$835,470 | \$29,989 | 3.7% | Net Personal Income To GF-GP | \$7,087,230 | \$7,969,326 | \$882,096 | 12.4% | \$6,869,700 | \$6,211,800 | \$6,793,900 |
| Consumption Taxes | | | | | | | | | | | |
| \$120,537 | \$136,563 | \$16,026 | 13.3% | Sales (a) | \$1,333,507 | \$1,528,601 | \$195,094 | 14.6% | \$1,299,800 | \$1,250,200 | \$1,356,900 |
| 113,910 | 111,569 | (2,341) | -2.1% | Use (a) (h) | 774,115 | 1,238,076 | 463,961 | 59.9% | 747,500 | 654,500 | 1,158,300 |
| 16,376 | 15,486 | (890) | -5.4% | Tobacco | 179,435 | 177,777 | (1,658) | -0.9% | 180,100 | 167,800 | 176,200 |
| 1,666 | 1,548 | (119) | -7.1% | Beer, Wine & Mixed Spirits | 44,804 | 51,139 | 6,336 | 14.1% | 51,400 | 50,500 | 53,000 |
| 6,764 | 6,827 | 63 | 0.9% | Liquor Specific | 66,123 | 73,201 | 7,078 | 10.7% | 73,100 | 57,500 | 68,000 |
| \$259,254 | \$271,993 | \$12,739 | 4.9% | Total Consumption Taxes | \$2,397,983 | \$3,068,795 | \$670,812 | 28.0% | \$2,351,900 | \$2,180,500 | \$2,812,400 |
| Other Taxes | | | | | | | | | | | |
| \$605 | (\$30) | (\$635) | na | Single Business | (\$4,933) | (\$483) | \$4,450 | -90.2% | (\$5,400) | \$0 | \$0 |
| (1,817) | 2,379 | 4,197 | na | Insurance Premiums Taxes | \$395,216 | 349,170 | (46,046) | -11.7% | 456,800 | 380,400 | 390,000 |
| (1,213) | 2,349 | 3,561 | na | Sub-total SBT & Insurance | 390,283 | 348,687 | (41,596) | -10.7% | 451,400 | 380,400 | 390,000 |
| 6,279 | 8,708 | 2,429 | 38.7% | Michigan Business Tax | (539,827) | (499,461) | 40,366 | 7.5% | (553,700) | (643,900) | (626,900) |
| 168,228 | 287,466 | 119,238 | 70.9% | Corporate Income Tax | 1,097,600 | 1,679,920 | 582,320 | 53.1% | 1,100,100 | 912,800 | 1,384,100 |
| 0 | 0 | 0 | na | Inheritance / Estate | 0 | 0 | 0 | na | 0 | 0 | 0 |
| 4 | 538 | 534 | na | Telephone & Telegraph | 32,433 | 33,273 | 840 | 2.6% | 32,700 | 30,000 | 32,000 |
| 1,048 | 2,595 | 1,547 | 148.0% | Oil & Gas Severance | 14,346 | 20,890 | 6,545 | 45.6% | 12,800 | 12,000 | 14,000 |
| 36,713 | 37,773 | 1,059 | 2.9% | Penalties & Interest | 98,800 | 147,746 | 48,946 | 49.5% | 90,700 | 127,000 | 130,000 |
| 1,806 | 1,800 | (5) | -0.3% | Essential Services Assessment | 121,498 | 126,561 | 5,062 | 4.2% | 122,000 | 125,000 | 126,000 |
| 175 | (7) | (181) | na | Miscellaneous Other/Railroad | 2,304 | 2,624 | 320 | 13.9% | 13,500 | 2,000 | 2,000 |
| (11,667) | (12,667) | (1,000) | -8.6% | Treasury Enforcement Programs (e) | (140,000) | (152,000) | (12,000) | -8.6% | (139,900) | (152,000) | (152,000) |
| \$201,373 | \$328,555 | \$127,182 | 63.2% | Total Other Taxes | \$1,077,437 | \$1,708,240 | \$630,803 | 58.5% | \$1,129,600 | \$793,300 | \$1,299,200 |
| \$1,266,107 | \$1,436,018 | \$169,911 | 13.4% | Subtotal GF-GP Taxes | \$10,562,650 | \$12,746,360 | \$2,183,710 | 20.7% | \$10,351,200 | \$9,185,600 | \$10,905,500 |

continued

Revenue Summary FY 2020-21
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2021

