



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

DAVID P. MASSARON
DIRECTOR

July 30, 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 June 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,

David P. Massaron
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
June 30, 2021
(\$ in millions)

	FISCAL 2021
Beginning Balance	\$ 2,363.0
Revenues	
Ongoing:	
May 2021 Consensus Forecast	\$ 11,276.8
Shift Venture MI Fund II (VMF II) to Voucher Purchase	\$ 75.0
Local Government Program Payments	\$ (490.1)
Subtotal Ongoing Revenue	\$ 10,861.7
One-Time:	
Miscellaneous Adjustments	\$ 11.2
Subtotal One-Time Revenue	\$ 11.2
Total Revenue	\$ 10,872.9
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 Act 2 of 2021	\$ 77.0
Transfer to BSF	\$ 35.0
May Consensus Enhanced FMAP (FY21 Q2-Q4)	\$ (634.7)
May Consensus Caseload Adjustments	\$ 7.5
Public Act 30 of 2021	\$ 21.0
Lapse excess funds - VMF II payoff	\$ (10.2)
Subtotal One-Time Expenditures	\$ 24.2
Total Expenditures	\$ 10,341.1
Ending Balance	\$ 2,894.8

SCHOOL AID FUND
Fiscal Year 2021
Projected Revenues and Expenditures
June 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	\$	11.0
General Fund - Pending Supplemental (Consensus)	\$	3.5
Federal Revenue - ESSER II/GEER II	\$	839.0
Other Federal Grants (Consensus)	\$	481.3
Subtotal One-Time Revenue	\$	1,334.8
Total Revenue	\$	18,298.5
Expenditures		
Ongoing:		
School Aid - PA 165 of 2020	\$	15,340.1
School Aid - Pending Supplemental (Consensus)	\$	(23.2)
Community Colleges - PA 165 of 2020	\$	425.7
Universities - PA 165 of 2020	\$	356.1
Subtotal Ongoing Expenditures	\$	16,098.7
One-Time:		
School Aid - PA 165 of 2020	\$	185.0
School Aid - PA 3 of 2021	\$	1,009.2
School Aid - Pending Supplemental (Consensus)	\$	465.3
Community Colleges - Pending Supplemental (2021-6)	\$	12.7
Subtotal One-Time Expenditures	\$	1,672.2
Total Expenditures	\$	17,770.9
Ending Balance	\$	1,718.1

SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND - ALL PURPOSE
June 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)	Encumbrance, Work Project & Capital Outlay Carry Forwards	Total Authorization	Expenditures & Encumbrances Year to Date FY 2021
88.6	110.5	Agriculture and Rural Development	121.3	5.2	23.8	150.3	78.8
69.9	93.2	Attorney General	105.3	2.1	20.0	127.4	61.1
299.1	389.6	Capital Outlay (2)	332.4	1.4	673.9	1,007.7	219.4
11.1	14.0	Civil Rights	18.0	1.5	1.9	21.4	9.4
1,102.3	1,435.8	Colleges and Universities	1,343.9	0.0	110.7	1,454.5	1,079.0
1,599.1	2,017.3	Corrections	2,050.7	2.5	254.1	2,307.3	1,377.3
290.5	1,134.0	Education	516.7	9.9	155.7	682.3	338.6
353.3	502.2	Environment, Great Lakes, and Energy	480.9	3.0	658.5	1,142.4	289.8
6.9	7.4	Executive Office	7.1	0.0	0.9	8.1	5.2
18,275.7	26,614.3	Health and Human Services	28,453.2	1,303.9	1,192.2	30,949.4	18,840.1
40.5	53.9	Insurance and Financial Service	73.3	1.5	0.0	74.8	37.2
181.2	271.3	Judiciary	313.6	0.4	4.9	319.0	153.7
315.2	444.8	Labor and Economic Opportunity	745.2	683.4	2,850.0	4,278.6	324.9
18.3	24.2	Legislative Auditor General	26.7	0.0	3.5	30.2	17.0
115.6	154.3	Legislature	172.4	0.0	93.8	266.2	105.9
244.3	333.4	Licensing and Regulatory Affairs	452.6	58.5	39.8	551.0	283.2
0.0	0.1	Marshall Plan for Talent	0.0	0.0	30.3	30.3	0.0
62.4	86.7	Michigan Strategic Fund	120.3	58.5	0.0	178.8	160.6
0.0	0.0	Michigan Veterans' Facility Authority	41.3	1.2	0.1	42.5	27.7
149.3	171.9	Military and Veterans Affairs	102.4	17.0	14.3	133.7	86.1
97.7	132.7	Natural Resources	136.5	5.0	58.2	199.7	90.6
168.7	252.4	State	254.3	12.1	88.1	354.5	149.7
0.0	0.0	State Land Bank Authority	0.0	0.0	0.0	0.0	0.0
640.7	837.6	State Police (3)	737.2	36.2	172.1	945.6	479.7
561.3	1,047.2	Technology, Management and Budget (4)	495.0	215.4	697.6	1,408.0	470.4
4.4	6.2	Transportation	0.0	47.0	29.5	76.5	2.4
1,649.0	3,758.1	Treasury	2,080.6	470.6	197.6	2,748.8	1,855.6
\$26,345.1	\$39,893.1		\$39,180.9	\$2,936.3	\$7,371.7	\$49,489.0	\$29,671.9

(1) Includes boilerplate appropriations.

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

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

(4) Includes Civil Service Commission.

