GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRIS KOLB
DIRECTOR

June 30, 2020

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

The Honorable Shane Hernandez, 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 May 31, 2020. 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,

Chris Kolb
State Budget Director

Attachment

cc: Mike Shirkey, Sen. Maj. Leader
Jim Ananich, Senate Min. Leader
Lee Chatfield, Speaker of the House
Christine Greig, House Min. Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency
Jim Runestad, Chair, Senate Finance Com.
Lynn Afendoulis, Chair, House Tax Policy Com.
JoAnne Huls, Executive Office
Jay Rising, Executive Office
Jen Flood, Executive Office
Kyle Jen, Deputy State Budget Director
Heather Boyd, Office of Financial Mgmt.
Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2020
Projected Revenues and Expenditures
May 31, 2020
($ in millions)

		FISCAL 2020
Beginning Balance, October 1, 2019		see one-time revenue
Current General Fund General Purpose Revenues, May 2020 Consensus Estimate	**$**	**9,028.2**
Revenue Adjustments:		
Local Government Program Payments	$	(490.0)
Subtotal Additional Revenue Adjustments	**$**	**(490.0)**
Total FY Resources Available For Expenditure GF/GP - Ongoing	**$**	**8,538.2**
Expenditures, Current Law:		
Public Acts 52 through 67 of 2019	$	10,476.1
Vetoes and Transfers	$	(536.2)
Supplementals PA 154 and PA 162 of 2019	$	159.4
Total Expenditures Projected - Ongoing	**$**	**10,099.3**
Current Year Revenues minus Ongoing Costs	**$**	**(1,561.1)**
One-Time Revenue:		
Beginning Balance	$	916.2
Lawsuit Settlement Proceeds (AG, DEQ)	$	(7.6)
Other One-Time Revenue	$	10.0
Total FY Resources Available For Expenditure GF/GP - One-Time	**$**	**918.6**
One-Time Expenditures:		
Public Acts 52 through 67 of 2019	$	193.9
Vetoes and Transfers	$	(18.6)
Supplementals PA 154 and PA 162 of 2019	$	101.6
Supplementals PA 66 and PA 67 of 2020	$	225.7
May Consensus Adjustments	$	171.2
Non-caseload Requests	$	128.9
Total Expenditures Projected - One-Time	**$**	**802.7**
One-Time Revenue minus One-Time Spending	**$**	**115.9**
Projected Ending Balance, September 30, 2020	**$**	**(1,445.2)** [1]

[1] The latest revenue estimates result in an anticipated budget shortfall. Budget adjustments will be negotiated with the Legislature to address the shortfall and included on subsequent reports once enacted.

SCHOOL AID FUND
Fiscal Year 2020
Projected Revenues and Expenditures
May 31, 2020
($ in millions)

		FISCAL 2020
Beginning Balance, October 1, 2019		see one-time revenue
Current Year School Aid Fund Revenues, May 2020 Consensus Estimate	**$**	**12,676.7**
Revenue Adjustments:		
General Fund	$	45.0
Community District Trust Fund	$	75.8
Federal Revenue	$	1,749.6
Subtotal Additional Revenue Adjustments	**$**	**1,870.4**
Total FY Resources Available for Expenditure School Aid Fund	**$**	**14,547.1**
School Aid Ongoing Costs:		
PA 58 of 2019	$	15,162.7
Vetoes	$	(55.9)
PA 162 of 2019	$	54.9
Pending Supplemental (2020-2) - Revised	$	(89.2)
Community Colleges Ongoing Costs:		
PA 52 of 2019	$	414.7
Universities Ongoing Costs:		
PA 62 of 2019	$	349.4
Total School Aid Fund Ongoing Costs Projected	**$**	**15,836.6**
Current Year Revenues minus Ongoing Costs	**$**	**(1,289.5)**
Beginning Balance (One-Time Revenue):	**$**	**194.7**
General Fund Subsidy One-Time	$	17.7
MPSERS Retirement Obligation Reform Reserve Fund	$	1.9
One-Time Spending Items:		
PA 58 of 2019 - School Aid	$	72.7
Vetoes	$	(72.7)
PA 162 of 2019 - School Aid	$	15.7
One-Time Revenue minus One-Time Spending	**$**	**198.6**
Projected Ending Balance, September 30, 2020	**$**	**(1,090.9)** [1]

[1] The latest revenue estimates result in an anticipated budget shortfall. Budget adjustments will be negotiated with the Legislature to address the shortfall and included on subsequent reports once enacted.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND - ALL PURPOSE
May 31, 2020
($ in millions)

Fiscal Year 2019			Fiscal Year 2020				
Expenditures & Encumbrances Year to Date FY 2019	Fiscal Year End SEP 30, 2019	Department	Initial Appropriations (1)	Executive Orders & Supplemental Appropriations (1)	Encumbrance, Work Project & Capital Outlay Carry Forwards	Total Authorization	Expenditures & Encumbrances Year to Date FY 2020
84.5	118.5	Agriculture and Rural Development	107.9	9.2	26.5	143.6	83.2
60.6	91.5	Attorney General	104.5	2.8	19.7	126.9	63.4
306.6	458.6	Capital Outlay (2)	333.8	8.1	585.2	927.1	276.6
9.5	15.3	Civil Rights	16.4	1.4	1.4	19.1	10.0
861.8	1,157.2	Colleges and Universities	1,298.0	44.0	14.3	1,356.3	994.2
1,400.1	2,022.8	Corrections	2,001.3	121.6	212.7	2,335.6	1,453.0
228.7	455.7	Education	487.2	123.9	51.6	662.6	245.9
273.6	456.1	Environment, Great Lakes, and Energy	572.9	21.0	512.6	1,106.4	331.4
5.1	6.7	Executive Office	7.1	0.0	1.2	8.4	6.0
15,591.0	25,590.3	Health and Human Services	26,164.7	1,007.7	323.5	27,495.9	16,103.8
33.1	53.8	Insurance and Financial Service	68.8	4.4	0.0	73.3	35.8
158.1	282.4	Judiciary	310.7	0.7	5.0	316.3	167.6
141.6	266.2	Labor and Economic Opportunity	415.7	301.8	37.0	754.5	286.3
16.0	24.6	Legislative Auditor General	25.9	0.0	1.6	27.6	16.6
99.5	154.8	Legislature	172.2	0.0	71.7	243.9	105.8
236.5	446.3	Licensing and Regulatory Affairs	517.4	(55.2)	38.3	500.5	235.9
2.4	30.2	Marshall Plan for Talent	0.0	0.0	39.9	39.9	0.0
158.2	265.4	Michigan Strategic Fund	89.6	(1.8)	0.0	87.8	62.4
120.4	174.2	Military and Veterans Affairs	168.4	22.5	12.6	203.5	139.6
79.8	139.8	Natural Resources	134.7	3.6	53.4	191.7	89.7
148.9	269.5	State	250.4	26.8	72.6	349.8	153.1
2.3	3.0	State Land Bank Authority	0.5	(0.2)	0.0	0.3	0.0
418.7	696.5	State Police	713.7	583.4	84.7	1,381.9	587.5
388.4	688.0	Technology, Management and Budget (3)	421.6	649.6	191.6	1,262.8	510.6
198.3	202.6	Transportation	0.0	47.0	29.5	76.5	3.4
1,344.3	3,451.4	Treasury	1,953.8	111.1	126.9	2,191.8	1,421.6
$22,368.2	**$37,521.2**		**$36,337.2**	**$3,033.3**	**$2,513.4**	**$41,883.8**	**$23,383.4**

(1) Includes boilerplate appropriations.
(2) Includes all capital outlay activity regardless of agency.
(3) Includes Civil Service Commission.

