



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

CHRIS KOLB
DIRECTOR

February 28, 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 January 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
January 31, 2020
(\$ in millions)

FISCAL
2020

Beginning Balance, October 1, 2019	see one-time revenue
Current General Fund General Purpose Revenues, Jan 2020	
Consensus Estimate	\$ 11,012.1
Revenue Adjustments:	
Shift Venture Michigan Fund II to Voucher Purchase	\$ 22.9
Assumed Income Tax Earmark shift (HB 4125)	\$ (173.2)
Local Government Program Payments	\$ (490.0)
Subtotal Additional Revenue Adjustments	\$ (640.3)
Total FY Resources Available For Expenditure GF/GP - Ongoing	\$ 10,371.8
Expenditures, Current Law:	
Public Acts 52 through 67 of 2019	\$ 10,476.1
Vetoed 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	\$ 272.5
One-Time Revenue:	
Beginning Balance	\$ 899.5
Lawsuit Settlement Proceeds (AG, DEQ)	\$ (7.6)
Other One-Time Revenue	\$ 10.0
Total FY Resources Available For Expenditure GF/GP - One-Time	\$ 901.9
One-Time Expenditures:	
Public Acts 52 through 67 of 2019	\$ 193.9
Vetoed and Transfers	\$ (18.6)
Supplementals PA 154 and PA 162 of 2019	\$ 101.6
Total Expenditures Projected - One-Time	\$ 276.9
One-Time Revenue minus One-Time Spending	\$ 625.0
Projected Ending Balance, September 30, 2020	\$ 897.6

¹ This total is preliminary and may not reflect final revenue and expenditure data for the fiscal year ending September 30, 2019. Final year-end activity will be reflected in the fiscal year 2019 Comprehensive Annual Financial Report.

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

FISCAL
2020

Beginning Balance, October 1, 2019	see one-time revenue
Current Year School Aid Fund Revenues, Jan 2020	
Consensus Estimate	\$ 13,925.4
Revenue Adjustments:	
Assumed Income Tax Earmark shift (HB 4125)	\$ 173.2
General Fund	\$ 45.0
Community District Trust Fund	\$ 75.4
Federal Revenue	\$ 1,749.6
Subtotal Additional Revenue Adjustments	\$ 2,043.2
Total FY Resources Available for Expenditure School Aid Fund	\$ 15,968.6
School Aid Ongoing Costs:	
PA 58 of 2019	\$ 15,162.7
Vetoed	\$ (55.9)
PA 162 of 2019	\$ 54.9
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	\$ 15,925.8
Current Year Revenues minus Ongoing Costs	\$ 42.8
Beginning Balance (One-Time Revenue):	
General Fund Subsidy One-Time	\$ 17.7
MPERS Retirement Obligation Reform Reserve Fund	\$ 1.9
One-Time Spending Items:	
PA 58 of 2019 - School Aid	\$ 72.7
Vetoed	\$ (72.7)
PA 162 of 2019 - School Aid	\$ 15.7
One-Time Revenue minus One-Time Spending	\$ 216.4
Projected Ending Balance, September 30, 2020	\$ 259.2