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

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	19,907.4	200.3	20,107.7
Total state spending from state resources	35,359.1	549.3	35,908.4
Percentage of state spending from state resources paid to local units	56.30%	36.46%	56.00%
Required payments to local units (48.97%)	17,315.4	269.0	17,584.3
Surplus/(deficit)	\$2,592.0	(\$68.7)	\$2,523.4

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

ASSETS

Current Assets:		
Equity in common cash	\$	873,060
Total Assets	\$	873,060

LIABILITIES

Current Liabilities:		
Total Current Liabilities	\$	-
Total Liabilities		-

FUND BALANCES

Committed		873,060
Total Fund Balances		873,060
Total Liabilities and Fund Balances	\$	873,060

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

REVENUES

Miscellaneous	\$ 17,992
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Total Revenues	17,992
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EXPENDITURES

Current:	
General government	284
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Total Expenditures	284
	<hr/>
Excess of Revenues over (under) Expenditures	17,708
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OTHER FINANCING SOURCES (USES)

Transfers from other funds	26,250
Transfers to other funds	-
	<hr/>
Total Other Financing Sources (Uses)	26,250
	<hr/>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 43,958 ¹
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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

June 30, 2021
(\$ in thousands)

ASSETS

Current Assets:	
Equity in common cash	\$ 47,649
Investments	-
Other current assets	-
Total Current Assets	<u>47,649</u>
Noncurrent Assets:	
Investments	<u>761,178</u>
Total Assets	<u><u>\$ 808,827</u></u>

LIABILITIES

Current Liabilities:	
Accounts payable and other liabilities	\$ 8,059
Amounts due to other funds	-
Total Current Liabilities	<u>8,059</u>
Total Liabilities	<u>8,059</u>

FUND BALANCES

Nonspendable	500,000
Restricted	<u>300,768</u>
Total Fund Balances	<u>800,768</u>
Total Liabilities and Fund Balances	<u><u>\$ 808,827</u></u>

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

October 1, 2020 through June 30, 2021
(\$ in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>70,179</u>
Total Revenues	<u>70,179</u>

EXPENDITURES

Current:	
General government	2,954
Conservation, environment, recreation, and agriculture	9,069
Capital outlay	<u>772</u>
Total Expenditures	<u>12,795</u>
Excess of Revenues over (under) Expenditures	<u>57,383</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	-
Transfers from other funds	-
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ 57,383</u></u> ¹

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

REVENUE OVERVIEW

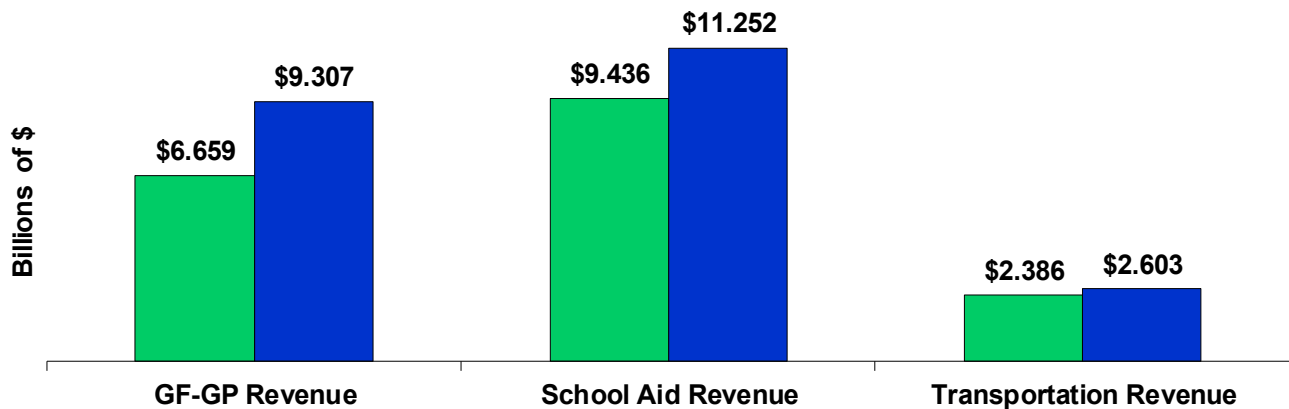
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

Due to the effects of the pandemic on revenues a year ago, growth rates are significantly different than usually observed. Total General Fund - General Purpose cash collections were \$376.5 million (37.9 percent) higher in June 2021 than in June 2020. The June 2021 School Aid Fund cash collections were \$243.1 million (24.8 percent) higher than in June 2020. June 2021 transportation collections were \$39.5 million (15.3 percent) higher than in June 2020 (see revenue summary table). June is the ninth 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 \$2,648.8 million (39.8 percent) from a year ago. School Aid Fund cash collections are up \$1,816.0 million (19.2 percent) and transportation collections are up \$216.6 million (9.1 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.

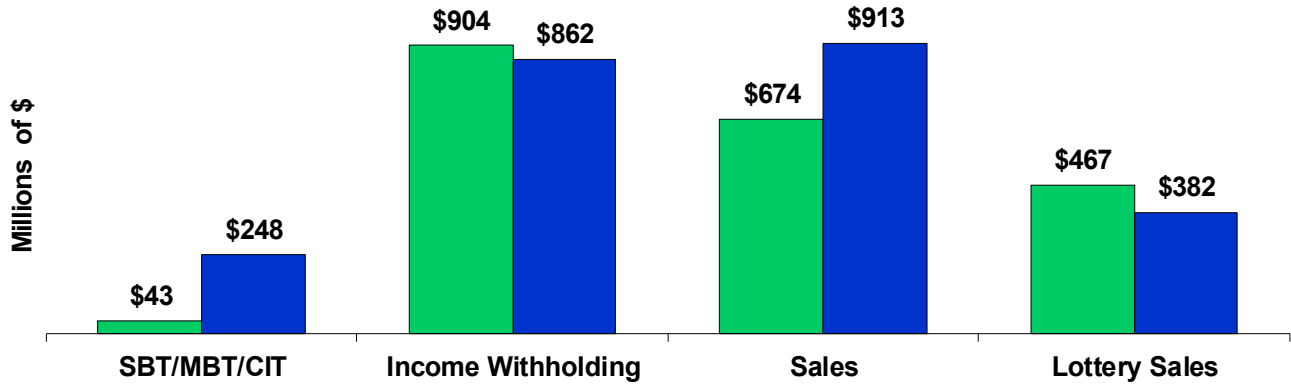
October through June Collections FY 2019-20 and FY 2020-21