ESTIMATED BALANCE OF STATE PAYMENTS
TO LOCAL UNITS OF GOVERNMENT
Fiscal Year 2020
May 31, 2020
($ in millions)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	19,498.1	162.1	19,660.2
Total state spending from state resources	34,316.0	586.6	34,902.6
Percentage of state spending from state resources paid to local units	56.82%		56.33%
Required payments to local units (48.97%)	16,804.5		17,091.8
Surplus/(deficit)	**$2,693.6**		**$2,568.4**

STATE OF MICHIGAN
YEAR-TO-DATE BALANCE SHEET
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
May 31, 2020
($ in thousands)

ASSETS	
Current Assets:	
Equity in common cash	$ 1,176,464
Total Assets	$ 1,176,464
LIABILITIES	
Current Liabilities:	
Total Current Liabilities	$ -
Total Liabilities	-
FUND BALANCES	
Committed	1,176,464
Total Fund Balances	1,176,464
Total Liabilities and Fund Balances	$ 1,176,464

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
October 1, 2019 Through May 31, 2020
($ in thousands)

REVENUES	
Miscellaneous	$ 27,838
Total Revenues	27,838
EXPENDITURES	
Current:	
General government	-
Total Expenditures	-
Excess of Revenues over (under) Expenditures	27,838
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	-
Transfers to other funds	-
Total Other Financing Sources (Uses)	-
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	$ 27,838 [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
May 31, 2020
($ in thousands)

ASSETS		
Current Assets:		
Equity in common cash	$	89,723
Investments		-
Other current assets		1
Total Current Assets		89,724
Noncurrent Assets:		
Investments		624,296
Total Assets	$	714,020
LIABILITIES		
Current Liabilities:		
Accounts payable and other liabilities	$	11,952
Amounts due to other funds		-
Total Current Liabilities		11,952
Total Liabilities		11,952
FUND BALANCES		
Nonspendable		500,000
Restricted		202,068
Total Fund Balances		702,068
Total Liabilities and Fund Balances	$	714,020

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
October 1, 2019 through May 31, 2020
($ in thousands)

REVENUES	
Taxes	$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	(11,017)
Total Revenues	(11,017)
EXPENDITURES	
Current:	
General government	2,254
Conservation, environment, recreation, and agriculture	10,689
Capital outlay	3,235
Total Expenditures	16,179
Excess of Revenues over (under) Expenditures	(27,196)
OTHER FINANCING SOURCES (USES)	
Proceeds from bond issues	-
Proceeds from sale of capital assets	9
Transfers from other funds	-
Transfers to other funds	(22)
Total Other Financing Sources (Uses)	(14)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	$ (27,210) [1]

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

REVENUE OVERVIEW

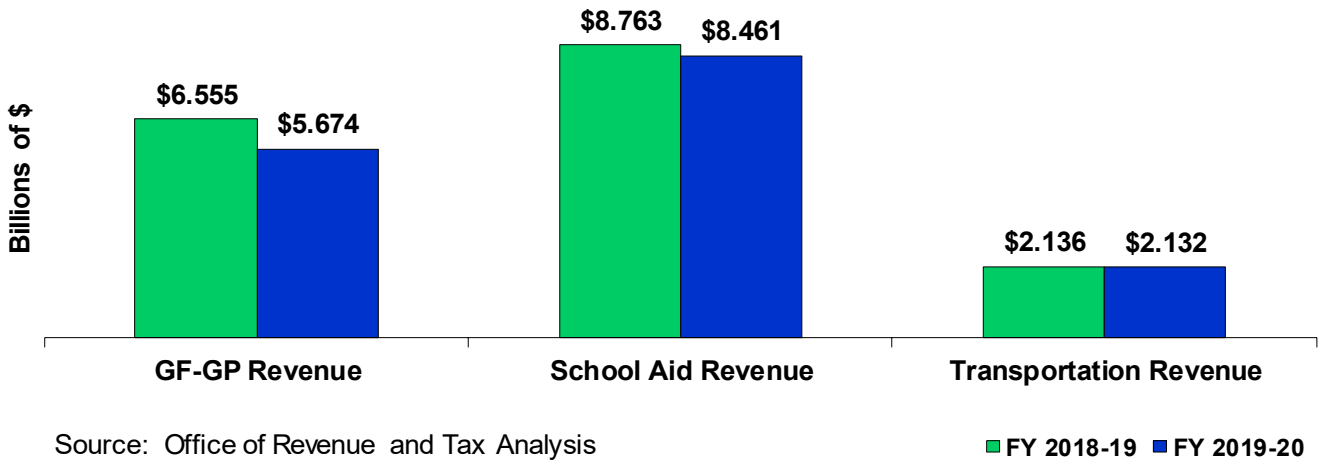
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for May 2020, representing some April and some May economic activity in Michigan.

Total General Fund - General Purpose cash collections were $115.4 million (16.3 percent) lower in May 2020 than in May 2019. The May 2020 School Aid Fund cash collections were $184.9 million (19.7 percent) lower than in May 2019. May 2020 transportation collections were $92.4 million (32.6 percent) lower than in May 2019 (see revenue summary table). May is the eighth month of the state's fiscal year (FY). Year-to-date collection totals generally provide a more accurate view of collections since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down $880.9 million (13.4 percent) from a year ago. School Aid Fund cash collections are down $302.0 million (3.4 percent) and transportation collections are down $3.6 million (0.2 percent).