| Month-End Cash Collections Data | | | | October Through September Cash Collections Data | | | | | | Revenue Projections | | |
|-----------------------------------|--------------------|------------------|-------------|---|---------------------|---------------------|--------------------|--------------|-------------------------|-------------------------------------|------------------------------------|--|
| September | | Difference | | Source of Revenue | Year-to-Date | | Difference | | FY 2019-20 Total (i) | FY 2020-21 Statutory Estimate | FY 2020-21 May 2021 Forecast | |
| 2020 | 2021 | Amount | Percent | | FY 2019-20 | FY 2020-21 | Amount | Percent | | | | |
| Non-Tax Revenue (e) | | | | | | | | | | | | |
| \$1,250 | \$833 | (\$417) | -33.3% | Federal Aid | \$15,000 | \$10,000 | (\$5,000) | -33.3% | \$3,900 | \$10,000 | \$10,000 | |
| 8 | 8 | 0 | 0.0% | Local Agencies | 100 | 100 | 0 | 0.0% | 400 | 100 | 100 | |
| 500 | 583 | 83 | 16.7% | Services | 6,000 | 7,000 | 1,000 | 16.7% | 3,800 | 7,000 | 7,000 | |
| 1,000 | 1,167 | 167 | 16.7% | Licenses & Permits | 12,000 | 14,000 | 2,000 | 16.7% | 51,100 | 14,000 | 14,000 | |
| 0 | 0 | 0 | na | Investments/Interest Costs | 1,266 | 1,266 | 0 | 0.0% | 6,700 | 4,000 | 2,000 | |
| 833 | 833 | 0 | 0.0% | Misc. Non-tax Revenue | 10,000 | 10,000 | 0 | 0.0% | 4,100 | 10,000 | 10,000 | |
| 16,250 | 18,750 | 2,500 | 15.4% | Liquor Purchase Revolving Fund | 195,000 | 225,000 | 30,000 | 15.4% | 279,300 | 225,000 | 250,000 | |
| 7,000 | 6,750 | (250) | -3.6% | From Other Funds-Lottery & Escheats | 84,000 | 81,000 | (3,000) | -3.6% | 75,200 | 81,000 | 78,200 | |
| <u>\$26,842</u> | <u>\$28,925</u> | <u>\$2,083</u> | <u>7.8%</u> | Total Non-Tax Revenue | <u>\$323,366</u> | <u>\$348,366</u> | <u>\$25,000</u> | <u>7.7%</u> | <u>\$424,500</u> | <u>\$351,100</u> | <u>\$371,300</u> | |
| \$1,292,949 | \$1,464,943 | \$171,994 | 13.3% | Total GF-GP Revenue | \$10,886,016 | \$13,094,726 | \$2,208,710 | 20.3% | \$10,775,700 | \$9,536,700 | \$11,276,800 | |
| School Aid Fund | | | | | | | | | | | | |
| \$309,010 | \$347,952 | \$38,942 | 12.6% | Sales Tax 4% | \$3,459,979 | \$3,922,605 | \$462,626 | 13.4% | \$3,392,300 | \$3,344,700 | \$3,644,400 | |
| 234,520 | 257,854 | 23,334 | 9.9% | Sales Tax 2% | 2,432,790 | 2,860,734 | 427,945 | 17.6% | 2,656,400 | 2,604,600 | 2,852,000 | |
| 57,107 | 76,404 | 19,297 | 33.8% | Use Tax 2% | 600,774 | 884,067 | 283,293 | 47.2% | 613,000 | 576,000 | 827,900 | |
| 466,311 | 468,093 | 1,782 | 0.4% | State Education Property Tax | 2,160,214 | 2,255,164 | 94,950 | 4.4% | 2,182,800 | 2,163,000 | 2,267,600 | |
| 33,371 | 53,041 | 19,670 | 58.9% | Real Estate Transfer Tax | 320,350 | 487,099 | 166,749 | 52.1% | 335,400 | 325,000 | 433,600 | |
| 90,000 | 90,000 | 0 | 0.0% | Lottery Transfer (b) | 931,822 | 1,031,983 | 100,161 | 10.7% | 1,179,900 | 1,026,800 | 1,208,100 | |
| 6,868 | 8,256 | 1,388 | 20.2% | Casino Wagering Tax | 66,984 | 90,514 | 23,530 | 35.1% | 67,000 | 112,800 | 134,900 | |
| 6,595 | 6,577 | (18) | -0.3% | Liquor Excise Tax | 64,183 | 69,731 | 5,549 | 8.6% | 70,900 | 57,100 | 67,600 | |
| 33,246 | 31,438 | (1,808) | -5.4% | Cigarette/Tobacco Tax | 364,280 | 360,914 | (3,366) | -0.9% | 331,800 | 314,900 | 325,300 | |
| 7,989 | 7,336 | (653) | -8.2% | Indus. & Comm. Facilities Taxes | 36,468 | 42,021 | 5,553 | 15.2% | 40,900 | 33,000 | 37,000 | |
| 4,710 | 1,988 | (2,723) | -57.8% | Specific Other | 22,931 | 23,570 | 638 | 2.8% | 27,000 | 54,100 | 45,800 | |
| 272,235 | 299,238 | 27,003 | 9.9% | Income Tax Earmarking | 3,024,563 | 3,375,546 | 350,982 | 11.6% | 3,093,000 | 2,889,900 | 3,188,200 | |
| <u>\$1,521,962</u> | <u>\$1,648,178</u> | <u>\$126,216</u> | <u>8.3%</u> | Total School Aid Fund | <u>\$13,485,340</u> | <u>\$15,403,948</u> | <u>\$1,918,608</u> | <u>14.2%</u> | <u>\$13,990,400</u> | <u>\$13,501,900</u> | <u>\$15,032,400</u> | |
| Multi-Fund Revenue Summary | | | | | | | | | | | | |
| \$749,537 | \$837,774 | \$88,237 | 11.8% | Sales Tax 6% | \$8,199,422 | \$9,398,409 | \$1,198,987 | 14.6% | \$8,307,500 | \$8,159,000 | \$8,906,000 | |
| 515,016 | 579,920 | 64,904 | 12.6% | Sales Tax 4% (d) | 5,766,632 | 6,537,675 | 771,043 | 13.4% | 5,651,100 | 5,554,400 | 6,054,000 | |
| 234,520 | 257,854 | 23,334 | 9.9% | Sales Tax 2% | 2,432,790 | 2,860,734 | 427,945 | 17.6% | 2,656,400 | 2,604,600 | 2,852,000 | |
| 171,320 | 229,212 | 57,892 | 33.8% | Use Tax 6% (g) | 1,802,321 | 2,652,200 | 849,879 | 47.2% | 1,826,400 | 1,722,000 | 2,477,700 | |
| 2,021 | 4,731 | 2,710 | 134.0% | Recreational Marihuana | 17,878 | 93,641 | 75,762 | na | 31,364 | 98,000 | 75,000 | |
| 82,292 | 77,818 | (4,474) | -5.4% | Tobacco Taxes | 901,684 | 893,352 | (8,332) | -0.9% | 904,100 | 847,100 | 886,000 | |
| 0 | 23 | 23 | na | Tobacco Settlement | 217,819 | 236,844 | 19,025 | 8.7% | na | na | na | |