Source: Office of Revenue and Tax Analysis

■ FY 2019-20 ■ FY 2020-21

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



Source: Office of Revenue and Tax Analysis

■ FY 2019-20 ■ FY 2020-21

October through June 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: June 30, 2021

Month-End Cash Collections Data				October Through June Cash Collections Data				Revenue Projections			
June		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											
\$903,898	\$861,887	(\$42,011)	-4.6%	Withholding	\$7,910,653	\$8,313,387	\$402,735	5.1%	\$10,511,500	\$9,971,300	\$11,014,500
93,968	342,455	248,487	264.0%	Quarterlies	617,941	1,251,028	633,087	102.0%	1,208,400	1,019,500	1,358,400
62,500	38,808	(23,692)	-37.9%	Annuals	435,323	1,704,818	1,269,495	292.0%	1,298,100	1,147,600	1,017,400
\$1,060,366	\$1,243,151	\$182,784	17.2%	Gross Collections	\$8,963,916	\$11,269,233	\$2,305,317	25.7%	\$13,018,000	\$12,138,400	\$13,390,300
111,154	100,182	(10,972)	-9.9%	Less: Refunds	2,038,073	2,256,931	218,858	10.7%	2,517,700	2,366,900	2,738,400
0	0	0	na	State Campaign Fund	0	0	0	na	600	800	800
\$949,212	\$1,142,969	\$193,757	20.4%	Net Personal Income	\$6,925,843	\$9,012,302	\$2,086,459	30.1%	\$10,499,700	\$9,770,700	\$10,651,100
39,000	50,000	11,000	28.2%	Less: Disbursements to MTF	351,000	450,000	99,000	28.2%	468,000	600,000	600,000
5,750	5,750	0	0.0%	Less: Disbursements to Renew Michigan	51,750	51,750	0	0.0%	69,000	69,000	69,000
246,845	289,387	42,542	17.2%	Less: Disbursements to SAF	2,086,807	2,623,439	536,632	25.7%	3,093,000	2,889,900	3,188,200
\$657,617	\$797,832	\$140,214	21.3%	Net Personal Income To GF-GP	\$4,436,286	\$5,887,113	\$1,450,827	32.7%	\$6,869,700	\$6,211,800	\$6,793,900
Consumption Taxes											
\$108,867	\$147,230	\$38,364	35.2%	Sales (a)	\$942,676	\$1,109,399	\$166,724	17.7%	\$1,299,800	\$1,250,200	\$1,356,900
143,701	131,384	(12,317)	-8.6%	Use (a) (h)	497,228	874,569	377,341	75.9%	747,500	654,500	1,158,300
14,907	16,519	1,613	10.8%	Tobacco	128,317	130,435	2,117	1.7%	180,100	167,800	176,200
2,903	1,383	(1,520)	-52.4%	Beer, Wine & Mixed Spirits	30,033	36,767	6,734	22.4%	51,400	50,500	53,000
6,185	6,494	308	5.0%	Liquor Specific	44,365	50,775	6,411	14.4%	73,100	57,500	68,000
\$276,563	\$303,011	\$26,447	9.6%	Total Consumption Taxes	\$1,642,619	\$2,201,945	\$559,326	34.1%	\$2,351,900	\$2,180,500	\$2,812,400
Other Taxes											
\$4	(\$353)	(\$357)	na	Single Business	(\$2,137)	(\$490)	\$1,647	-77.1%	(\$5,400)	\$0	\$0
(3,420)	(8,741)	(5,321)	156.0%	Insurance Premiums Taxes	\$283,282	232,388	(50,894)	-18.0%	456,800	380,400	390,000
(3,417)	(9,094)	(5,678)	166.0%	Sub-total SBT & Insurance	281,145	231,898	(49,247)	-17.5%	451,400	380,400	390,000
(8,867)	13,303	22,170	na	Michigan Business Tax	(540,026)	(512,904)	27,122	5.0%	(553,700)	(643,900)	(626,900)
51,601	234,620	183,019	355.0%	Corporate Income Tax	614,469	1,222,184	607,715	98.9%	1,100,100	912,800	1,384,100
0	0	0	na	Inheritance / Estate	0	0	0	na	0	0	0
1	0	(1)	-90.6%	Telephone & Telegraph	11,356	11,087	(269)	-2.4%	32,700	30,000	32,000
345	1,930	1,585	459.0%	Oil & Gas Severance	11,211	13,605	2,394	21.4%	12,800	12,000	14,000
2,201	9,939	7,738	352.0%	Penalties & Interest	57,138	94,726	37,588	65.8%	90,700	127,000	130,000
2,926	2,866	(61)	-2.1%	Essential Services Assessment	4,889	8,596	3,707	75.8%	122,000	125,000	126,000
2	0	(2)	-100.0%	Miscellaneous Other/Railroad	179	111	(68)	-37.8%	13,500	2,000	2,000
(11,667)	(12,667)	(1,000)	-8.6%	Treasury Enforcement Programs (e)	(105,000)	(114,000)	(9,000)	-8.6%	(139,900)	(152,000)	(152,000)
\$33,126	\$240,897	\$207,772	627.0%	Total Other Taxes	\$335,361	\$955,303	\$619,942	185.0%	\$1,129,600	\$793,300	\$1,299,200
\$967,307	\$1,341,739	\$374,433	38.7%	Subtotal GF-GP Taxes	\$6,414,266	\$9,044,362	\$2,630,096	41.0%	\$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: June 30, 2021

