RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

JOHN E. NIXON, CPA
DIRECTOR

March 22, 2012

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

The Honorable Chuck Moss, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

Attached is the monthly financial report for the month ending February 29, 2012. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under "Financial Reports".

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

Sincerely,

John E. Nixon, CPA
State Budget Director

Attachment

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

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2012
Projected Revenues and Expenditures
February 29, 2012
($ in millions)

		FISCAL 2012
Beginning Balance, October 1, 2011		see one-time revenue
Current Year GF/GP Revenues, January 2012 Consensus Estimate	$	9,030.5
Revenue Adjustments:		
Local Government Program Payments	$	(330.0)
Use Tax on Medicaid managed care (PA 141 of 2011)	$	201.1
Other Revenue Adjustments	$	8.5
Subtotal Additional Revenue Adjustments	$	(120.4)
Total FY Resources Available For Expenditure GF/GP		8,910.1
Expenditures, Current Law:		
FY 2012 Enacted with Vetoes	$	8,401.0
Total Expenditures Projected	$	8,401.0
Current Year Revenues minus Ongoing Costs	$	509.1
Beginning Balance (One-Time Revenue)	$	566.6 [1]
One-Time Spending Items - PA 62 and PA 63 of 2011	$	509.9
Supplemental Requests (letters 2012-8 and 2012-10)	$	24.2
One-Time Revenue minus One-Time Spending	$	32.5
Projected Ending Balance, September 30, 2012	$	541.6

[1] This report reflects the unassigned general fund balance for the fiscal year ending September 30, 2011, based upon the unaudited financial statement issued on January 27, 2012. Final year-end activity will be reflected in the fiscal year 2011 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2012.

SCHOOL AID FUND
Fiscal Year 2012
Projected Revenues and Expenditures
February 29, 2012
($ in millions)

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

[1] This report reflects the unassigned school aid fund balance for the fiscal year ending September 30, 2011, based upon the unaudited financial statement issued on January 27, 2012. Final year-end activity will be reflected in the fiscal year 2011 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2012.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND GROSS

February 29, 2012

($ IN MILLIONS)

FISCAL YEAR 2011				FISCAL YEAR 2012			
Exp & Enc February 2011	Exp & Enc Yr-to-date FY 2011	Fiscal Year End SEP 30, 2011	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc February 2012	Exp & Enc Yr-to-date FY 2012
4.6	23.8	60.2	Agriculture and Rural Development	69.9	11.2	4.6	20.8
4.6	23.2	62.9	Attorney General	73.6	3.7	6.5	25.0
19.4	116.6	235.3	Capital Outlay**	279.1	4.0	19.5	117.2
0.8	4.2	11.5	Civil Rights	13.7	2.5	1.3	4.6
182.1	857.4	1,865.2	Colleges & Universities	1,250.2	1.9	114.5	576.3
1,281.3	5,763.9	14,302.1	Community Health	14,154.6	653.4	1,309.3	5,798.0
142.8	749.7	1,934.9	Corrections	1,915.2	19.0	155.6	765.6
5.1	27.9	105.2	Education	117.3	9.0	9.8	30.5
11.5	51.5	160.5	Environmental Quality	385.0	41.6	12.3	57.5
0.5	2.1	4.5	Executive Office	4.4	0.2	0.5	2.5
473.9	2,383.8	6,200.1	Human Services	6,793.4	35.0	467.1	2,336.6
9.6	66.8	231.2	Judiciary	257.0	0.1	21.2	73.5
1.4	6.2	16.7	Legislative Auditor General	15.6	0.4	1.4	6.2
8.8	46.4	96.4	Legislature	100.3	0.5	7.9	39.3
71.7	333.0	802.0	Licensing and Regulatory Affairs	568.2	107.6	35.4	158.0
8.6	53.8	120.9	Military Affairs	129.2	12.2	9.1	45.7
4.2	18.8	58.4	Natural Resources	93.3	14.6	3.1	20.2
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
11.6	66.2	172.3	State	210.9	9.7	14.7	59.2
36.7	159.5	474.7	State Police	523.6	16.8	41.2	152.3
16.7	95.5	305.2	Technology, Management & Budget***	522.9	17.8	44.8	186.3
0.0	0.0	0.0	Transportation	0.0	0.5	0.0	0.0
224.2	767.7	3,069.0	Treasury	1,476.8	100.1	192.2	767.0
0.0	20.9	32.1	Michigan Strategic Fund	59.0	86.7	1.8	17.2
$2,520.1	**$11,638.9**	**$30,321.3**		**$29,013.3**	**$1,148.4**	**$2,473.8**	**$11,259.5**

*Includes boilerplate appropriations.
**Includes all capital outlay activity regardless of agency
***Includes Civil Service Commission

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2012
February, 2012
($ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,144.0	270.0	15,414.0
Total state spending from state resources	27,212.5	209.4	27,421.9
Percentage of state spending from state resources paid to local units	55.65%		56.21%
Required payments to local units (48.97%)	13,326.0		13,428.5
Surplus/(deficit)	**$1,818.0**		**$1,985.5**

STATE OF MICHIGAN

YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES

COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND

OCTOBER 1, 2011 THROUGH FEBRUARY 29, 2012

(in thousands)