continued

Revenue Summary FY 2020-21
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2021

| Month-End Cash Collections Data | | | | October Through September Cash Collections Data | | | | | Revenue Projections | | |
|--------------------------------------|------------------|-----------------|-------------|---|--------------------|--------------------|------------------|--------------|-------------------------|-------------------------------------|------------------------------------|
| September | | Difference | | Source of Revenue | Year-to-Date | | Difference | | FY 2019-20 Total (i) | FY 2020-21 Statutory Estimate | FY 2020-21 May 2021 Forecast |
| 2020 | 2021 | Amount | Percent | | FY 2019-20 | FY 2020-21 | Amount | Percent | | | |
| Major Transportation Revenues | | | | | | | | | | | |
| \$18,969 | \$22,016 | \$3,047 | 16.1% | Diesel Fuel / Motor Carrier Fuel Tax | \$228,758 | \$244,102 | \$15,344 | 6.7% | \$229,917 | \$227,000 | \$238,000 |
| 99,090 | 109,399 | 10,309 | 10.4% | Gasoline | 1,088,126 | 1,121,913 | 33,787 | 3.1% | 1,086,857 | 1,150,000 | 1,155,000 |
| 113,777 | 117,463 | 3,686 | 3.2% | Motor Vehicle Registration | 1,345,194 | 1,403,037 | 57,842 | 4.3% | 1,345,111 | 1,373,000 | 1,373,000 |
| 4,741 | 4,870 | 129 | 2.7% | Other Taxes, Fees & Misc. | 44,902 | 54,293 | 9,391 | 20.9% | 119,062 | 217,996 | 182,419 |
| 8,472 | 8,537 | 65 | 0.8% | Comprehensive Transportation (c) | 101,662 | 102,439 | 777 | 0.8% | 102,047 | 102,439 | 136,123 |
| 39,000 | 50,000 | 11,000 | 28.2% | Income Tax Earmarking | 468,000 | 600,000 | 132,000 | 28.2% | 468,000 | 600,000 | 600,000 |
| <u>\$284,048</u> | <u>\$312,283</u> | <u>\$28,235</u> | <u>9.9%</u> | Total Major Trans. Revenues | <u>\$3,276,642</u> | <u>\$3,525,784</u> | <u>\$249,142</u> | <u>7.6%</u> | <u>\$3,350,994</u> | <u>\$3,670,435</u> | <u>\$3,684,542</u> |
| Lottery Sales By Games | | | | | | | | | | | |
| \$200,436 | \$189,675 | (\$10,761) | -5.4% | Instant Games (f) | \$2,216,435 | \$2,638,701 | \$422,266 | 19.1% | na | na | na |
| 89,634 | 84,575 | (5,059) | -5.6% | Daily Games | 975,397 | 1,161,464 | 186,066 | 19.1% | na | na | na |
| 29,247 | 42,433 | 13,187 | 45.1% | Lotto and Big Game (f) | 349,823 | 487,277 | 137,454 | 39.3% | na | na | na |
| 657 | 629 | (27) | -4.1% | Keno Game | 8,523 | 8,626 | 103 | 1.2% | na | na | na |
| 1,032 | 2,747 | 1,716 | 166.0% | Lucky For Life | 13,183 | 18,630 | 5,447 | 41.3% | na | na | na |
| 5,584 | 6,247 | 663 | 11.9% | Other (f) | 93,733 | 82,210 | (11,523) | -12.3% | na | na | na |
| 51,149 | 54,681 | 3,532 | 6.9% | Club Games | 549,422 | 594,488 | 45,066 | 8.2% | na | na | na |
| <u>\$377,738</u> | <u>\$380,988</u> | <u>\$3,250</u> | <u>0.9%</u> | Total Lottery Sales | <u>\$4,206,516</u> | <u>\$4,991,395</u> | <u>\$784,879</u> | <u>18.7%</u> | <u>na</u> | <u>na</u> | <u>na</u> |