Month-End Cash Collections Data				October Through June Cash Collections Data						Revenue Projections		
June		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	\$11,250	\$7,500	(\$3,750)	-33.3%	\$3,900	\$10,000	\$10,000	
8	8	0	0.0%	Local Agencies	75	75	0	0.0%	400	100	100	
500	583	83	16.7%	Services	4,500	5,250	750	16.7%	3,800	7,000	7,000	
1,000	1,167	167	16.7%	Licenses & Permits	9,000	10,500	1,500	16.7%	51,100	14,000	14,000	
0	0	0	na	Investments/Interest Costs	2,789	2,789	0	0.0%	6,700	4,000	2,000	
833	833	0	0.0%	Misc. Non-tax Revenue	7,500	7,500	0	0.0%	4,100	10,000	10,000	
16,250	18,750	2,500	15.4%	Liquor Purchase Revolving Fund	146,250	168,750	22,500	15.4%	279,300	225,000	250,000	
7,000	6,750	(250)	-3.6%	From Other Funds-Lottery & Escheats	63,000	60,750	(2,250)	-3.6%	75,200	81,000	78,200	
\$26,842	\$28,925	\$2,083	7.8%	Total Non-Tax Revenue	\$244,364	\$263,114	\$18,750	7.7%	\$424,500	\$351,100	\$371,300	
\$994,148	\$1,370,664	\$376,516	37.9%	Total GF-GP Revenue	\$6,658,630	\$9,307,476	\$2,648,846	39.8%	\$10,775,700	\$9,536,700	\$11,276,800	
School Aid Fund												
\$276,524	\$375,508	\$98,984	35.8%	Sales Tax 4%	\$2,458,349	\$2,852,490	\$394,141	16.0%	\$3,392,300	\$3,344,700	\$3,644,400	
213,268	286,857	73,589	34.5%	Sales Tax 2%	1,670,916	2,053,249	382,333	22.9%	2,656,400	2,604,600	2,852,000	
71,844	65,692	(6,152)	-8.6%	Use Tax 2%	430,738	648,306	217,568	50.5%	613,000	576,000	827,900	
26,414	28,863	2,449	9.3%	State Education Property Tax	1,502,924	1,560,658	57,734	3.8%	2,182,800	2,163,000	2,267,600	
16,049	30,282	14,234	88.7%	Real Estate Transfer Tax	227,101	334,843	107,741	47.4%	335,400	325,000	433,600	
85,000	90,000	5,000	5.9%	Lottery Transfer (b)	666,822	761,983	95,161	14.3%	1,179,900	1,026,800	1,208,100	
0	8,657	8,657	na	Casino Wagering Tax	54,422	63,695	9,273	17.0%	67,000	112,800	134,900	
5,865	6,299	433	7.4%	Liquor Excise Tax	43,313	48,682	5,369	12.4%	70,900	57,100	67,600	
30,263	33,537	3,274	10.8%	Cigarette/Tobacco Tax	260,503	264,802	4,299	1.7%	331,800	314,900	325,300	
6,445	4,370	(2,075)	-32.2%	Indus. & Comm. Facilities Taxes	26,712	30,071	3,359	12.6%	40,900	33,000	37,000	
1,109	3,292	2,183	197.0%	Specific Other	7,252	9,687	2,435	33.6%	27,000	54,100	45,800	
246,845	289,387	42,542	17.2%	Income Tax Earmarking	2,086,807	2,623,439	536,632	25.7%	3,093,000	2,889,900	3,188,200	
\$979,626	\$1,222,744	\$243,118	24.8%	Total School Aid Fund	\$9,435,859	\$11,251,904	\$1,816,045	19.2%	\$13,990,400	\$13,501,900	\$15,032,400	
Multi-Fund Revenue Summary												
\$674,140	\$912,703	\$238,563	35.4%	Sales Tax 6%	\$5,768,163	\$6,807,398	\$1,039,235	18.0%	\$8,307,500	\$8,159,000	\$8,906,000	
460,873	625,847	164,974	35.8%	Sales Tax 4% (d)	4,097,248	4,754,149	656,902	16.0%	5,651,100	5,554,400	6,054,000	
213,268	286,857	73,589	34.5%	Sales Tax 2%	1,670,916	2,053,249	382,333	22.9%	2,656,400	2,604,600	2,852,000	
215,533	197,076	(18,457)	-8.6%	Use Tax 6% (g)	1,292,214	1,944,917	652,703	50.5%	1,826,400	1,722,000	2,477,700	
1,360	2,352	992	73.0%	Recreational Marihuana	5,877	58,456	52,579	na	31,364	98,000	75,000	
74,908	83,012	8,104	10.8%	Tobacco Taxes	644,810	655,451	10,641	1.7%	904,100	847,100	886,000	
0	4	4	na	Tobacco Settlement	217,815	236,821	19,006	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: June 30, 2021