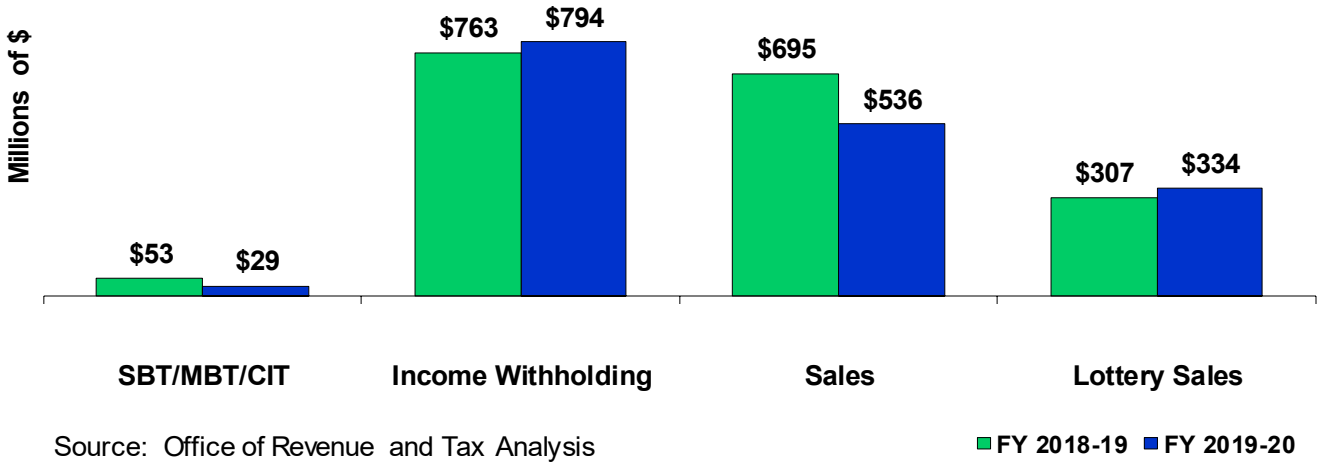
The FY 2019-20 revenue projections presented in the revenue summary table on page 11 are from the Consensus Revenue Estimating Conference held on May 15, 2020. The revenue estimate for net General Fund – General Purpose revenue for FY 2019-20 is $9,028.2 million and the net School Aid revenue forecast is $12,676.7 million. The Transportation Funds revenue forecast is $3,364.9 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

October through May Collections
FY 2018-19 and FY 2019-20



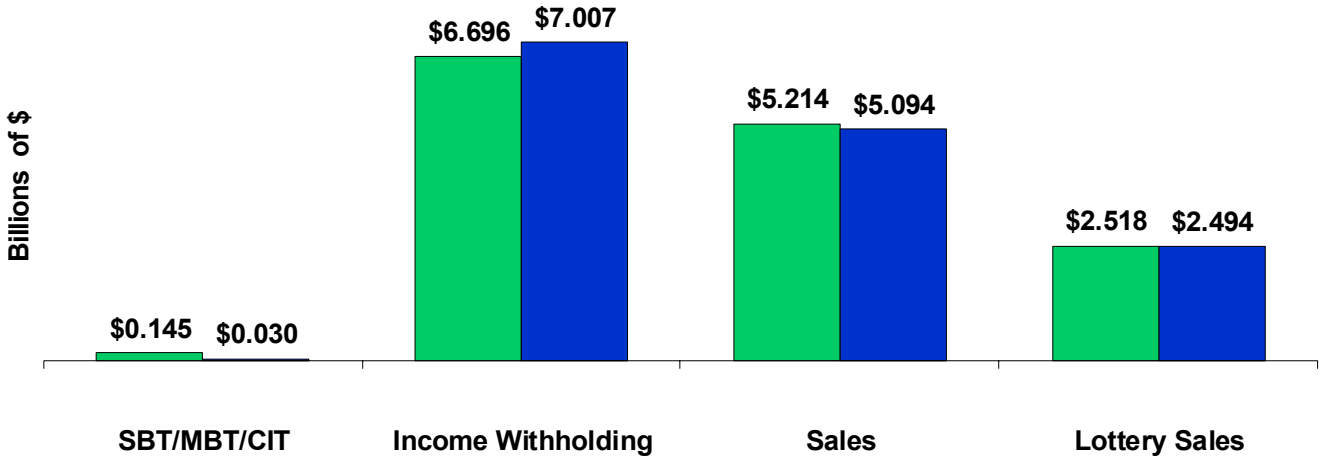
Source: Office of Revenue and Tax Analysis

May Revenue Collections
FY 2018-19 and FY 2019-20



Source: Office of Revenue and Tax Analysis

October through May Collections
FY 2018-19 and FY 2019-20



Source: Office of Revenue and Tax Analysis

Revenue Summary FY 2019-20
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: May 31, 2020