¹ This total is preliminary and may not reflect final revenue and expenditure data for the fiscal year ending September 30, 2019. Final year-end activity will be reflected in the fiscal year 2019 Comprehensive Annual Financial Report.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND - ALL PURPOSE
 January 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
54.2	118.5	Agriculture and Rural Development	107.9	3.5	26.5	137.9	54.2
29.0	91.5	Attorney General	104.5	0.0	19.7	124.2	31.2
187.2	458.6	Capital Outlay (2)	333.8	8.1	585.2	927.1	196.7
4.4	15.3	Civil Rights	16.4	0.0	1.4	17.8	4.8
436.4	1,157.2	Colleges and Universities	1,298.0	44.0	14.3	1,356.3	502.2
809.6	2,025.0	Corrections	2,001.3	33.5	212.7	2,247.5	821.1
115.6	455.7	Education	487.2	0.4	51.6	539.1	114.7
130.8	456.1	Environment, Great Lakes, and Energy	572.9	18.0	512.6	1,103.4	143.3
3.3	6.7	Executive Office	7.1	0.0	1.2	8.4	5.2
8,210.3	25,611.8	Health and Human Services	26,164.7	271.6	323.7	26,760.1	8,058.8
15.8	53.8	Insurance and Financial Service	68.8	3.2	0.0	72.1	17.0
71.9	282.4	Judiciary	310.7	0.7	5.0	316.3	67.1
65.0	266.8	Labor and Economic Opportunity	415.7	301.7	35.6	753.0	167.5
7.6	24.6	Legislative Auditor General	25.9	0.0	1.6	27.6	8.6
46.3	154.8	Legislature	172.2	0.0	71.7	243.9	55.9
182.6	446.3	Licensing and Regulatory Affairs	517.4	(55.2)	39.7	501.9	148.4
0.0	30.2	Marshall Plan for Talent	0.0	0.0	39.9	39.9	0.0
151.8	265.4	Michigan Strategic Fund	89.6	(1.8)	0.0	87.8	26.0
72.1	174.2	Military and Veterans Affairs	168.4	10.5	12.6	191.5	87.0
52.3	139.8	Natural Resources	134.7	5.0	53.4	193.1	61.9
74.8	269.5	State	250.4	15.6	72.6	338.6	79.4
1.5	3.0	State Land Bank Authority	0.5	(0.2)	0.0	0.3	0.0
201.3	694.6	State Police	713.7	45.0	84.7	843.4	224.8
127.7	688.0	Technology, Management and Budget (3)	421.6	35.0	191.6	648.1	113.1
100.7	202.6	Transportation	0.0	47.0	29.5	76.5	2.9
769.6	3,119.0	Treasury	1,953.8	96.6	126.9	2,177.3	810.0
\$11,921.9	\$37,211.2		\$36,337.2	\$882.1	\$2,513.6	\$39,733.0	\$11,801.8

(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
January 2020
(\$ in millions)**

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	19,498.1	147.5	19,645.6
Total state spending from state resources	34,316.0	356.7	34,672.7
Percentage of state spending from state resources paid to local units	56.82%		56.66%
Required payments to local units (48.97%)	16,804.5		16,979.2
Surplus/(deficit)	\$2,693.6		\$2,666.4

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

ASSETS

Current Assets:		
Equity in common cash	\$	1,154,049
Total Assets	\$	1,154,049

LIABILITIES

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

FUND BALANCES

Committed		1,154,049
Total Fund Balances		1,154,049
Total Liabilities and Fund Balances	\$	1,154,049

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

REVENUES

Miscellaneous	\$ <u>5,423</u>
Total Revenues	<u>5,423</u>

EXPENDITURES

Current:	
General government	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>5,423</u>

OTHER FINANCING SOURCES (USES)

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>\$ 5,423</u></u> 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

January 31, 2020

(\$ in thousands)

ASSETS

Current Assets:	
Equity in common cash	\$ 71,936
Investments	-
Other current assets	1
Total Current Assets	<u>71,937</u>
 Noncurrent Assets:	
Investments	<u>685,985</u>
 Total Assets	<u><u>\$ 757,922</u></u>

LIABILITIES

Current Liabilities:	
Accounts payable and other liabilities	\$ 11,371
Amounts due to other funds	-
Total Current Liabilities	<u>11,371</u>
 Total Liabilities	<u>11,371</u>

FUND BALANCES

Nonspendable	500,000
Restricted	<u>246,551</u>
 Total Fund Balances	<u>746,551</u>
 Total Liabilities and Fund Balances	<u><u>\$ 757,922</u></u>

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

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>25,826</u>
Total Revenues		<u>25,826</u>

EXPENDITURES

Current:		
General government		1,178
Conservation, environment, recreation, and agriculture		4,307
Capital outlay		<u>3,078</u>
Total Expenditures		<u>8,563</u>
Excess of Revenues over (under) Expenditures		<u>17,264</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		9
Transfers from other funds		-
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>9</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u><u>\$ 17,273</u></u> ¹