Month-End Cash Collections Data				October Through June Cash Collections Data					Revenue Projections		
June		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											
\$14,271	\$19,126	\$4,856	34.0%	Diesel Fuel / Motor Carrier Fuel Tax	\$165,929	\$178,258	\$12,329	7.4%	\$229,917	\$227,000	\$238,000
63,465	98,653	35,188	55.4%	Gasoline	783,513	801,684	18,171	2.3%	1,086,857	1,150,000	1,155,000
129,200	117,648	(11,552)	-8.9%	Motor Vehicle Registration	978,977	1,057,161	78,185	8.0%	1,345,111	1,373,000	1,373,000
4,647	4,625	(22)	-0.5%	Other Taxes, Fees & Misc.	30,726	39,103	8,377	27.3%	119,062	217,996	182,419
8,472	8,537	65	0.8%	Comprehensive Transportation (c)	76,247	76,829	583	0.8%	102,047	102,439	136,123
39,000	50,000	11,000	28.2%	Income Tax Earmarking	351,000	450,000	99,000	28.2%	468,000	600,000	600,000
\$259,055	\$298,589	\$39,534	15.3%	Total Major Trans. Revenues	\$2,386,392	\$2,603,036	\$216,644	9.1%	\$3,350,994	\$3,670,435	\$3,684,542
Lottery Sales By Games											
\$271,667	\$203,659	(\$68,008)	-25.0%	Instant Games (f)	\$1,539,724	\$2,005,463	\$465,739	30.2%	na	na	na
105,416	91,737	(13,679)	-13.0%	Daily Games	688,313	876,419	188,105	27.3%	na	na	na
35,585	28,028	(7,557)	-21.2%	Lotto and Big Game (f)	255,875	375,291	119,416	46.7%	na	na	na
871	676	(195)	-22.4%	Keno Game	6,350	6,693	343	5.4%	na	na	na
1,298	1,127	(171)	-13.2%	Lucky For Life	9,788	10,718	929	9.5%	na	na	na
7,111	5,968	(1,143)	-16.1%	Other (f)	70,883	60,359	(10,524)	-14.8%	na	na	na
44,928	51,030	6,102	13.6%	Club Games	389,585	427,511	37,926	9.7%	na	na	na
\$466,877	\$382,226	(\$84,651)	-18.1%	Total Lottery Sales	\$2,960,518	\$3,762,453	\$801,935	27.1%	na	na	na

- (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 \$364.2 million and the year-to date 2021 revenues are \$422.0 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 \$364.2 million and the year-to-date 2021 LCSS revenues are \$422.0 million.
- (i) Official Comprehensive Annual Financial Report figures are adjusted to put them on a comparable basis with Consensus Estimates.

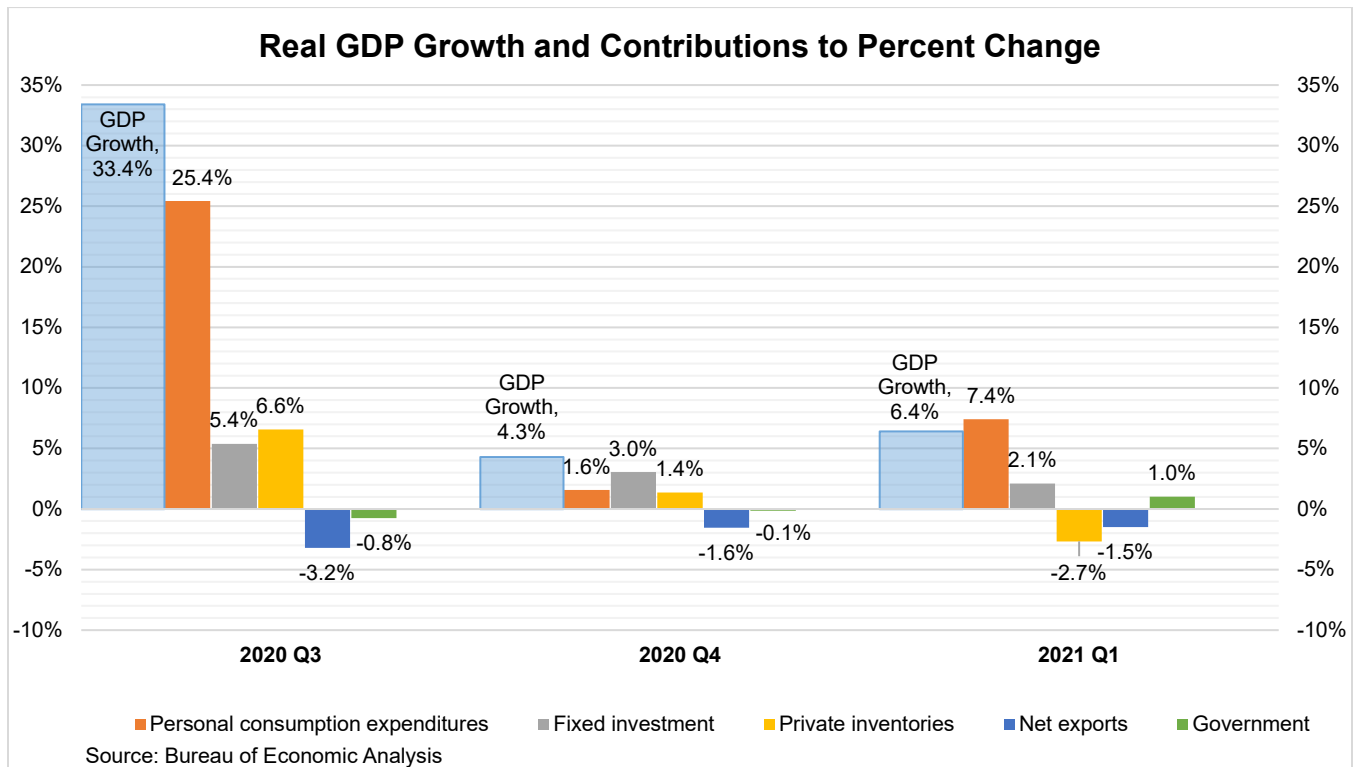
Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U.S. Economy

U.S. real **Gross Domestic Product** increased at a 6.4 percent annual rate in the first quarter of 2021, according to the most recent estimate, up from the 4.3 percent annual rate in the fourth quarter of 2020. The coronavirus (COVID-19) pandemic that hit the U.S. in 2020 drove the significant swings in GDP. The 2020 quarterly contributions to the percent change in GDP are shown in the graph below. Annual real GDP decreased 3.5 percent in 2020, a decline from the 2.2 percent growth of 2019.