Month-End Cash Collections Data					October Through May Cash Collections Data				Revenue Projections		
May		Difference			Year-to-Date		Difference				
2019	2020	Amount	Percent	Source of Revenue	FY 2018-19	FY 2019-20	Amount	Percent	FY 2018-19 CAFR Totals (i)	FY 2019-20 Statutory Estimate	FY 2019-20 May 2020 Forecast
				Income Taxes							
$762,567	$794,196	$31,629	4.1%	Withholding	$6,696,303	$7,006,754	$310,451	4.6%	$9,935,100	$10,194,000	$9,439,000
28,103	18,315	(9,788)	-34.8%	Quarterlies	654,991	523,972	(131,019)	-20.0%	1,284,000	1,371,400	939,400
108,383	37,632	(70,750)	-65.3%	Annuals	1,235,250	372,823	(862,427)	-69.8%	1,337,500	1,176,500	1,175,200
$899,052	$850,144	($48,908)	-5.4%	Gross Collections	$8,586,545	$7,903,549	($682,996)	-8.0%	$12,556,600	$12,741,900	$11,553,600
155,531	134,629	(20,902)	-13.4%	Less: Refunds	1,943,541	1,926,919	(16,623)	-0.9%	2,124,500	2,163,300	2,256,300
0	0	0	na	State Campaign Fund	0	0	0	na	800	800	800
$743,522	$715,515	($28,007)	-3.8%	Net Personal Income	$6,643,004	$5,976,631	($666,373)	-10.0%	$10,431,300	$10,577,800	$9,296,500
22,000	39,000	17,000	77.3%	Less: Disbursements to MTF	176,000	312,000	136,000	77.3%	264,000	468,000	468,000
46,000	5,750	(40,250)	-87.5%	Less: Disbursements to Renew Michigan	46,000	46,000	0	0.0%	69,000	69,000	69,000
209,334	197,911	(11,423)	-5.5%	Less: Disbursements to SAF	1,999,113	1,839,962	(159,151)	-8.0%	2,845,000	2,860,700	2,751,000
$466,187	$472,854	$6,666	1.4%	**Net Personal Income To GF-GP**	$4,421,891	$3,778,669	($643,222)	-14.5%	$7,253,300	$7,180,100	$6,008,500
				Consumption Taxes							
$110,146	$81,639	($28,507)	-25.9%	Sales (a)	$845,204	$828,743	($16,461)	-1.9%	$1,270,900	$1,355,900	$1,118,000
20,723	(29,684)	(50,407)	na	Use (a) (h)	463,420	353,527	(109,893)	-23.7%	753,400	749,000	553,700
14,290	14,514	224	1.6%	Tobacco	113,077	113,411	334	0.3%	178,000	169,100	174,500
3,999	1,766	(2,233)	-55.8%	Beer, Wine & Mixed Spirits	30,642	27,129	(3,512)	-11.5%	50,200	52,000	48,000
4,483	6,344	1,861	41.5%	Liquor Specific	34,261	38,179	3,919	11.4%	61,300	61,000	56,000
$153,642	$74,580	($79,062)	-51.5%	**Total Consumption Taxes**	$1,486,603	$1,360,989	($125,614)	-8.4%	$2,313,800	$2,387,000	$1,950,200
				Other Taxes							
($23,043)	$6,322	$29,365	na	Single Business	($82,045)	($2,141)	$79,905	97.4%	($67,700)	$0	$0
1,732	(4,562)	(6,294)	na	Insurance Premiums Taxes	$268,294	286,702	18,408	6.9%	314,900	361,800	351,800
(21,311)	1,760	23,071	na	Sub-total SBT & Insurance	186,249	284,562	98,312	52.8%	247,200	361,800	351,800
(2,132)	(3,383)	(1,250)	-58.6%	Michigan Business Tax	(516,671)	(531,159)	(14,488)	-2.8%	(511,500)	(641,000)	(641,000)
78,469	26,230	(52,239)	-66.6%	Corporate Income Tax	743,638	562,868	(180,769)	-24.3%	1,278,100	1,210,100	910,100
0	0	0	na	Inheritance / Estate	5	0	(5)	-100.0%	0	0	0
0	0	0	na	Telephone & Telegraph	10,440	11,355	915	8.8%	30,300	30,000	30,000
2,536	(270)	(2,805)	na	Oil & Gas Severance	15,633	10,866	(4,767)	-30.5%	22,300	22,000	14,000
10,024	1,550	(8,474)	-84.5%	Penalties & Interest	98,062	54,937	(43,125)	-44.0%	125,500	128,000	100,000
2,633	946	(1,687)	-64.1%	Essential Services Assessment	3,419	1,963	(1,457)	-42.6%	111,200	121,000	121,000
0	1	1	na	Miscellaneous Other/Railroad	177	177	(1)	-0.3%	2,300	2,000	2,000
(12,517)	(12,667)	(150)	-1.2%	Treasury Enforcement Programs (e)	(100,583)	(101,333)	(750)	-0.7%	(147,200)	(150,000)	(140,000)
$57,701	$14,167	($43,533)	-75.4%	**Total Other Taxes**	$440,370	$294,235	($146,135)	-33.2%	$1,158,200	$1,083,900	$747,900
$677,530	$561,601	($115,929)	-17.1%	**Subtotal GF-GP Taxes**	$6,348,864	$5,433,893	($914,971)	-14.4%	$10,725,300	$10,651,000	$8,706,600

continued

Revenue Summary FY 2019-20
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: May 31, 2020

Month-End Cash Collections Data					October Through May Cash Collections Data				Revenue Projections		
May		Difference			Year-to-Date		Difference				
2019	2020	Amount	Percent	Source of Revenue	FY 2018-19	FY 2019-20	Amount	Percent	FY 2018-19 CAFR Totals (i)	FY 2019-20 Statutory Estimate	FY 2019-20 May 2020 Forecast
				Non-Tax Revenue (e)							
$1,108	$1,108	$0	0.0%	Federal Aid	$8,867	$8,867	$0	0.0%	$2,100	$10,000	$15,000
8	8	0	0.0%	Local Agencies	67	67	0	0.0%	0	100	100
583	583	0	0.0%	Services	4,667	4,667	0	0.0%	600	7,000	6,000
1,167	1,167	0	0.0%	Licenses & Permits	9,333	9,333	0	0.0%	9,300	14,000	12,000
0	0	0	na	Investments/Interest Costs	(16,270)	2,789	19,059	na	10,300	9,000	4,000
833	833	0	0.0%	Misc. Non-tax Revenue	6,667	6,667	0	0.0%	16,800	10,000	10,000
19,167	19,667	500	2.6%	Liquor Purchase Revolving Fund	144,583	157,333	12,750	8.8%	253,000	230,000	195,000
6,250	6,250	0	0.0%	From Other Funds-Lottery & Escheats	47,750	50,000	2,250	4.7%	86,700	81,000	79,500
$29,117	$29,617	$500	1.7%	**Total Non-Tax Revenue**	$205,663	$239,723	$34,059	16.6%	$378,800	$361,100	$321,600
$706,646	$591,217	($115,429)	-16.3%	**Total GF-GP Revenue**	$6,554,527	$5,673,615	($880,912)	-13.4%	$11,104,100	$11,012,100	$9,028,200
				School Aid Fund							
$285,570	$221,650	($63,920)	-22.4%	Sales Tax 4%	$2,214,307	$2,181,825	($32,483)	-1.5%	$3,372,300	$3,543,000	$2,685,000
218,824	166,634	(52,189)	-23.9%	Sales Tax 2%	1,523,701	1,457,648	(66,053)	-4.3%	2,636,200	2,779,200	2,779,200
53,599	31,380	(22,219)	-41.5%	Use Tax 2%	402,789	358,894	(43,895)	-10.9%	602,500	610,500	512,800
21,693	18,462	(3,231)	-14.9%	State Education Property Tax	1,382,128	1,476,510	94,382	6.8%	2,113,200	2,170,900	2,155,900
26,019	18,874	(7,146)	-27.5%	Real Estate Transfer Tax	205,159	211,052	5,893	2.9%	350,100	361,000	300,600
75,000	60,000	(15,000)	-20.0%	Lottery Transfer (b)	662,000	581,822	(80,178)	-12.1%	1,070,600	1,010,000	970,000
10,188	0	(10,188)	-100.0%	Casino Wagering Tax	80,610	54,422	(26,189)	-32.5%	117,300	121,300	71,400
4,399	6,329	1,930	43.9%	Liquor Excise Tax	33,812	37,448	3,636	10.8%	60,200	60,600	55,600
29,012	29,466	454	1.6%	Cigarette/Tobacco Tax	229,563	230,241	677	0.3%	327,100	319,400	327,700
4,269	2,595	(1,675)	-39.2%	Indus. & Comm. Facilities Taxes	22,873	20,267	(2,606)	-11.4%	39,500	38,500	36,500
0	618	618	na	Recreational Marihuana	0	4,517	4,517	na	0	23,600	4,200
1,347	395	(952)	-70.7%	Specific Other	6,702	6,143	(559)	-8.3%	25,900	26,800	26,800
209,334	197,911	(11,423)	-5.5%	Income Tax Earmarking	1,999,113	1,839,962	(159,151)	-8.0%	2,845,000	2,860,700	2,751,000
$939,254	$754,313	($184,941)	-19.7%	**Total School Aid Fund**	$8,762,757	$8,460,750	($302,007)	-3.4%	$13,559,900	$13,925,500	$12,676,700
				Multi-Fund Revenue Summary							
$694,774	$536,051	($158,723)	-22.8%	Sales Tax 6%	$5,214,213	$5,094,023	($120,191)	-2.3%	$8,246,900	$8,682,800	$8,682,800
475,951	369,417	(106,534)	-22.4%	Sales Tax 4% (d)	3,690,512	3,636,375	(54,138)	-1.5%	5,610,700	5,903,600	5,903,600
218,824	166,634	(52,189)	-23.9%	Sales Tax 2%	1,523,701	1,457,648	(66,053)	-4.3%	2,636,200	2,779,200	2,779,200
160,797	94,140	(66,657)	-41.5%	Use Tax 6% (g)	1,208,366	1,076,682	(131,685)	-10.9%	1,793,900	1,825,400	1,532,400
71,811	72,936	1,125	1.6%	Tobacco Taxes	568,226	569,902	1,676	0.3%	887,400	869,800	895,300
0	0	0	na	Tobacco Settlement	220,632	217,815	(2,817)	-1.3%	na	na	na