REVENUES	
Miscellaneous	$ 11
Total Revenues	11
EXPENDITURES	
Current:	
General government	-
Total Expenditures	-
Excess of Revenues over (under) Expenditures	11
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	106,583
Transfers to other funds	-
Total Other Financing Sources (Uses)	106,583
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	$ 106,595 [1]

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

STATE OF MICHIGAN

YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES

MICHIGAN NATURAL RESOURCES TRUST FUND

OCTOBER 1, 2011 THROUGH FEBRUARY 29, 2012

(in thousands)

REVENUES	
Taxes	$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	34,444
Total Revenues	34,444
EXPENDITURES	
Current:	
General government	-
Conservation, environment, recreation, and agriculture	816
Capital outlay	16,527
Total Expenditures	17,343
Excess of Revenues over (under) Expenditures	17,101
OTHER FINANCING SOURCES (USES)	
Proceeds from bond issues	-
Proceeds from sale of capital assets	13
Transfers from other funds	-
Transfers to other funds	-
Total Other Financing Sources (Uses)	13
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	$ 17,114 [1]

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

REVENUE OVERVIEW

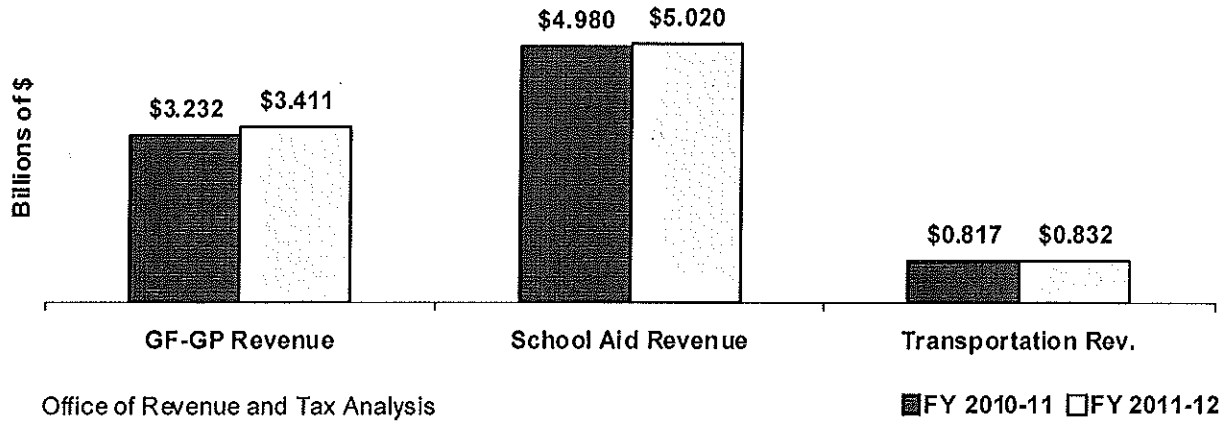
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

Total General Fund - General Purpose cash collections were $63.1 million lower in February 2012 than in February 2011. The February 2012 School Aid Fund cash collections were $57.5 million higher than in February 2011. February 2012 transportation collections were $11.3 million higher than in February 2011 (see revenue table). February is the fifth 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 $178.5 million from a year ago. School Aid Fund cash collections are up $40.1 million and transportation collections are up $14.3 million.

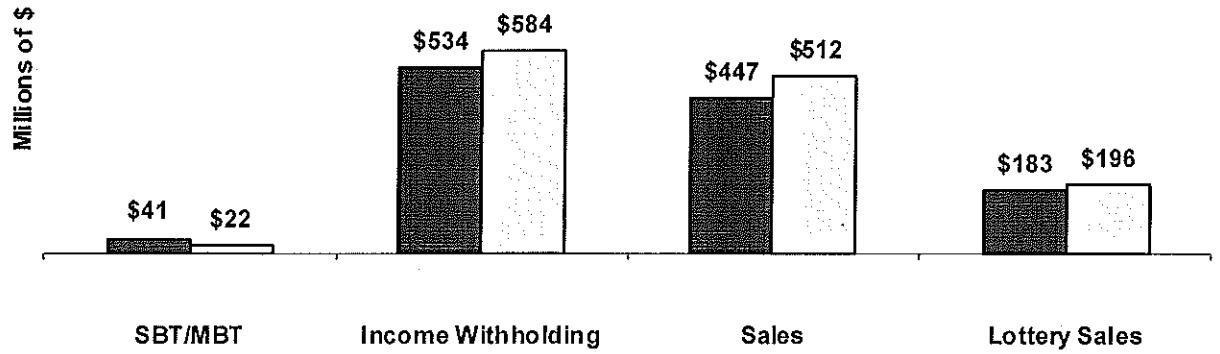
The FY 2011-12 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on January 13, 2012. The revenue estimate for net General Fund – General Purpose revenue for FY 2011-12 is $9,030.5 million and the net School Aid revenue forecast is $10,763.7 million. The Transportation Funds revenue forecast is $2,105.9 million. The next regularly scheduled revenue conference will be held in May 2012.