- (a) GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, Constitutional Revenue Sharing, and Aviation Fund. GF-GP Use has been adjusted based on Aviation Fund.
- (b) The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers from Lottery to School Aid Fund.
- (c) The Comprehensive Transportation Fund distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the Comprehensive Transportation Fund).
- (d) 2% collections adjusted to reflect exemption on residential utilities.
- (e) Non-tax revenue items other than interest are estimates.
- (f) Lottery Sales include iLottery net win amounts; and Other lottery games includes the new Fast Cash games, which began in July 2017.
- (g) Gross Use tax collections include the transferred amounts to the Local Community Stabilization Authority, which are front-loaded at the beginning of the fiscal year. The year-to-date 2020 revenues were \$427.4 million and the year-to-date 2021 revenues are \$530.0 million. Per 2014 Public Act 80, the total fiscal year 2020 Local Community Stabilization Share (LCSS) was \$465.9 million and the total fiscal year 2021 LCSS is \$491.5 million.
- (h) General Fund Use tax collections are net of LCSS revenue. The year-to-date 2020 LCSS revenues were \$427.4 million and the year-to-date 2021 LCSS revenues are \$530.0 million.
- (i) Official Annual Comprehensive Financial Report figures are adjusted to put them on a comparable basis with Consensus Estimates.

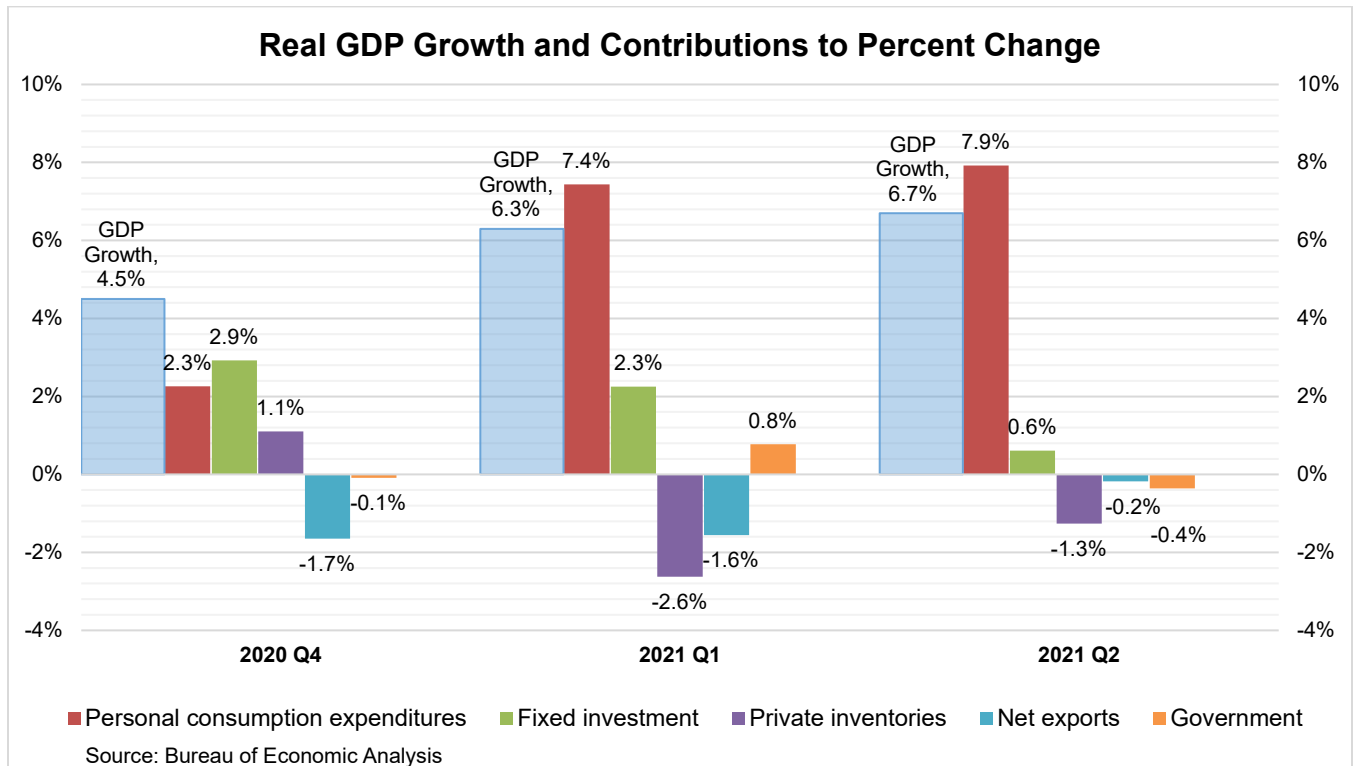
Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U.S. Economy

U.S. real **Gross Domestic Product** increased at a 6.7 percent annual rate in the second quarter of 2021, according to the most recent estimate, up from the 6.3 percent annual rate in the first quarter of 2021. The past three quarterly contributions to the percent change in GDP are shown in the graph below. Annual real GDP decreased 3.4 percent in 2020, a decline from the 2.3 percent growth of 2019.