continued

Revenue Summary FY 2019-20
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: May 31, 2020

Month-End Cash Collections Data					October Through May Cash Collections Data				Revenue Projections		
May		Difference			Year-to-Date		Difference				
2019	2020	Amount	Percent	Source of Revenue	FY 2018-19	FY 2019-20	Amount	Percent	FY 2018-19 CAFR Totals (i)	FY 2019-20 Statutory Estimate	FY 2019-20 May 2020 Forecast
				Major Transportation Revenues							
$18,916	$14,354	($4,562)	-24.1%	Diesel Fuel / Motor Carrier Fuel Tax	$161,587	$151,659	($9,929)	-6.1%	$243,835	$246,000	$218,000
95,284	50,335	(44,949)	-47.2%	Gasoline	778,814	720,048	(58,765)	-7.5%	1,214,722	1,213,000	1,058,000
134,014	76,548	(57,466)	-42.9%	Motor Vehicle Registration	915,473	849,776	(65,696)	-7.2%	1,357,510	1,388,000	1,330,000
4,165	1,687	(2,478)	-59.5%	Other Taxes, Fees & Misc.	33,984	26,079	(7,905)	-23.3%	130,244	234,917	199,975
9,016	9,098	81	0.9%	Comprehensive Transportation (c)	70,050	72,780	2,730	3.9%	106,783	109,760	90,962
22,000	39,000	17,000	77.3%	Income Tax Earmarking	176,000	312,000	136,000	77.3%	264,000	468,000	468,000
$283,396	$191,022	($92,373)	-32.6%	**Total Major Trans. Revenues**	$2,135,908	$2,132,343	($3,565)	-0.2%	$3,317,095	$3,659,677	$3,364,937
				Lottery Sales By Games							
$144,509	$203,826	$59,317	41.0%	Instant Games (f)	$1,130,502	$1,268,057	$137,555	12.2%	na	na	na
71,268	79,851	8,583	12.0%	Daily Games	568,109	582,897	14,789	2.6%	na	na	na
32,151	26,309	(5,841)	-18.2%	Lotto and Big Game (f)	335,244	220,289	(114,955)	-34.3%	na	na	na
670	693	23	3.5%	Keno Game	5,700	5,479	(222)	-3.9%	na	na	na
1,100	967	(132)	-12.0%	Lucky For Life	9,235	8,491	(744)	-8.1%	na	na	na
5,924	4,492	(1,432)	-24.2%	Other (f)	47,133	63,772	16,638	35.3%	na	na	na
50,888	17,741	(33,147)	-65.1%	Club Games	422,423	344,657	(77,766)	-18.4%	na	na	na
$306,509	$333,880	$27,371	8.9%	**Total Lottery Sales**	$2,518,346	$2,493,642	($24,705)	-1.0%	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) 2.0% 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 2019 revenues were $342.1 million and the year-to date 2020 revenues are $364.2 million. Per 2014 Public Act 80, the total fiscal year 2019 Local Community Stabilization Share (LCSS) was $438.0 million and the total fiscal year 2020 LCSS is $465.9 million.

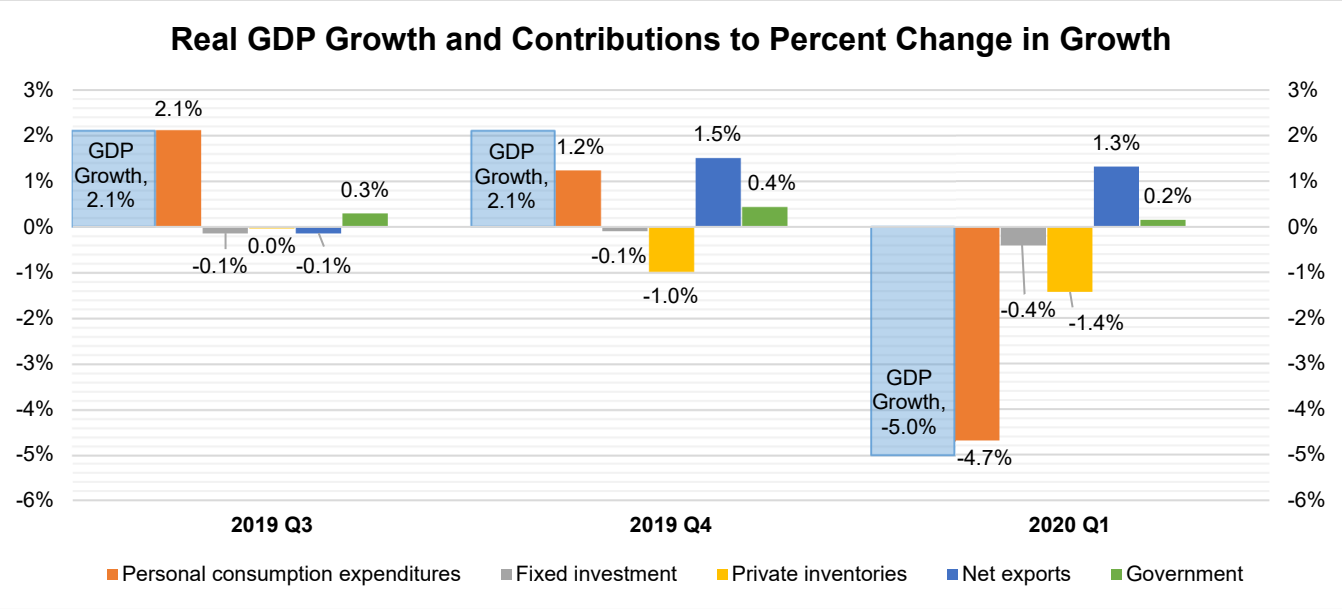
(h) General Fund Use tax collections are net of LCSS revenue. The year-to-date 2019 LCSS revenues were $342.1 million and the year-to-date 2020 LCSS revenues are $364.2 million.