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



Office of Revenue and Tax Analysis

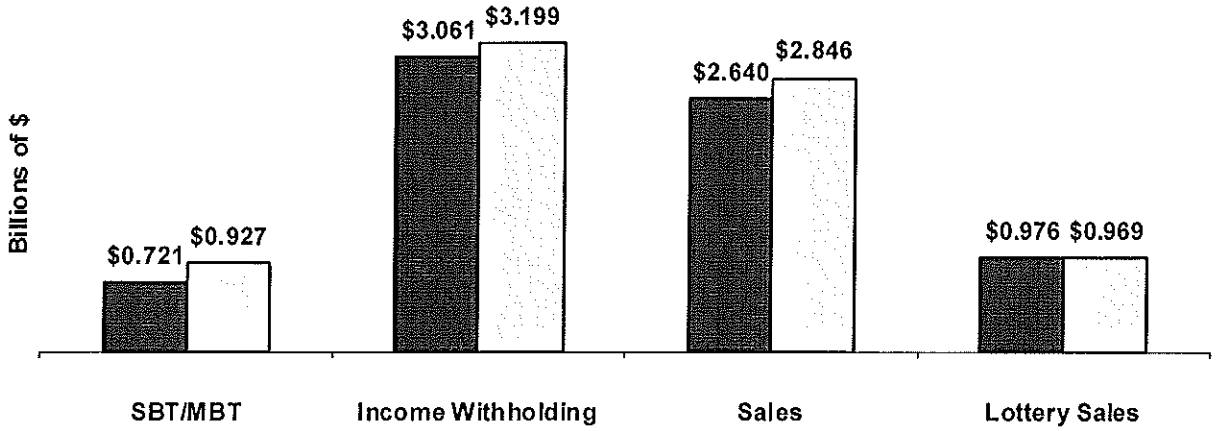
February Revenue Collections
FY 2010-11 and FY 2011-12



Office of Revenue and Tax Analysis

FY 2010-11 FY 2011-12

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



Office of Revenue and Tax Analysis

FY 2010-11 FY 2011-12

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

For The Month Ended: February 29, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
February		Difference			Year-to-Date		Difference				
2011	2012	Amount	Percent	SOURCE OF REVENUE	FY 2010-11	FY 2011-12	Amount	Percent	FY 2010-11 Preliminary Totals (h)	FY 2011-12 Statutory Estimate (i)	FY 2011-12 January 2012 Consensus
				Income Taxes							
$534,088	$584,271	$50,183	9.4%	Withholding	$3,060,748	$3,199,149	$138,401	4.5%	$7,192,100	$7,664,100	$7,659,300
3,900	4,815	915	23.5%	Quarterlies	221,111	236,369	15,258	6.9%	633,600	665,900	680,300
17,636	22,459	4,822	27.3%	Annuals	76,125	87,047	10,923	14.3%	719,700	693,300	733,400
555,624	611,545	55,921	10.1%	Gross Collections	3,357,984	3,522,566	164,581	4.9%	$8,545,400	$9,023,300	$9,073,000
556,661	630,809	74,149	13.3%	Less: Refunds	718,212	805,564	87,353	12.2%	2,127,100	2,225,700	2,041,100
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,000	1,000
(1,036)	(19,264)	(18,228)	na	Net Personal Income	2,639,773	2,717,002	77,229	2.9%	$6,417,300	$6,796,600	$7,030,900
129,349	142,368	13,018	10.1%	Less: Disbursements to SAF	781,739	820,053	38,315	4.9%	$1,972,500	$2,098,600	$2,104,400
($130,386)	($161,632)	($31,246)	-24.0%	NET PERSONAL INCOME TO GF-GP	$1,858,034	$1,896,948	$38,914	2.1%	$4,444,800	$4,698,000	$4,926,500
				Consumption Taxes							
$4,093	$4,873	$781	19.1%	Sales (a)	$30,439	$32,196	$1,758	5.8%	$1,066,700	$97,000	$1,084,700
60,786	42,791	(17,995)	-29.6%	Use (f) (g)	319,372	257,483	(61,889)	-19.4%	734,000	846,600	799,400
13,935	14,493	558	4.0%	Tobacco	78,046	77,717	(329)	-0.4%	195,700	189,200	189,400
3,414	3,279	(135)	-4.0%	Beer, Wine & Mixed Spirits	18,485	18,988	503	2.7%	47,100	53,000	49,000
2,361	2,428	66	2.8%	Liquor Specific	13,237	13,906	669	5.1%	39,500	39,800	40,300
$84,589	$67,863	($16,726)	-19.8%	TOTAL CONSUMPTION TAXES	$459,577	$400,289	($59,288)	-12.9%	$2,083,000	$1,225,600	$2,162,800
				Other Taxes							
$2,716	($15,032)	($17,748)	na	Single Business	$16,699	$9,144	($7,555)	-45.2%	$2,600	$0	($2,300)
7,092	8,805	1,713	24.2%	Insurance Premiums Taxes	130,700	144,040	13,340	10.2%	271,200	277,500	282,000
9,807	(6,228)	(16,035)	na	Sub-total SBT & Insurance	147,399	153,184	5,784	3.9%	273,800	277,500	279,700
7,586	6,422	(1,164)	-15.3%	Michigan Business Tax (f)	553,479	755,187	201,708	36.4%	1,344,000	554,200	637,300
0	3,714	3,714	na	Corporate Income Tax	0	3,797	3,797	na	0	510,500	485,600
(7)	23	31	na	Inheritance / Estate	10	53	43	na	100	0	0
0	0	0	na	Telephone & Telegraph	25,208	25,970	763	3.0%	56,100	61,000	57,000
2,994	3,981	987	33.0%	Oil & Gas Severance	21,136	22,777	1,641	7.8%	59,800	71,600	62,200
10,051	11,152	1,102	11.0%	Penalties & Interest	39,805	39,649	(156)	-0.4%	136,100	145,000	123,700
9	0	(9)	-99.5%	Miscellaneous Other/Railroad	257	218	(39)	-15.1%	1,500	1,000	1,000
(9,583)	(10,583)	(1,000)	-10.4%	Treasury Enforcement Programs (e)	(47,917)	(52,917)	(5,000)	-10.4%	(124,900)	(127,000)	(127,000)
$20,855	$8,482	($12,373)	-59.3%	TOTAL OTHER TAXES	$739,378	$947,919	$208,541	28.2%	$1,746,500	$1,493,800	$1,519,500
($24,941)	($85,287)	($60,345)	-242.0%	SUBTOTAL GF-GP TAXES	$3,056,989	$3,245,156	$188,167	6.2%	$8,274,400	$7,417,400	$8,608,800