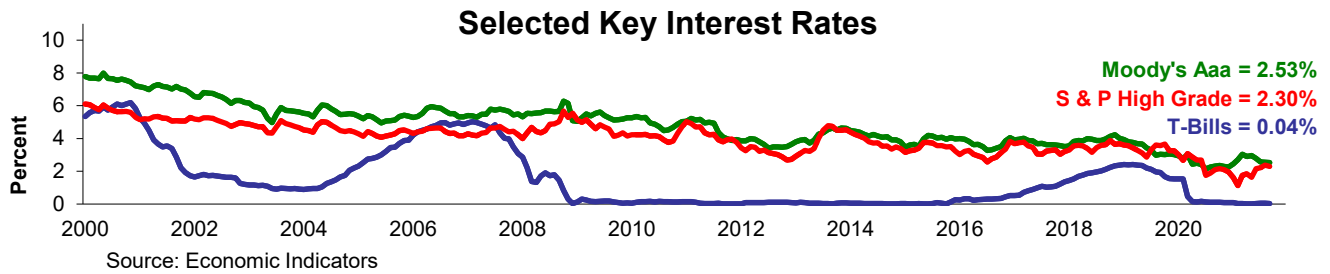
Personal consumption expenditures contributed significantly to the increase in GDP in the second quarter of 2021, as it did in the first quarter of 2021. Fixed investment made minor contributions to the increase in GDP. Private inventories, net exports, and government spending were drags on the economy. Real final sales increased 8.1 percent in the second quarter according to the most recent estimate while on the inflation front, the implicit price deflator increased by 6.2 percent.

U.S. wage and salary employment increased by 194,000 jobs in September, after gaining 366,000 jobs in August, according to revised estimates. Employment levels were still 5.0 million payroll jobs, or 3.3 percent, below the February 2020 level, prior to the pandemic. In September, sectors with the largest increases in employment include the trade, transportation, and utilities sector with 120,000 jobs, of which 56,100 jobs were in retail trade and 47,300 jobs were in transportation and warehousing, followed by the leisure and hospitality sector with 74,000 jobs and professional and business services with 60,000 jobs.

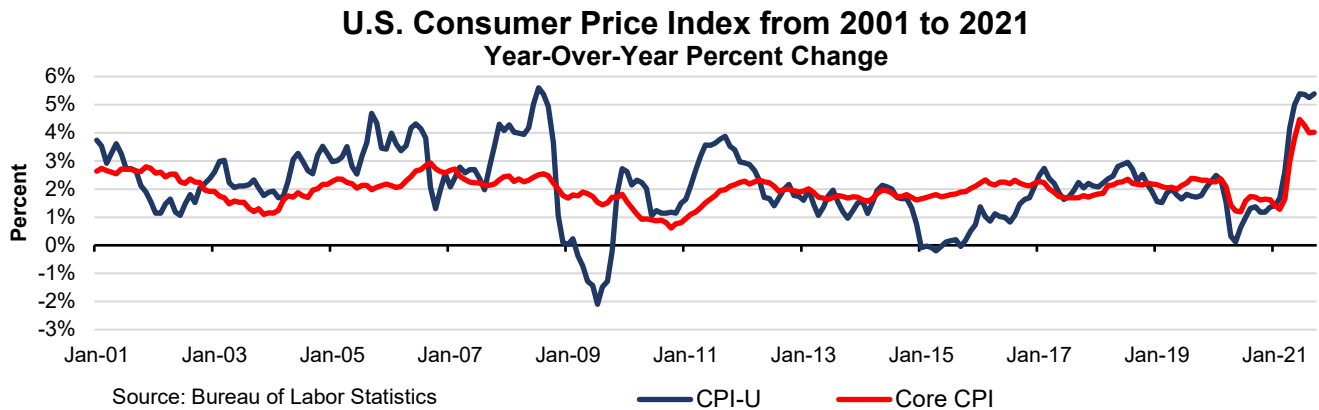
In September, the U.S. unemployment rate declined to 4.8 percent, down from August's 5.2 percent. Civilian employment increased slightly to 153.7 million in September, while the number unemployed decreased to 7.7 million. Of the unemployed, 1.1 million were reported as being on a temporary layoff in September, a slight decrease from August's 1.3 million.