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

REVENUE OVERVIEW

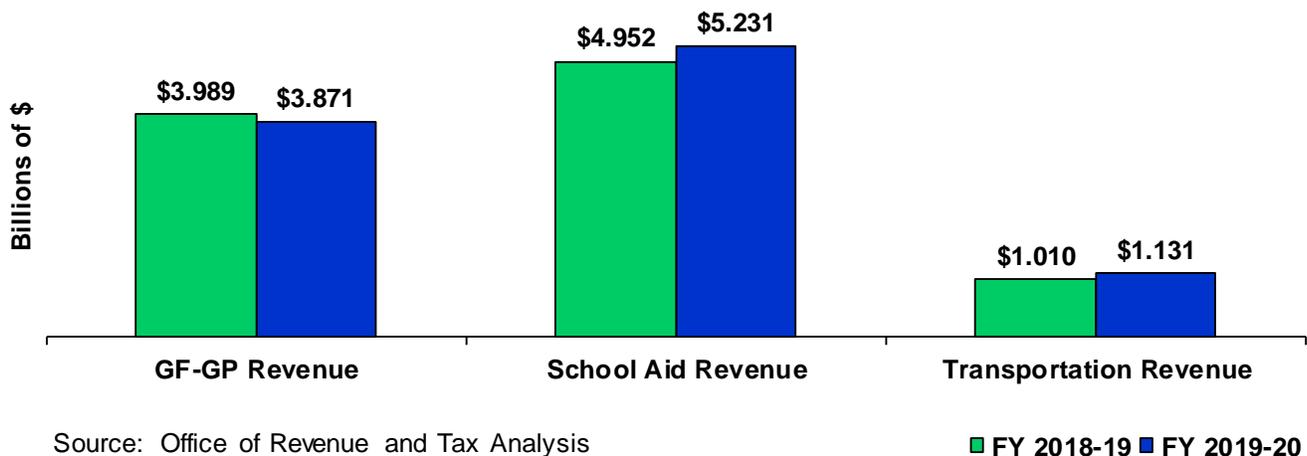
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for January 2020, representing some December 2019 and some January 2020 economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$241.2 million (18.8 percent) lower in January 2020 than in January 2019. The January 2020 School Aid Fund cash collections were \$112.7 million (11.4 percent) higher than in January 2019. January 2020 transportation collections were \$16.2 million (5.5 percent) higher than in January 2019 (see revenue summary table). January is the fourth 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 \$118.2 million (3.0 percent) from a year ago. School Aid Fund cash collections are up \$278.9 million (5.6 percent) and transportation collections are up \$120.9 million (12.0 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 January 10, 2020. The revenue estimate for net General Fund - General Purpose revenue for FY 2019-20 is \$11,012.1 million and the net School Aid revenue forecast is \$13,925.5 million. The Transportation Funds revenue forecast is \$3,659.7 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