continued

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

For The Month Ended: February 29, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
February		Difference			Year-to-Date		Difference				
2011	2012	Amount	Percent	SOURCE OF REVENUE	FY 2010-11	FY 2011-12	Amount	Percent	FY 2010-11 Preliminary Totals (h)	FY 2011-12 Statutory Estimate (i)	FY 2011-12 January 2012 Consensus
				Non-Tax Revenue (e)							
$2,417	$1,667	($750)	-31.0%	Federal Aid	$12,083	$9,083	($3,000)	-24.8%	$17,300	$23,000	$20,000
42	8	(33)	-80.0%	Local Agencies	208	117	(92)	-44.0%	2,400	400	1,000
833	917	83	10.0%	Services	4,167	4,208	42	1.0%	11,900	9,500	11,000
2,417	1,667	(750)	-31.0%	Licenses & Permits	12,083	8,833	(3,250)	-26.9%	15,400	22,000	20,000
0	0	0	na	Investments/Interest Costs	(1,151)	(302)	849	73.8%	(6,500)	(15,000)	(8,500)
11,833	10,667	(1,167)	-9.9%	Misc. Non-tax Revenue	59,167	55,833	(3,333)	-5.6%	109,200	138,000	128,000
13,583	13,583	0	0.0%	Liquor Purchase Revolving Fund	67,917	67,917	0	0.0%	164,300	163,000	167,200
4,150	4,000	(150)	-3.6%	From Other Funds-Lottery & Escheats	20,750	19,875	(875)	-4.2%	224,700	47,500	83,000
$35,275	$32,508	($2,767)	-7.8%	TOTAL NON-TAX REVENUE	$175,225	$165,565	($9,660)	-5.5%	$538,700	$388,400	$421,700
$10,334	($52,778)	($63,112)	na	TOTAL GF-GP REVENUE	$3,232,214	$3,410,721	$178,507	5.5%	$8,813,000	$7,805,800	$9,030,500
				School Aid Fund							
$183,940	$210,110	$26,170	14.2%	Sales Tax 4%	$1,081,435	$1,165,343	$83,908	7.8%	2,745,500	2,721,400	2,818,700
140,510	161,639	21,129	15.0%	Sales Tax 2%	837,266	903,745	66,480	7.9%	2,133,000	2,110,400	2,186,000
61,756	54,208	(7,548)	-12.2%	Use Tax 2% (f) (g)	316,766	282,311	(34,455)	-10.9%	367,000	423,300	399,700
30,234	30,448	214	0.7%	Michigan Business Tax (f)	150,907	162,733	11,826	7.8%	739,200	0	0
27,970	15,442	(12,527)	-44.8%	State Education Property Tax	1,271,444	1,151,181	(120,263)	-9.5%	1,845,100	1,829,000	1,820,000
8,561	10,124	1,563	18.3%	Real Estate Transfer Tax	48,202	52,846	4,644	9.6%	123,200	138,000	132,900
65,000	75,000	10,000	15.4%	Lottery Transfer (b)	250,000	240,000	(10,000)	-4.0%	727,200	739,400	720,000
9,275	10,443	1,169	12.6%	Casino Wagering Tax	46,400	49,106	2,706	5.8%	114,000	119,500	113,700
2,340	2,404	63	2.7%	Liquor Excise Tax	13,137	13,781	643	4.9%	39,100	39,800	40,300
28,290	29,422	1,132	4.0%	Cigarette/Tobacco Tax	158,444	157,777	(667)	-0.4%	376,200	365,100	366,100
1,698	4,740	3,042	179.0%	Indus. & Comm. Facilities Taxes	17,633	17,890	257	1.5%	43,600	43,900	44,900
386	491	105	27.2%	Specific Other	6,268	3,023	(3,245)	-51.8%	22,500	17,100	17,100
129,349	142,368	13,018	10.1%	Income Tax Earmarking	781,739	820,053	38,315	4.9%	$1,972,500	$2,098,600	$2,104,400
$689,309	$746,839	$57,530	8.3%	TOTAL SCHOOL AID FUND	$4,979,641	$5,019,789	$40,148	0.8%	$11,248,100	$10,645,400	$10,763,700
$447,076	$511,823	$64,747	14.5%	SALES TAX 6%	$2,639,658	$2,845,983	$206,326	7.8%	$6,709,000	$6,646,100	$6,883,900
306,567	350,184	43,617	14.2%	SALES TAX 4%(d)	1,802,392	1,942,238	139,846	7.8%	4,576,000	4,535,700	4,697,900
140,510	161,639	21,129	15.0%	SALES TAX 2%	837,266	903,745	66,480	7.9%	2,133,000	2,110,400	2,186,000
122,542	96,999	(25,543)	-20.8%	USE TAX 6% (g)	636,138	539,794	(96,344)	-15.1%	1,101,100	1,269,900	1,199,100
37,820	36,870	(950)	-2.5%	MICHIGAN BUSINESS TAX	704,386	917,920	213,534	30.3%	2,083,200	554,200	637,300
70,025	72,827	2,802	4.0%	TOBACCO TAXES	392,189	390,537	(1,652)	-0.4%	968,200	940,800	941,700
0	0	0	na	TOBACCO SETTLEMENT	0	0	0	na	na	na	na
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na