Short-term **interest rates** declined slightly in September, as the 3-month Treasury bill (T-bill) rate decreased to 0.04 percent, down 0.02 percentage points from August. Compared to one year ago, the

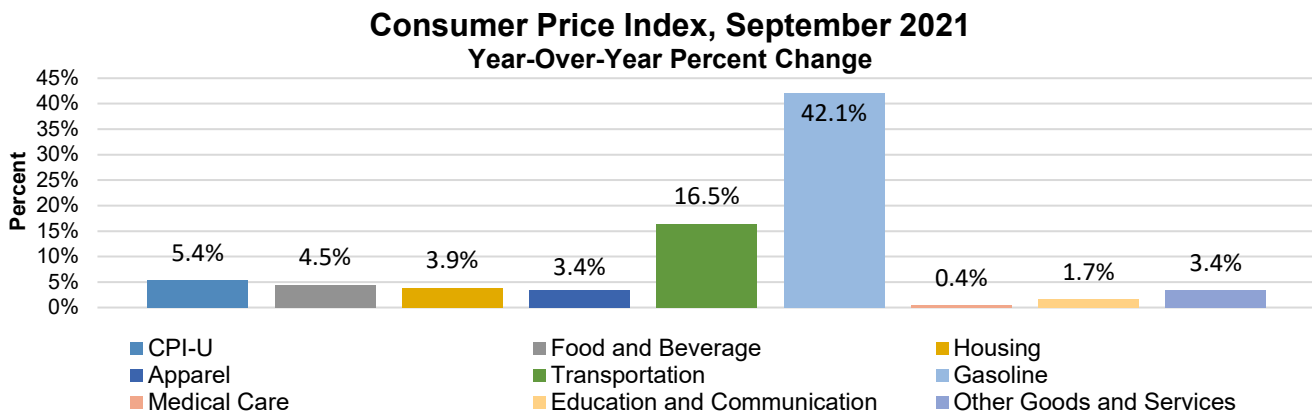
T-bill rate decreased 0.07 percentage points. The Aaa corporate bond rate decreased 0.02 percentage points to an interest yield of 2.53 percent in September but was up 0.22 percentage points from its year-ago level. The interest rate on high-grade municipal bonds decreased 0.08 percentage points to 2.30 percent in September and was up 0.20 percentage points from a year ago.



U.S. retail prices, as measured by the Consumer Price Index (CPI-U), are up 5.4 percent from September 2020 to September 2021, slightly above in the 5.2 percent year-over-year increase in August. In the past 20 years, the CPI-U year-over-year change was last this high in August of 2008. The Consumer Price Index – Core (CPI-Core) measures the change in all consumer items aside from food and energy prices. The CPI-Core was up 4.0 percent from September 2020 to September 2021. Prior to the current year, the CPI-Core has not been above 3.0 percent in the past 20 years.



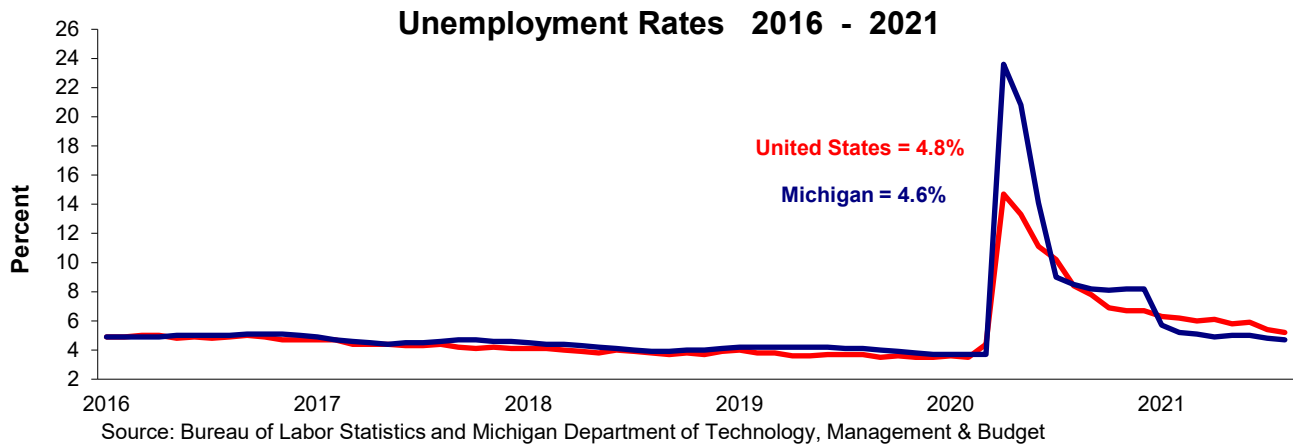
Gasoline experienced the largest year-over-year price increase (42.1 percent) due in part to the dramatic decline in gasoline prices for much of 2020 due to the pandemic. Transportation was next in largest price increase (16.5 percent). Far lower year-over-year percent changes can be seen in food and beverage (4.5 percent), housing (3.9 percent), apparel (3.4 percent) and other goods and services (3.4 percent).