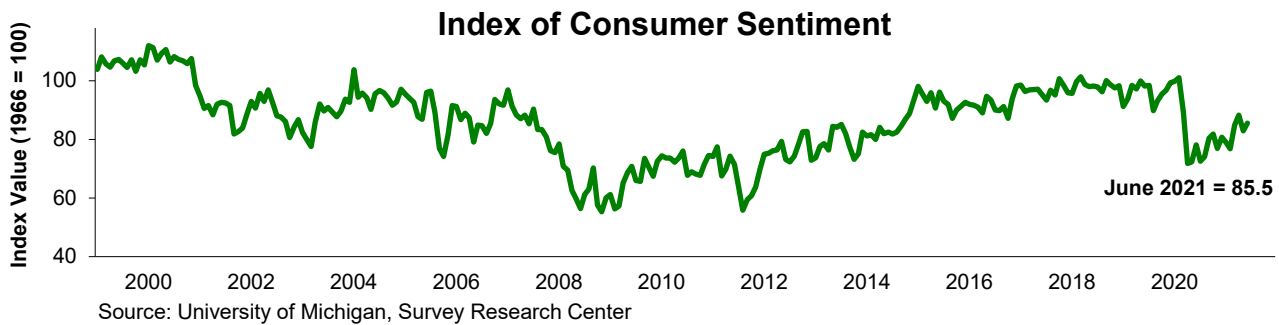


Personal consumption expenditures contributed significantly to the increase in GDP in the first quarter of 2021, along with fixed investment and government spending. Private inventories and net exports were both drags on the economy. Real final sales increased 9.2 percent in the first quarter according to the most recent estimate while on the inflation front, the implicit price deflator increased by 4.3 percent.

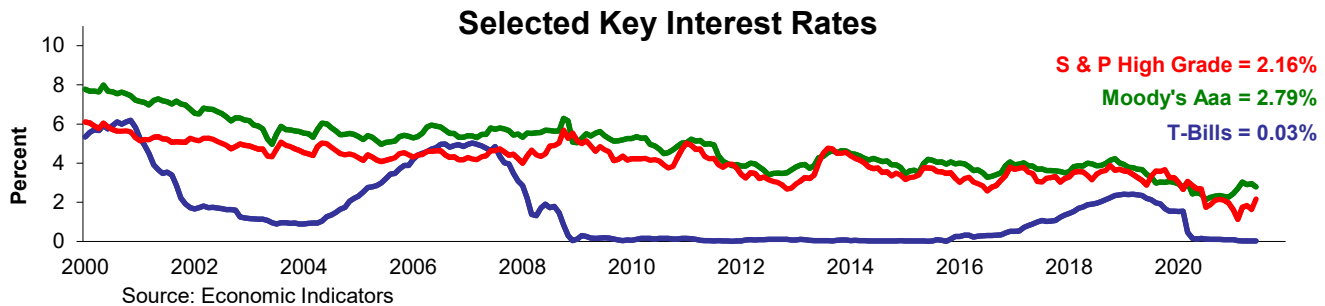
U.S. wage and salary employment increased by 850,000 jobs in June. Employment levels were still 6.8 million payroll jobs, or 4.4 percent, below the February 2020 level, prior to the pandemic. In June, sectors with the largest increases in employment include leisure and hospitality with 343,000 jobs, government employment with 188,000 jobs of which 155,200 were in the local government education sector, trade, transportation, and utilities with 99,000 jobs of which 67,100 were in retail trade, professional and business services with 72,000 jobs, education and health services with 59,000 jobs, and other services with 56,000 jobs.

In June, the U.S. unemployment rate increased slightly to 5.9 percent, up from May's 5.8 percent. Civilian employment remained flat, totaling 151.6 million in June, while the number unemployed increased slightly to 9.5 million. Of the unemployed, 1.8 million were reported as being on a temporary layoff in June, the same as May.

The **Index of Consumer Sentiment** increased 2.6 index-points from May, up to 85.5 in June. The year-over-year consumer sentiment is 7.4 index-points above June 2020 levels, which had plummeted from February 2020's high of 101.0 due to the pandemic.