continued

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

For The Month Ended: February 29, 2012

MONTH-END CASH COLLECTIONS DATA					OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS		
February		Difference			Year-to-Date		Difference				
2011	2012	Amount	Percent	SOURCE OF REVENUE	FY 2010-11	FY 2011-12	Amount	Percent	FY 2010-11 Preliminary Totals (h)	FY 2011-12 Statutory Estimate (i)	FY 2011-12 January 2012 Consensus
				Major Transportation Revenues							
$10,820	$10,875	$55	0.5%	Diesel Fuel / Motor Carrier Fuel Tax	$52,438	$55,782	$3,344	6.4%	$125,598	$124,000	$127,000
66,149	70,261	4,112	6.2%	Gasoline	352,048	342,158	(9,889)	-2.8%	831,718	841,000	828,500
101,071	107,711	6,640	6.6%	Motor Vehicle Registration	360,458	376,152	15,694	4.4%	859,675	844,000	868,000
3,975	3,591	(384)	-9.7%	Other Taxes, Fees & Misc.	15,479	16,821	1,342	8.7%	120,853	229,122	183,076
7,373	8,277	904	12.3%	Comprehensive Transportation (c)	36,865	40,626	3,761	10.2%	91,065	96,291	99,320
$189,389	$200,715	$11,326	6.0%	TOTAL MAJOR TRANS. REVENUES	$817,287	$831,538	$14,252	1.7%	$2,028,909	$2,134,413	$2,105,896
				Lottery Sales By Games							
57,349	59,749	2,401	4.2%	Instant Games	311,940	303,182	(8,758)	-2.8%	na	na	na
54,660	55,736	1,076	2.0%	Daily Games	279,950	280,999	1,050	0.4%	na	na	na
25,078	32,017	6,938	27.7%	Lotto and Big Game	145,757	145,137	(620)	-0.4%	na	na	na
985	988	3	0.3%	Keno Game	5,091	5,140	49	1.0%	na	na	na
554	(0)	(554)	na	Lucky Lines Game	3,468	1,625	(1,842)	-53.1%	na	na	na
(0)	480	480	na	Millionaires Raffle	10,181	6,788	(3,393)	-33.3%	na	na	na
44,071	46,624	2,553	5.8%	Club Games	219,279	225,991	6,713	3.1%	na	na	na
$182,697	$195,593	$12,896	7.1%	TOTAL LOTTERY SALES	$975,665	$968,863	($6,802)	-0.7%	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.

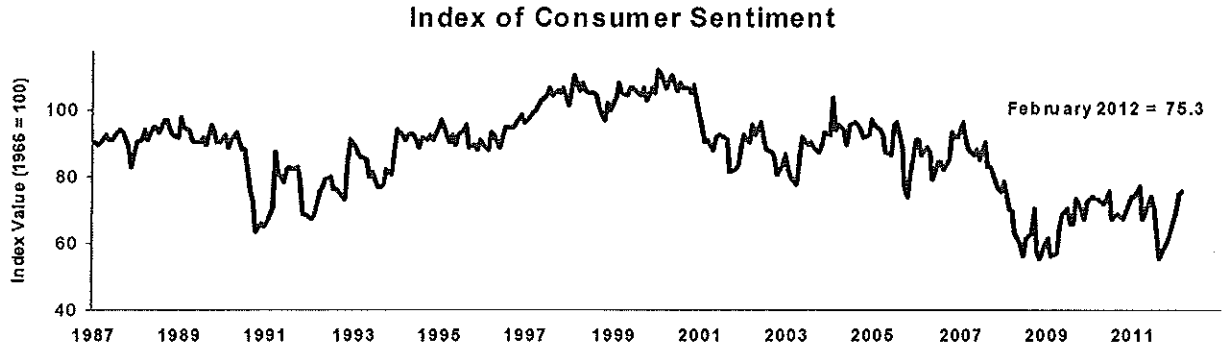
h Preliminary CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

i Income taxes, Withholding tax, Michigan Business tax, and Corporate Income tax estimtates have been adjusted to reflect tax changes since May 2011 Consensus.