Source: Bureau of Labor Statistics

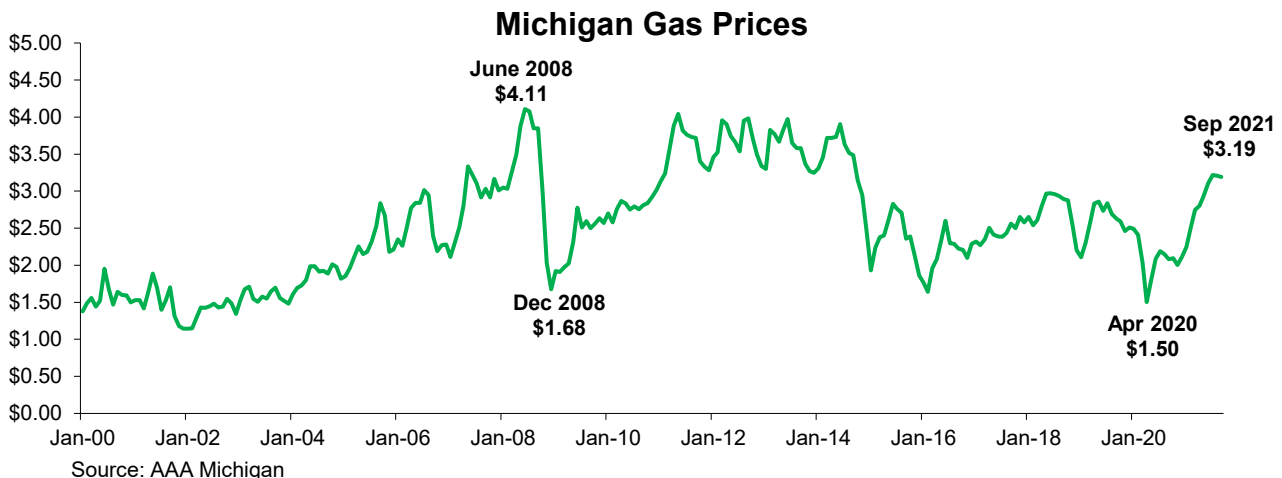
Michigan Economy

The **Michigan jobless rate** declined slightly to 4.6 percent in September, down from August's 4.7 percent jobless rate. This is below the national unemployment rate which declined to 4.8 percent in September. The civilian labor force increased by 12,000 in September, a 0.3 percent change from August. The number unemployed decreased by 4,000 in September, a -1.8 percent change, while the number employed increased by 16,000, a 0.4 percent change from August to September. The number unemployed is 44.7 percent lower than in September 2020, when large losses in employment occurred during the first part of the pandemic in the U.S.



Michigan wage and salary employment increased in September by 8,000 jobs from August's revised estimate, and was up 99,000 jobs, or 2.4 percent, from September 2020. In September, the sectors with the largest increases in employment include leisure and hospitality services with 7,000 jobs gained, and professional and business services, financial activities, and trade, transportation, and utilities each with 2,000 jobs gained. In September, the sector with the largest decline in employment was education and health services with 6,000 jobs lost. All other major sectors gained or lost 1,000 jobs or less.

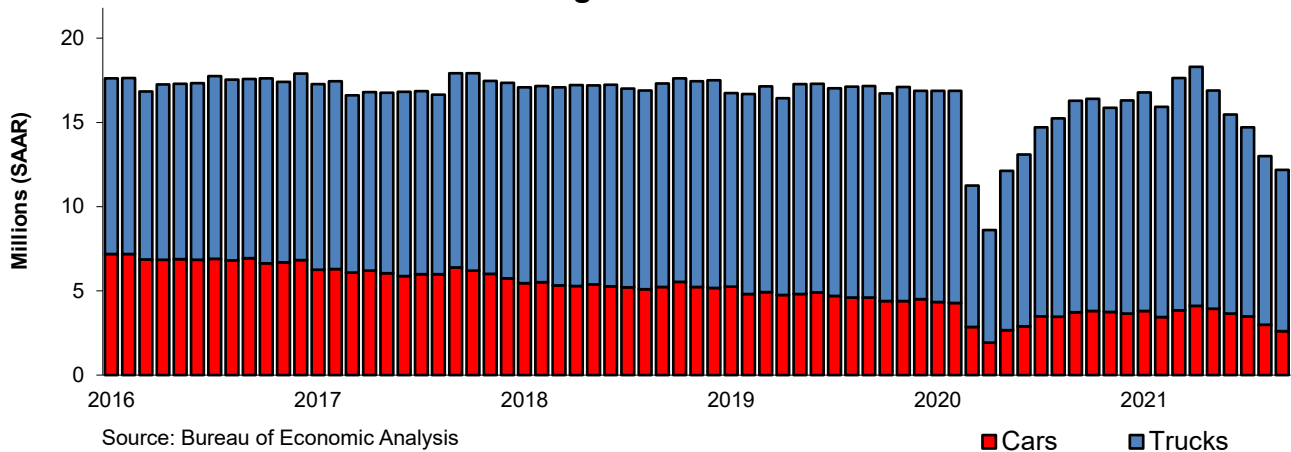
Michigan gasoline prices decreased slightly in September 2021 to \$3.19 per gallon, down 1.5 cents a gallon from last month's average. Year-over-year gasoline prices are up significantly from the \$2.08 per gallon in September 2020, when they were still low due to the pandemic. September 2021 gas prices are 56.5 cents a gallon higher than they were two years ago in September 2019 and are similar to prices last seen in 2014.