(i) Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

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

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

U.S. real ***Gross Domestic Product*** declined for the first time in 23 quarters, declining at a 5.0 percent annual rate in the first quarter of 2020 according to the latest data. Economic growth was beginning to slow over the past year, as the annual real GDP growth rate for 2019 was 2.3 percent, a deceleration from the 2.9 percent growth of 2018. The coronavirus (COVID-19) pandemic that hit the U.S. in 2020 drove the first quarter GDP decline and is causing a significant decline in GDP in the second quarter as well as an overall annual decline for the year.



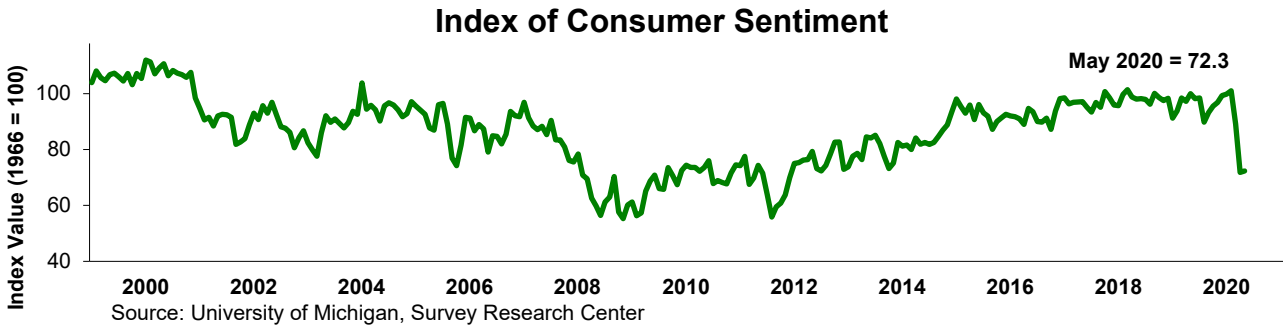
Source: Bureau of Economic Analysis

Personal consumption expenditures contributed significantly to the decline in the first quarter, along with fixed investment and private inventories. Net exports remained positive due to the decline in exports being partially offset by the decline in imports. Government spending also contributed positively to GDP. Real final sales decreased 3.7 percent in the first quarter while on the inflation front, the implicit price deflator increased slightly to 1.6 percent.

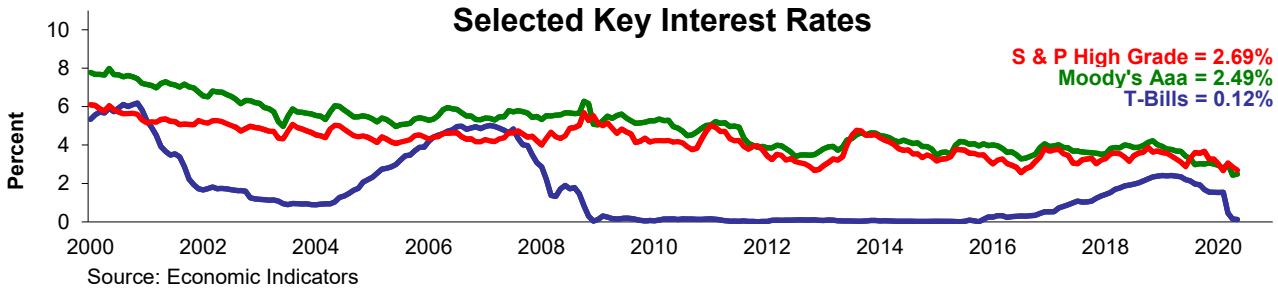
U.S. wage and salary employment rose by 2.5 million jobs in May, a slight bounce back from the 20.7 million jobs lost in April due to the economic impacts of COVID-19. However, employment levels were still 19.6 million payroll jobs below February's total. In May, leisure and hospitality employment increased by 1.2 million jobs due primarily to job gains in food services and drinking places, construction increased by 0.5 million jobs, education and health services increased by just over 0.4 million jobs, and retail trade increased by just under 0.4 million jobs. Government employment continued to decline, decreasing nearly 0.6 million jobs in May. Average hourly earnings for all employees on private nonfarm payrolls increased by 6.7 percent from a year ago, as job losses have been focused in low-wage sectors and higher wage employment has been more resistant to the impacts of COVID-19.

In May, the U.S. unemployment rate declined 1.4 percentage points to 13.3 percent. Civilian employment totaled 137.2 million persons, an increase of 3.8 million from April, while the number unemployed decreased to 21.0 million, down 2.1 million from April. Of the unemployed, 15.3 million were reported as being on a temporary layoff, a decrease of 2.7 million from April.

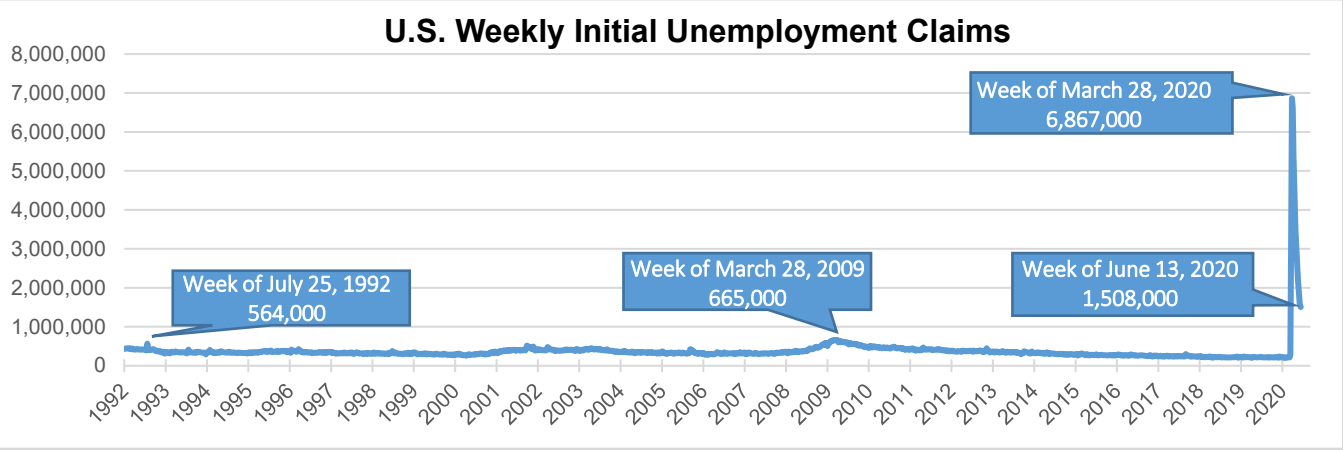
The ***Index of Consumer Sentiment*** remained relatively flat in May, increasing only 0.5 index-points to 72.3 from April's 71.8. The year over year decline was 27.7 index-points. Nearly all consumers believed the economy was in a recession in May. As with April's survey, a majority, 56 percent, of consumers expect the economy to improve in the next year, although most, 67 percent, still expect bad economic times. Consumers had a more favorable view of vehicle buying conditions in May than in April, bolstered by steep discounts and favorable interest rates.