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

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

U. S. Economy



Source: University of Michigan, Survey Research Center

The ***Index of Consumer Sentiment*** rose in February to 75.3 index-points, 0.3 index-points above the January value but 2.2 index-points below February 2011. On the increase in confidence, Survey Director Richard Curtin observed, "Confidence regained the entire loss recorded in the first half of February as consumers shrugged off earlier doubts about the ability of the economy to overcome temporary setbacks. This resilience constitutes a basic property of a sustainable recovery. It is not surging oil prices, instability in the Mideast, the European crisis or uncertainties about future tax and spending policies could not ultimately derail the recovery, but that consumers expect the pace of overall economic growth to continue to slowly restore lost jobs despite these potential problems." Curtin also noted, "One-third of all consumers in the February survey reported hearing about increases in employment and job opportunities when asked to identify recent economic developments. This was the highest proportion ever recorded in the long history of the surveys; these references tied the 1983 peak in January and then set the new record in February. The data strongly indicate continued gains in total nonfarm employment in the coming months." On vehicle buying conditions, Curtin reported, "Vehicle buying conditions remained at favorable levels despite the recent increase in gasoline prices. References to discounted vehicle prices lessened as the importance of easier credit gained in purchase decisions. Buyers remained cautious, however, due to continued concerns about their future finances and job prospects." In February, consumers in two of the four regions reported an increase in confidence. Midwestern consumers reported the largest increase in confidence at 3.1 index-points, followed by Southern consumers with an increase in confidence of 1.6 index-points. Western consumers reported the largest decrease in confidence at 4.0 index-points. The gap across regions increased from last month to 4.6 index-points, with Midwestern consumers on top and Western consumers on the bottom.

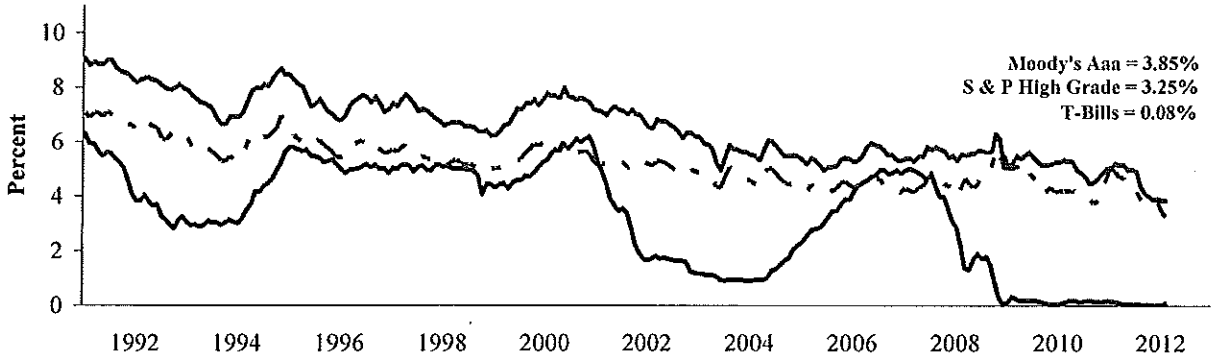
The preliminary estimate of real ***Gross Domestic Product*** for the fourth quarter of 2011 is $13,429.9 billion (chained 2005 dollars), an increase of 3.0 percent at an annual rate. In the third quarter of 2011, real gross domestic product increased 1.8 percent. The increase in fourth quarter real GDP was mainly due to private inventory investment, personal consumption expenditures, residential fixed investment, exports, and nonresidential fixed investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.1 percent in the fourth quarter, compared to a 1.7 percent increase in the third quarter. Real residential fixed investment increased

11.5 percent in the fourth quarter compared to an increase of 1.3 percent in the third quarter. Real nonresidential fixed investment increased 2.8 percent in the fourth quarter with an increase in equipment and software of 5.2 percent. Real federal government expenditures decreased 6.9 percent in the fourth quarter, compared to a 2.1 percent increase in the third quarter. Real state and local government spending decreased 2.5 percent in the fourth quarter, compared to a decrease of 1.6 percent in the third quarter. Exports of goods and services increased 4.3 percent in the fourth quarter, compared to a 4.7 percent increase in the third quarter. Imports increased 3.8 percent in the fourth quarter compared to an increase of 1.2 percent in the third quarter. Private inventory investment increased $54.3 billion in the fourth quarter, following a $2.0 billion decrease in the third quarter. Real final sales increased 1.1 percent in the fourth quarter compared to an increase of 3.2 percent in the third quarter. On the inflation front, the **implicit price deflator** increased 0.9 percent in the fourth quarter compared to a 2.6 percent increase observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.4 percent in February from January. Energy sharply increased by 3.2 percent in February, up from a 0.2 percent increase in January, while the all-items less food and energy component increased 0.1 percent in February. For the six months since August, the all-items index increased 1.9 percent.

Compared to February 2011, the all-items index increased 2.9 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 3.8 percent; medical care, 3.4 percent; apparel, 4.2 percent; education and communication, 1.9 percent; other goods and services, 1.5 percent; housing, 1.8 percent; transportation, 5.6 percent, with gasoline prices up 12.6 percent; and recreation, 1.0 percent.