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



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



Source: Office of Revenue and Tax Analysis

■ FY 2018-19 ■ FY 2019-20

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



Source: Office of Revenue and Tax Analysis

■ FY 2018-19 ■ FY 2019-20

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

For The Month Ended: January 31, 2020

Month-End Cash Collections Data				October Through January Cash Collections Data					Revenue Projections		
January		Difference		Source of Revenue	Year-to-Date		Difference		FY 2018-19	FY 2019-20	FY 2019-20
2019	2020	Amount	Percent		FY 2018-19	FY 2019-20	Amount	Percent	Prelim. Totals (i)	Statutory Estimate	January 2020 Forecast
Income Taxes											
\$900,603	\$990,983	\$90,380	10.0%	Withholding	\$3,365,879	\$3,604,439	\$238,560	7.1%	\$9,935,100	\$10,194,000	\$10,194,000
311,292	318,768	7,476	2.4%	Quarterlies	419,029	431,245	12,215	2.9%	1,284,000	1,371,400	1,371,400
12,553	14,692	2,139	17.0%	Annuals	101,099	115,013	13,913	13.8%	1,337,500	1,176,500	1,176,500
\$1,224,448	\$1,324,443	\$99,995	8.2%	Gross Collections	\$3,886,008	\$4,150,697	\$264,689	6.8%	\$12,556,600	\$12,741,900	\$12,741,900
24,615	35,110	10,495	42.6%	Less: Refunds	142,742	171,495	28,753	20.1%	2,124,500	2,163,300	2,163,300
0	0	0	na	State Campaign Fund	0	0	0	na	800	800	800
\$1,199,832	\$1,289,333	\$89,501	7.5%	Net Personal Income	\$3,743,266	\$3,979,202	\$235,936	6.3%	\$10,431,300	\$10,577,800	\$10,577,800
50,500	39,000	(11,500)	-22.8%	Less: Disbursements to MTF	88,000	156,000	68,000	77.3%	264,000	468,000	468,000
0	5,750	5,750	na	Less: Disbursements to Renew Michigan	0	23,000	23,000	na	69,000	69,000	69,000
285,057	308,329	23,272	8.2%	Less: Disbursements to SAF	906,427	966,258	59,832	6.6%	2,845,000	2,860,700	2,860,700
\$864,275	\$936,253	\$71,979	8.3%	Net Personal Income To GF-GP	\$2,748,839	\$2,833,943	\$85,104	3.1%	\$7,253,300	\$7,180,100	\$7,180,100
Consumption Taxes											
\$109,666	\$117,115	\$7,449	6.8%	Sales (a)	\$447,250	\$461,389	\$14,138	3.2%	\$1,277,100	\$1,355,900	\$1,355,900
105,618	114,582	8,964	8.5%	Use (a) (h)	235,090	221,739	(13,351)	-5.7%	753,400	749,000	749,000
15,852	14,028	(1,824)	-11.5%	Tobacco	58,604	57,872	(732)	-1.2%	175,700	169,100	169,100
4,290	4,488	198	4.6%	Beer, Wine & Mixed Spirits	16,521	16,901	380	2.3%	50,200	52,000	52,000
54	7,826	7,772	na	Liquor Specific	11,062	17,684	6,622	59.9%	61,300	61,000	61,000
\$235,481	\$258,039	\$22,558	9.6%	Total Consumption Taxes	\$768,527	\$775,584	\$7,057	0.9%	\$2,317,700	\$2,387,000	\$2,387,000
Other Taxes											
\$6,762	(\$2,506)	(\$9,269)	na	Single Business	\$5,542	(\$6,991)	(\$12,533)	na	(\$67,700)	\$0	\$0
94,767	81,183	(13,584)	-14.3%	Insurance Premiums Taxes	\$189,202	175,465	(13,736)	-7.3%	314,900	361,800	361,800
101,530	78,677	(22,853)	-22.5%	Sub-total SBT & Insurance	194,743	168,474	(26,269)	-13.5%	247,200	361,800	361,800
(54,348)	(339,863)	(285,516)	-525.0%	Michigan Business Tax	(208,850)	(452,170)	(243,321)	-117.0%	(511,500)	(641,000)	(641,000)
115,901	82,004	(33,897)	-29.2%	Corporate Income Tax	381,135	429,078	47,943	12.6%	1,278,100	1,210,100	1,210,100
0	0	0	na	Inheritance / Estate	5	0	(5)	-100.0%	0	0	0
0	0	0	na	Telephone & Telegraph	10,436	11,355	918	8.8%	30,300	30,000	30,000
2,110	1,929	(181)	-8.6%	Oil & Gas Severance	7,193	6,652	(541)	-7.5%	22,300	22,000	22,000
9,811	6,976	(2,835)	-28.9%	Penalties & Interest	30,218	29,487	(731)	-2.4%	125,500	128,000	128,000
(25)	163	188	na	Essential Services Assessment	810	669	(142)	-17.5%	111,200	121,000	121,000
14	64	50	354.0%	Miscellaneous Other/Railroad	174	91	(83)	-47.7%	2,300	2,000	2,000
(12,517)	(12,667)	(150)	-1.2%	Treasury Enforcement Programs (e)	(50,517)	(50,667)	(150)	-0.3%	(147,200)	(150,000)	(150,000)
\$162,477	(\$182,717)	(\$345,194)	na	Total Other Taxes	\$365,349	\$142,968	(\$222,381)	-60.9%	\$1,158,200	\$1,083,900	\$1,083,900
\$1,262,232	\$1,011,576	(\$250,657)	-19.9%	Subtotal GF-GP Taxes	\$3,882,715	\$3,752,496	(\$130,219)	-3.4%	\$10,729,200	\$10,651,000	\$10,651,000