Short-term ***interest rates*** decreased 0.03 percentage points in May, as the 3-month Treasury bill (T-bill) rate was 0.12 percent. Compared to one year ago, the T-bill rate decreased 2.23 percentage points. The Aaa corporate bond rate increased 0.06 percentage points to an interest yield of 2.49 percent in May but was down 1.18 percentage points from its year-ago level. The interest rate on high-grade municipal bonds decreased 0.17 percentage points to 2.69 percent in May and was down 0.42 percentage points from a year ago.



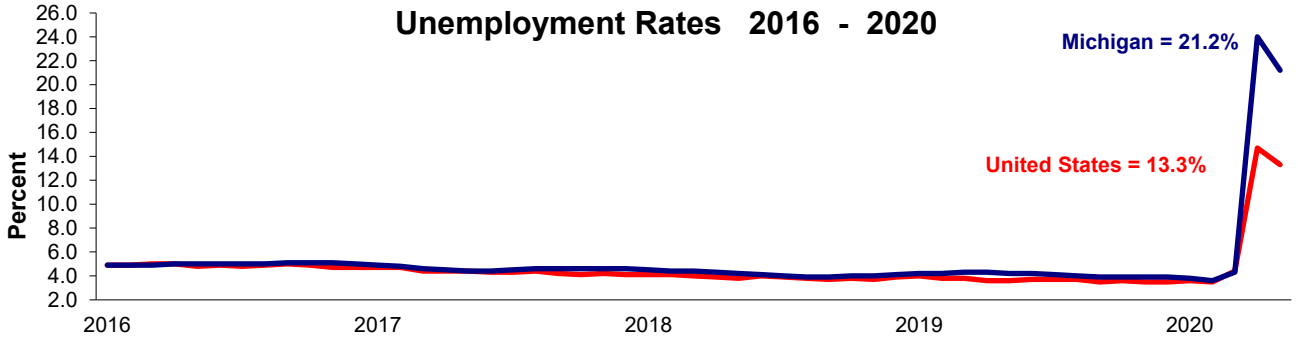
U.S. weekly initial unemployment claims spiked in March through May due to the COVID-19 pandemic, declining to 1,508,000 initial claims for the week ending June 13th, the 11th straight week of declining initial claims.



Source: U.S. Employment and Training Administration

Michigan Economy

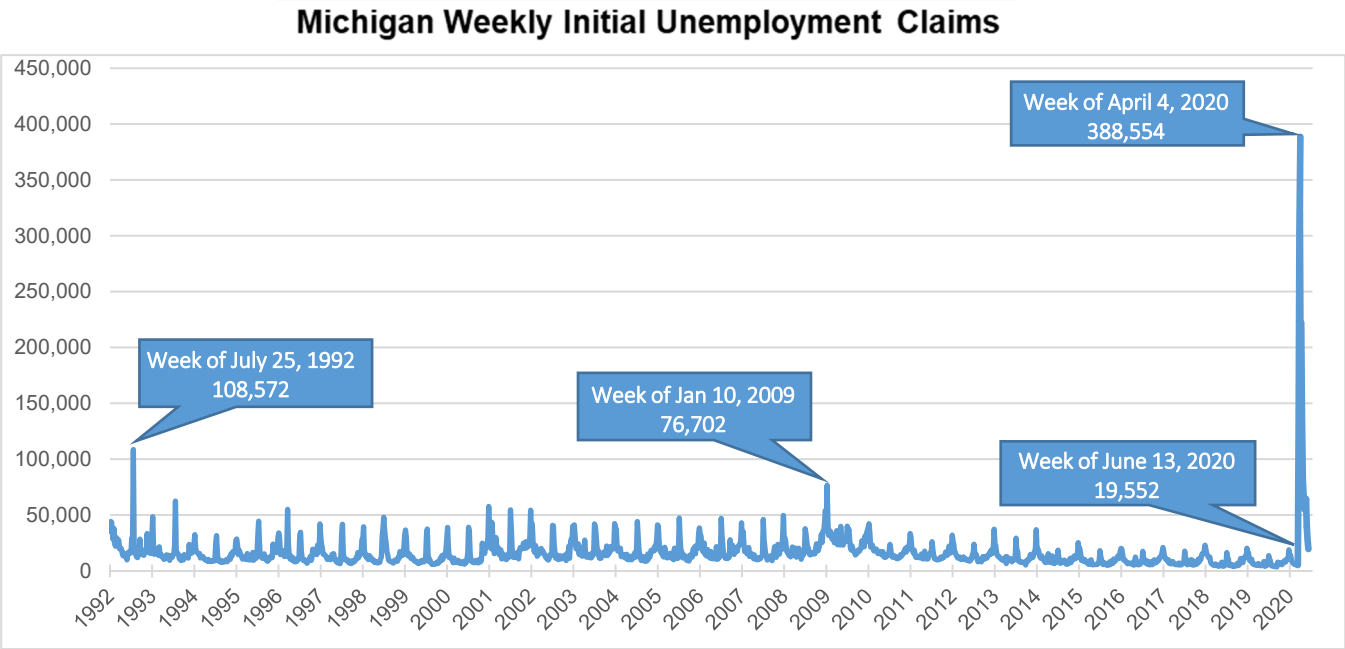
The ***Michigan jobless rate*** was 21.2 percent in May, down 2.8 percentage points from April's revised rate of 24.0 percent, but still 17.0 percentage points higher than May of 2019. The May labor force increased by 159,000 from April, a 3.5 percent increase.



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

Michigan wage and salary employment increased in May by 178,000 jobs but was still down 850,000 jobs, or 19.2 percent, from May of last year. Most major sectors increased or remained flat in May. Sectors with the largest increases include: construction with 51,000 jobs; trade transportation and utilities with 50,000 jobs; manufacturing with 34,000 jobs and professional and business services with 20,000 jobs. Government payroll employment declined 13,000 jobs from April to May.

Michigan initial claims for unemployment increased dramatically in March, April, and May, peaking at 388,554 initial claims the week ending April 4th, and declining to 19,552 the week of June 13th. In total, there were 1,592,345 initial claims over the past thirteen weeks.