Selected Key Interest Rates



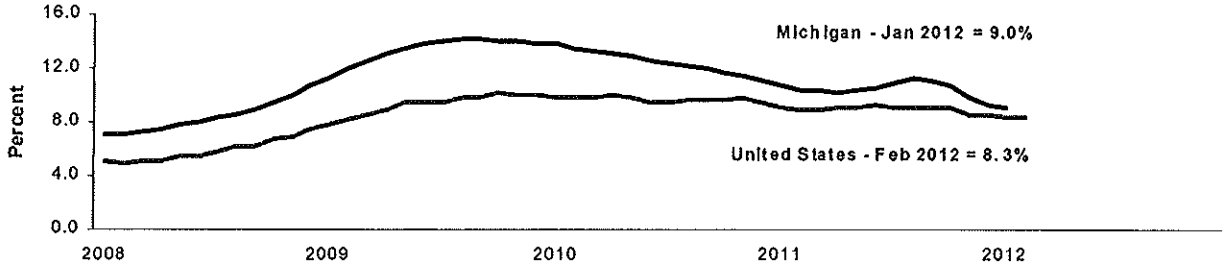
Source: Economic Indicators

Short-term **interest rates** increased 0.06 percentage point in February as the 3-month Treasury bill (T-bill) rate was 0.08 percent. Compared to one year ago, the T-bill rate was down 0.06 percentage point. Long-term interest rates, such as the Aaa corporate bond rate, remained unchanged at an interest yield of 3.85 percent in February. Compared to one year ago, the Aaa bond yield was down 1.37 percentage points from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.18 percentage point from the January level to 3.25 percent in February, and was down 1.67 percentage point from its year-ago level. The Federal Open Market Committee (FOMC) kept the target range for the federal funds rate between 0 and 0.25 percent at the March 13th meeting. The FOMC stated that, "the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that economic conditions -- including low rates of resource utilization and a subdued outlook for inflation over the medium run -- are likely to warrant exceptionally

low levels for the federal funds rate at least through late 2014." The Committee "will regularly review the size and composition of its securities holdings as appropriate to promote a stronger economic recovery in a context of price stability."

In February, the **U. S. unemployment rate** remained unchanged from a month ago at 8.3 percent and was 0.7 percentage point lower than a year ago. Civilian employment totaled 142.1 million persons in February. The number unemployed was 12.8 million nationwide.

Unemployment Rates 2008 - 2012

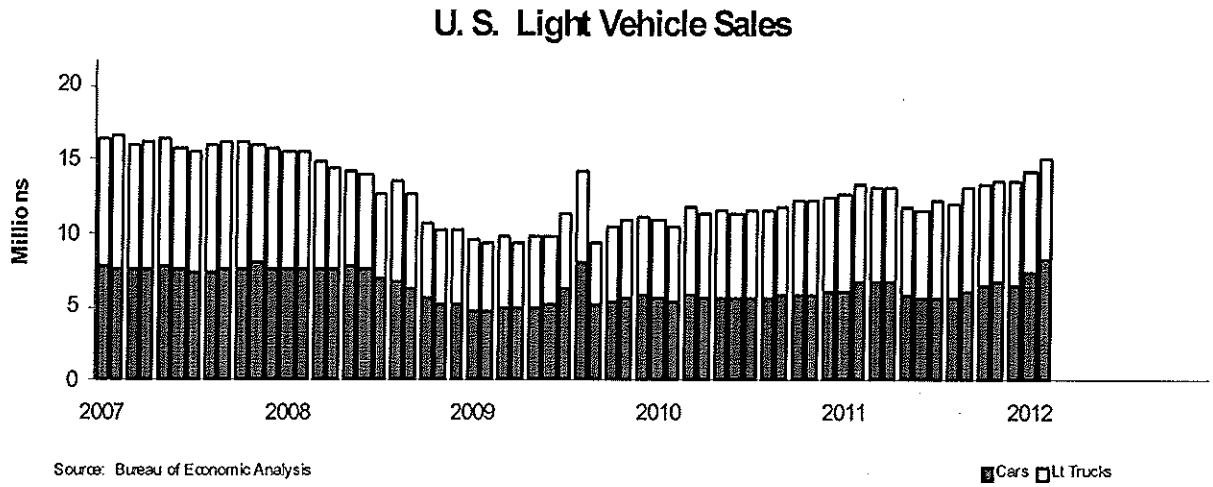


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In January, the **Michigan jobless rate** decreased 0.3 percentage point from 9.3 percent in December to 9.0 percent. The January unemployment rate is 1.9 percentage points below the year ago level. In January, the labor force increased by 2,000 to 4,632,000, while the number of people employed increased by 16,000 to 4,215,000. In January, there were 417,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