Motor Vehicle Sector

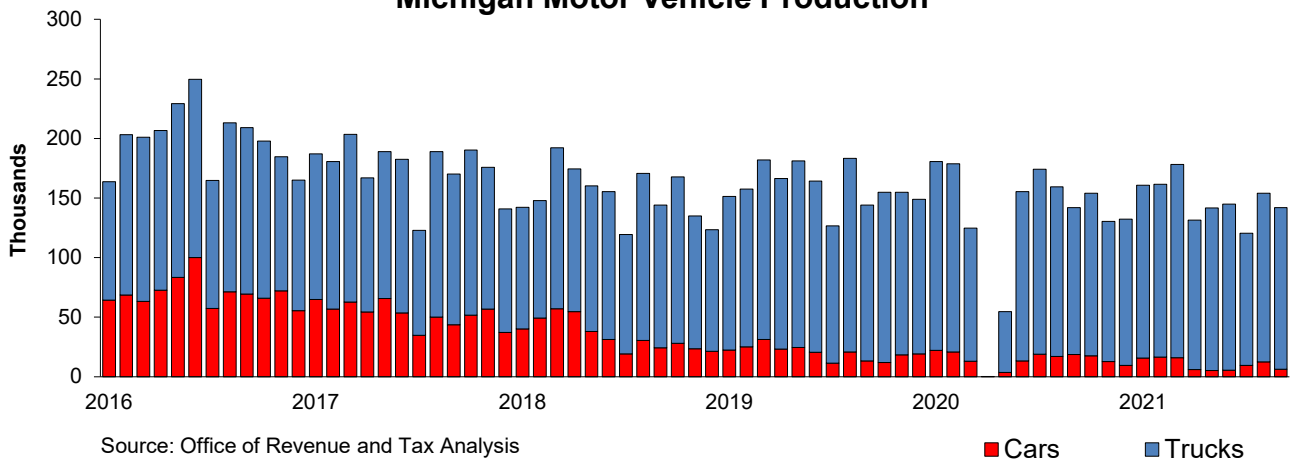
U.S. light vehicle sales (cars and light trucks) declined 6.4 percent in September from August, selling at a 12.2 million unit seasonally adjusted annual rate. Domestic car sales declined 15.3 percent and light truck sales declined 5.2 percent from August. Import car sales and light truck sales declined 6.4 percent and 2.0 percent, respectively, from August. Compared to September 2020, light vehicle sales were down 25.2 percent. Domestic car sales decreased 37.7 percent while light truck sales decreased 25.7 percent from the year ago levels. Import car sales were down 6.0 percent while import light truck sales were down 16.5 percent from last year. Domestic light vehicles recorded a 74.6 percent share of September 2021 sales, down 0.8 percentage points from August.

U.S. Light Vehicle Sales



Michigan motor vehicle production was down in September, with 141,830 total units, similar in level compared to May 2021. Michigan's September production was 7.9 percent below August's production, but only 0.1 percent below the level in September of 2020. In September, several factories have temporarily suspended or continued to suspend production due to the semiconductor shortage. Nationally, motor vehicle production totaled 673,865 units, which was down 24.5 percent from a year ago. In September, Michigan's car production was 6,333 units while the state's truck production was 135,497 units. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the May 21, 2021 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

| | Fiscal Year 2019-20 Estimate | Fiscal Year 2020-21 Estimate | Fiscal Year 2021-22 Estimate |
|--|---|---|---|
| Applicable Calendar Year Personal Income | \$484,030 | \$491,632 | \$528,093 |
| Section 26 Base Ratio | 9.49% | 9.49% | 9.49% |
| Revenue Limit | <u>\$45,934.4</u> | <u>\$46,655.9</u> | <u>\$50,116.0</u> |
| Revenue Limit | \$45,934.4 | \$46,655.9 | \$50,116.0 |
| State Revenue Subject to Limit | <u>\$34,516.9</u> | <u>\$36,198.7</u> | <u>\$36,833.5</u> |
| Amount Under (Over) Limit | \$11,417.6 | \$10,457.2 | \$13,282.5 |

Sources:

Personal Income Estimate

The FY 2019-20 calculation uses the official personal income estimate for calendar year 2018 (Survey of Current Business, October 2019).

The FY 2020-21 calculation uses the official personal income estimate for calendar year 2019 (Survey of Current Business, October 2020).

The FY 2021-22 calculation uses the May 21, 2021 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2019-20 calculation uses the May 21, 2021 Consensus Revenue Agreement.

The FY 2020-21 calculation uses the May 21, 2021 Consensus Revenue Agreement.

The FY 2021-22 calculation uses the May 21, 2021 Consensus Revenue Agreement.

Column detail may not add to totals due to rounding

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