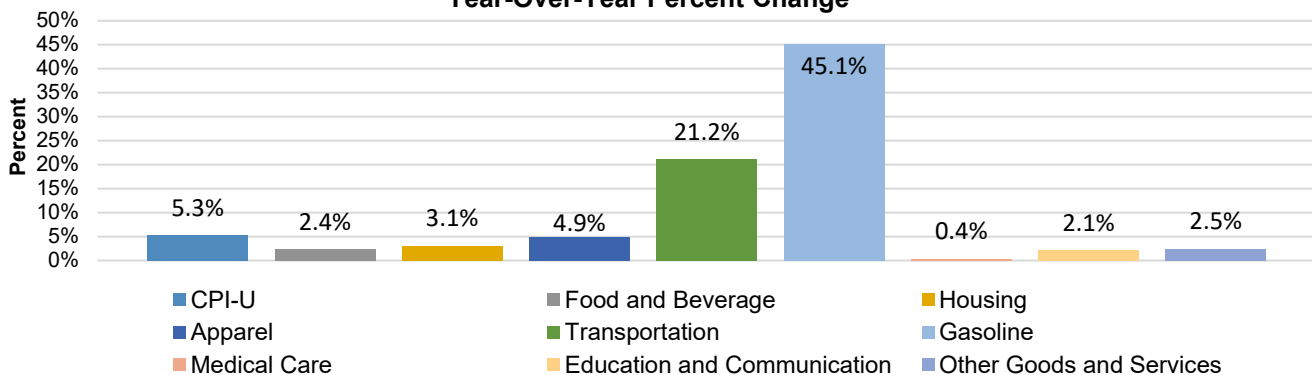


Short-term **interest rates** increased slightly in June, as the 3-month Treasury bill (T-bill) rate increased to 0.03 percent, up 0.01 percentage points from May. Compared to one year ago, towards the start of the pandemic, the T-bill rate decreased 0.13 percentage points. The Aaa corporate bond rate decreased 0.17 percentage points to an interest yield of 2.79 percent in June but was up 0.38 percentage points from its year-ago level. The interest rate on high-grade municipal bonds increased 0.53 percentage points to 2.16 percent in June and was down 0.53 percentage points from a year ago.



U.S. retail prices, as measured by the Consumer Price Index (CPI-U), are up 5.3 percent from June 2020 to June 2021. Gasoline experienced the largest year-over-year price increase (45.1 percent) due to the dramatic decline in gasoline prices at the start of the pandemic. Transportation was next in largest price increase (21.2 percent). Far lower year-over-year percent changes can be seen in apparel (4.9 percent), housing (3.1 percent), other goods and services (2.5 percent), food and beverage (2.4 percent), recreation (2.4 percent), and education and communication (2.1 percent).

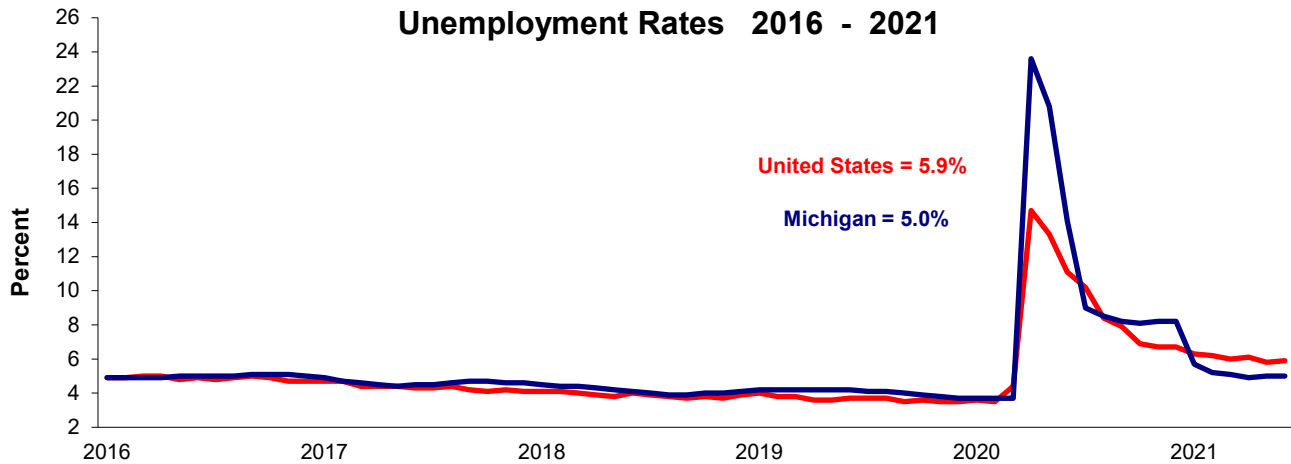
Consumer Price Index, June 2021
Year-Over-Year Percent Change



Source: Bureau of Labor Statistics

Michigan Economy

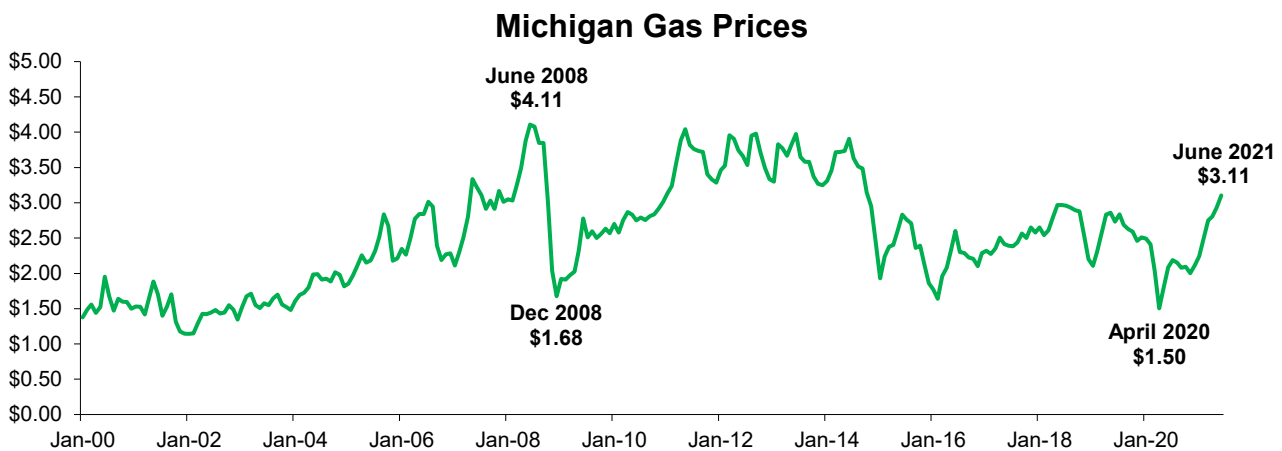
The **Michigan jobless rate** remained at 5.0 percent in June, the same as May's jobless rate. This is below the national unemployment rate which increased slightly to 5.9 percent. The civilian labor force increased by 9,000 in June, a 0.2 percent change from May. The number unemployed remained the same as May, while the number employed increased by 9,000, a 0.2 percent change from May to June. The number unemployed is 66.2 percent lower than in June 2020, when the pandemic was still in its early months in the U.S.