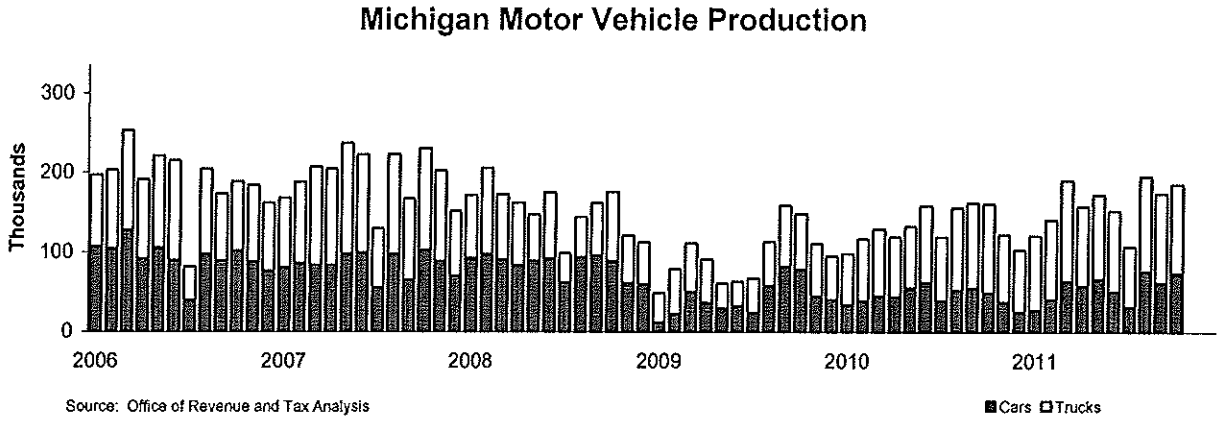
Detroit retail prices, as measured by the Detroit Consumer Price Index (CPI-U), increased 0.6 percent from December to February, up from a 0.3 percent decrease from October to December. The all-items less food and energy index increased 0.7 percent from December to February. The food index increased 0.3 percent from December to February while the energy index increased 3.1 percent. Compared to February 2011, the all-items index increased 3.9 percent. For individual component items, the increases from one year ago were: food and beverages, 3.4 percent; apparel, 9.5 percent; education and communication, 3.0 percent; transportation, 4.6 percent; recreation, 7.4 percent; medical care, 2.4 percent; housing, 3.3 percent; and other goods and services, 3.6 percent.

Motor Vehicle Sector



U.S. light vehicle sales (cars + light trucks) increased 6.4 percent in February compared to January, selling at a 15.0 million unit seasonally adjusted annual rate. Domestic car sales increased 9.5 percent while domestic light truck sales increased 2.4 percent. Import car sales increased 12.7 percent while import light truck sales increased 0.1 percent. Compared to last year, light vehicle sales increased 13.6 percent. Domestic car sales were up 26.2 percent while domestic light truck sales increased 6.6 percent. Import car sales were up 11.2 percent while import truck sales decreased 0.7 percent from last year. As a result, the domestic share of U.S. light vehicle sales increased 1.3 percentage points from a year ago. For fiscal year 2012 year-to-date, domestic light vehicles recorded a 78.1 percent share of a 13.9 million-unit market.

Michigan motor vehicle production increased to 191,506 units in February from 169,693 units last month. From a year ago, motor vehicle production increased 36 percent in Michigan and rose 31 percent nationally. In February, Michigan's car production was 77,430 units while the state's truck production was 114,076 units. Compared with a year ago, car production increased 90 percent in Michigan and rose 57 percent nationwide. The state's truck production increased 14 percent while national truck production increased 17 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.



Summary Estimates of the Constitutional Revenue Limit
Based on the January 13, 2012 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)

	Fiscal Year 2009-10 Actual	Fiscal Year 2010-11 Estimate	Fiscal Year 2011-12 Estimate
Applicable Calendar Year Personal Income	$349,612	$342,302	$342,663
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	$33,178.2	$32,484.5	$32,518.7
Revenue Limit	$33,178.2	$32,484.5	$32,518.7
State Revenue Subject to Limit	$25,572.6	$26,333.5	$26,354.8
Amount Under (Over) Limit	**$7,605.6**	**$6,151.0**	**$6,164.0**

Sources:

Personal Income Estimate

The FY 2009-10 calculation uses the official personal income estimate for calendar year 2008 (Survey of Current Business, October 2009).
The FY 2010-11 calculation uses the official personal income estimate for calendar year 2009 (Survey of Current Business, October 2010).
The FY 2011-12 calculation uses the January 13, 2012 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2009-10 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2010.
The FY 2010-11 calculation uses the January 13, 2012 Consensus Revenue Agreement.
The FY 2011-12 calculation uses the January 13, 2012 Consensus Revenue Agreement.

Column detail may not add to totals because of rounding

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

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2012
Projected Revenues and Expenditures
February 29, 2012
($ in millions)

		FISCAL 2012
Beginning Balance, October 1, 2011		see one-time revenue
Current Year GF/GP Revenues, January 2012 Consensus Estimate	$	9,030.5
Revenue Adjustments:		
Local Government Program Payments	$	(330.0)
Use Tax on Medicaid managed care (PA 141 of 2011)	$	201.1
Other Revenue Adjustments	$	8.5
Subtotal Additional Revenue Adjustments	$	(120.4)
Total FY Resources Available For Expenditure GF/GP		8,910.1
Expenditures, Current Law:		
FY 2012 Enacted with Vetoes	$	8,401.0
Total Expenditures Projected	$	8,401.0
Current Year Revenues minus Ongoing Costs	$	509.1
Beginning Balance (One-Time Revenue)	$	566.6 [1]
One-Time Spending Items - PA 62 and PA 63 of 2011	$	509.9
Supplemental Requests (letters 2012-8 and 2012-10)	$	24.2
One-Time Revenue minus One-Time Spending	$	32.5
Projected Ending Balance, September 30, 2012	$	541.6

[1] This report reflects the unassigned general fund balance for the fiscal year ending September 30, 2011, based upon the unaudited financial statement issued on January 27, 2012. Final year-end activity will be reflected in the fiscal year 2011 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2012.