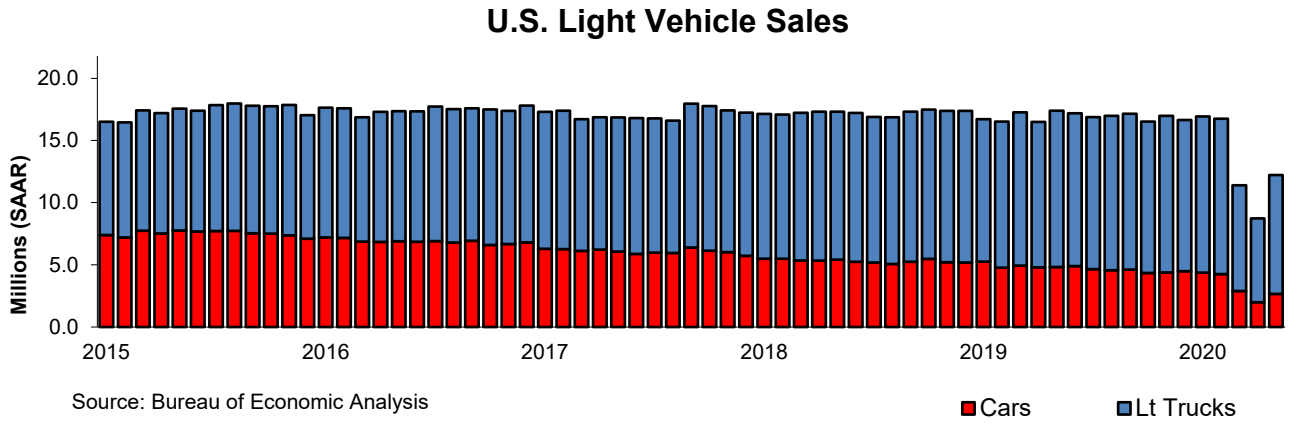


Source: U.S. Employment and Training Administration

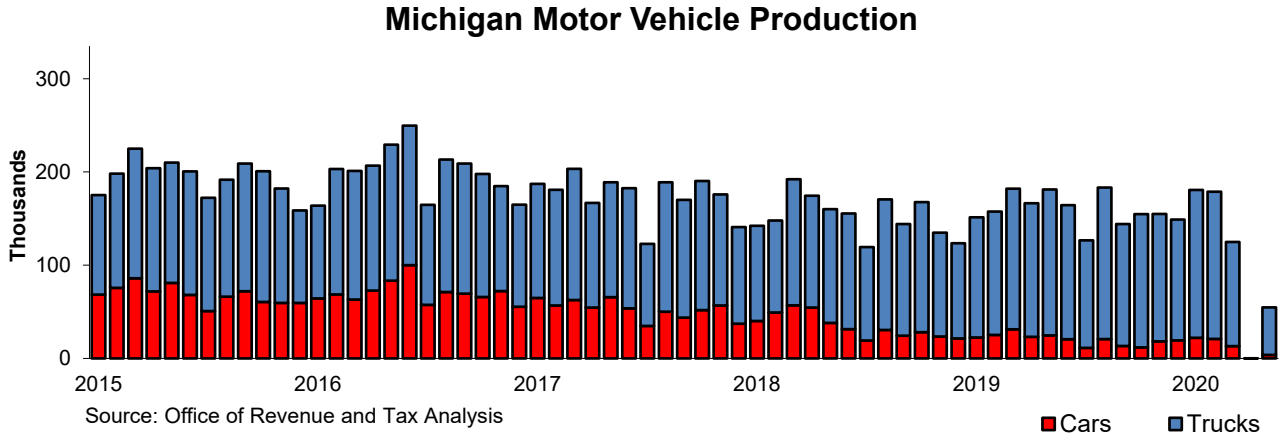
Michigan gasoline prices increased in May to $1.80 per gallon, up 30 cents a gallon from last month's average of $1.50. From a year ago, gasoline prices were down 37.1 percent from the May 2019 average of $2.86 per gallon.

Motor Vehicle Sector

U.S. light vehicle sales (cars and light trucks) increased 40.0 percent in May from April levels, selling at a 12.2 million unit seasonally adjusted annual rate. Domestic car and light truck sales increased 27.0 percent and 36.9 percent, respectively, from April. Import car and light truck sales increased 57.0 percent and 58.5 percent, respectively, from April. The one month increase in light vehicle sales does not fully compensate for the significant declines experienced in March and April. Compared to last year, light vehicle sales in May were still down by 29.8 percent. Domestic car and light truck sales decreased 46.3 percent and 28.0 percent, respectively, from the year ago levels. Import car sales were down 40.6 percent from last year while import light truck sales were down 8.3 percent. For May 2020, domestic light vehicles recorded a 74.5 percent share of a 12.2 million-unit market, a decrease of 4.4 percentage points from a year ago.



Michigan motor vehicle production was suspended in April and through half of May due to the COVID-19 pandemic, resulting in state-wide plant closures. While significantly up from April's production, May's production was still down 69.8 percent from a year ago, although production did not resume till part way through the month. Motor vehicle production was also disrupted nationally and was down 69.1 percent from a year ago. In May, Michigan's car production was 3,729 units while the state's truck production was 54,703 units. Compared with a year ago, car production decreased 84.9 percent in Michigan and 71.5 percent nationwide, while truck production decreased nearly 67.4 percent in Michigan and 68.3 percent nationwide from a year ago. Michigan motor vehicle production data are not seasonally adjusted.



Summary Estimates of the Constitutional Revenue Limit
Based on the May 15, 2020 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)

	Fiscal Year 2018-19 Estimate	Fiscal Year 2019-20 Estimate	Fiscal Year 2020-21 Estimate
Applicable Calendar Year Personal Income	$460,270	$484,030	$502,423
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	$43,679.6	$45,934.4	$47,679.9
Revenue Limit	$43,679.6	$45,934.4	$47,679.9
State Revenue Subject to Limit	$33,779.4	$31,212.2	$32,217.1
Amount Under (Over) Limit	**$9,900.2**	**$14,722.3**	**$15,462.8**

Sources:

Personal Income Estimate
The FY 2018-19 calculation uses the official personal income estimate for calendar year 2017 (Survey of Current Business, October 2018).
The FY 2019-20 calculation uses the May 15, 2020 Consensus Revenue Agreement.
The FY 2020-21 calculation uses the May 15, 2020 Consensus Revenue Agreement.

Revenue Subject to the Limit
The FY 2018-19 calculation uses the May 15, 2020 Consensus Revenue Agreement.
The FY 2019-20 calculation uses the May 15, 2020 Consensus Revenue Agreement.
The FY 2020-21 calculation uses the May 15, 2020 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