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

Michigan wage and salary employment increased in June by 14,000 jobs from May's revised estimate, and was up 273,000 jobs, or 7.1 percent, from June 2020. June is similar to May with most sectors having relatively flat employment changes. The sectors with the largest increases include government with 5,000 jobs gained, trade, transportation, and utilities with 3,000 jobs gained, and leisure and hospitality services with 3,000 jobs gained. This is a reversal of May when trade, transportation, and utilities as well as leisure and hospitality services both lost jobs. In June, all other sectors gained or lost less than 2,000 jobs.

Michigan gasoline prices increased in June 2021 to \$3.11 per gallon, up 16.9 cents a gallon from last month's average. Year-over-year gasoline prices are up significantly from the \$2.09 per gallon in June 2020, when they declined sharply at the start of the pandemic. June 2021 gas prices are 37.3 cents a gallon higher than they were two years ago in June 2019.

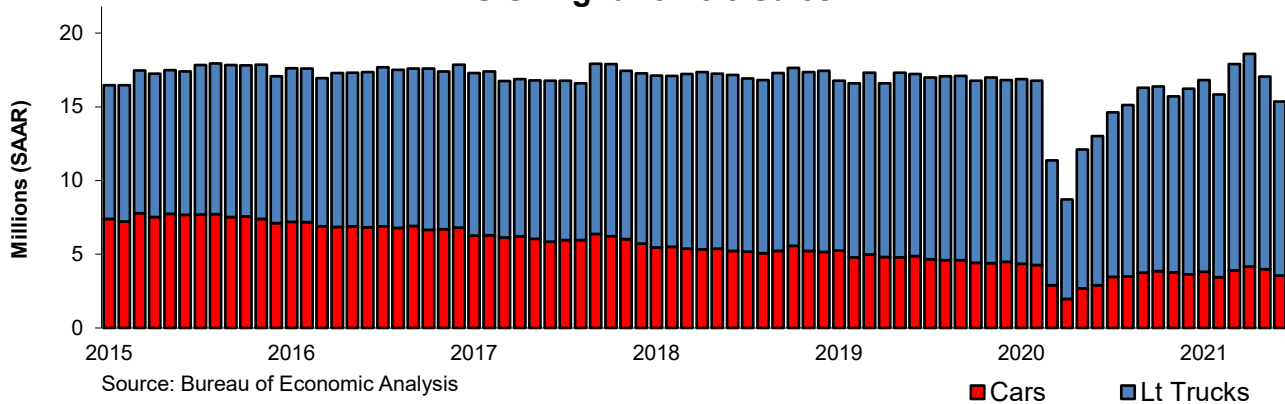


Source: AAA Michigan

Motor Vehicle Sector

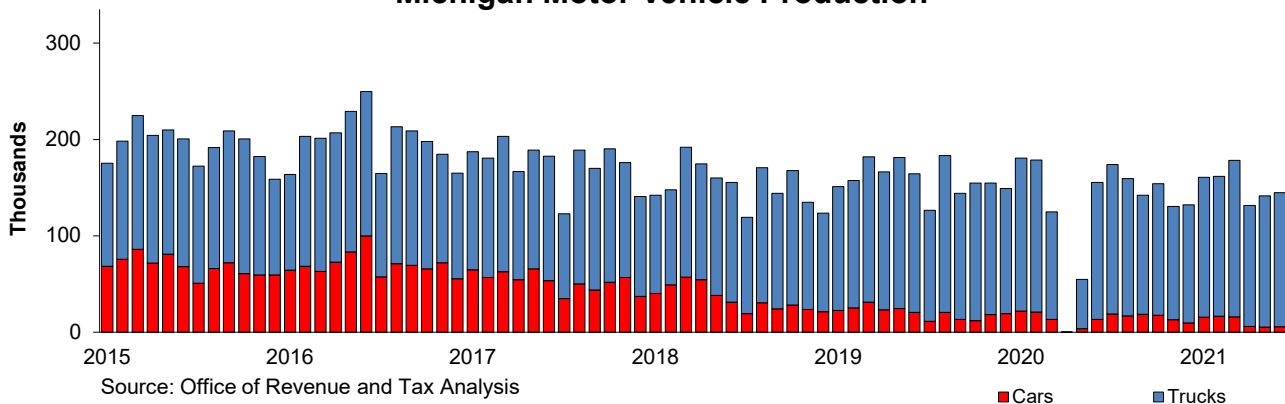
U.S. light vehicle sales (cars and light trucks) declined 9.8 percent in June from May, selling at a 15.4 million unit seasonally adjusted annual rate. Domestic car sales declined 11.2 percent and light truck sales declined 8.0 percent from May. Import car sales and light truck sales declined 9.2 percent and 14.5 percent, respectively, from May. Compared to June 2020, light vehicle sales were up 18.0 percent. Domestic car sales increased 22.1 percent while light truck sales increased 21.3 percent from the year ago levels. Import car sales were up 25.8 percent while import light truck sales were up 3.2 percent from last year. For June 2021, domestic light vehicles recorded a 75.1 percent share of a 17.0 million unit market, up 0.9 percent from May.

U.S. Light Vehicle Sales



Michigan motor vehicle production was up in June, with 144,934 total units, 2.4 percent above May's production, but down 6.8 percent from a year ago. Nationally, motor vehicle production totaled 739,750 units, which was down slightly from a year ago. In June, Michigan's car production was 5,583 units while the state's truck production was 139,351 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