continued

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

For The Month Ended: January 31, 2020

Month-End Cash Collections Data				October Through January Cash Collections Data					Revenue Projections		
January		Difference		Source of Revenue	Year-to-Date		Difference		FY 2018-19	FY 2019-20	FY 2019-20
2019	2020	Amount	Percent		FY 2018-19	FY 2019-20	Amount	Percent	Prelim. Totals (i)	Statutory Estimate	January 2020 Forecast
Non-Tax Revenue (e)											
\$1,108	\$1,108	\$0	0.0%	Federal Aid	\$4,433	\$4,433	\$0	0.0%	\$2,100	\$10,000	\$10,000
8	8	0	0.0%	Local Agencies	33	33	0	0.0%	0	100	100
583	583	0	0.0%	Services	2,333	2,333	0	0.0%	600	7,000	7,000
1,167	1,167	0	0.0%	Licenses & Permits	4,667	4,667	0	0.0%	9,300	14,000	14,000
(6,486)	0	6,486	100.0%	Investments/Interest Costs	(6,486)	0	6,486	100.0%	10,300	9,000	9,000
833	833	0	0.0%	Misc. Non-tax Revenue	3,333	3,333	0	0.0%	16,800	10,000	10,000
16,667	19,667	3,000	18.0%	Liquor Purchase Revolving Fund	75,417	78,667	3,250	4.3%	253,000	230,000	230,000
6,250	6,250	0	0.0%	From Other Funds-Lottery & Escheats	22,750	25,000	2,250	9.9%	86,700	81,000	81,000
<u>\$20,131</u>	<u>\$29,617</u>	<u>\$9,486</u>	<u>47.1%</u>	Total Non-Tax Revenue	<u>\$106,481</u>	<u>\$118,467</u>	<u>\$11,986</u>	<u>11.3%</u>	<u>\$378,800</u>	<u>\$361,100</u>	<u>\$361,100</u>
\$1,282,364	\$1,041,192	(\$241,171)	-18.8%	Total GF-GP Revenue	\$3,989,196	\$3,870,962	(\$118,234)	-3.0%	\$11,108,000	\$11,012,100	\$11,012,100
School Aid Fund											
\$290,687	\$308,714	\$18,027	6.2%	Sales Tax 4%	\$1,167,709	\$1,204,720	\$37,011	3.2%	\$3,372,100	\$3,543,000	\$3,543,000
193,669	227,643	33,973	17.5%	Sales Tax 2%	753,169	870,946	117,777	15.6%	2,636,000	2,779,200	2,779,200
52,819	57,304	4,485	8.5%	Use Tax 2%	201,974	200,386	(1,588)	-0.8%	602,500	610,500	610,500
23,680	12,578	(11,101)	-46.9%	State Education Property Tax	1,296,498	1,406,439	109,941	8.5%	2,113,200	2,170,900	2,170,900
24,456	28,537	4,081	16.7%	Real Estate Transfer Tax	114,414	123,518	9,104	8.0%	350,100	361,000	361,000
75,000	110,000	35,000	46.7%	Lottery Transfer (b)	330,000	271,822	(58,178)	-17.6%	1,070,600	1,010,000	1,010,000
9,079	9,722	643	7.1%	Casino Wagering Tax	39,641	39,897	256	0.6%	117,300	121,300	121,300
0	7,755	7,755	na	Liquor Excise Tax	10,846	17,273	6,427	59.3%	60,200	60,600	60,600
32,183	28,479	(3,704)	-11.5%	Cigarette/Tobacco Tax	118,975	117,489	(1,485)	-1.2%	327,500	319,400	319,400
1,270	1,101	(168)	-13.3%	Indus. & Comm. Facilities Taxes	8,631	8,605	(26)	-0.3%	39,500	38,500	38,500
0	588	588	na	Recreational Marihuana	0	588	588	na	0	23,600	23,600
472	320	(152)	-32.2%	Specific Other	3,789	3,013	(776)	-20.5%	25,900	26,800	26,800
285,057	308,329	23,272	8.2%	Income Tax Earmarking	906,427	966,258	59,832	6.6%	2,845,000	2,860,700	2,860,700
<u>\$988,371</u>	<u>\$1,101,071</u>	<u>\$112,699</u>	<u>11.4%</u>	Total School Aid Fund	<u>\$4,952,073</u>	<u>\$5,230,956</u>	<u>\$278,883</u>	<u>5.6%</u>	<u>\$13,559,900</u>	<u>\$13,925,500</u>	<u>\$13,925,500</u>
Multi-Fund Revenue Summary											
\$678,148	\$742,167	\$64,019	9.4%	Sales Tax 6%	\$2,699,351	\$2,878,813	\$179,462	6.6%	\$8,246,400	\$8,682,800	\$8,682,800
484,479	514,524	30,045	6.2%	Sales Tax 4% (d)	1,946,182	2,007,866	61,685	3.2%	5,610,400	5,903,600	5,903,600
193,669	227,643	33,973	17.5%	Sales Tax 2%	753,169	870,946	117,777	15.6%	2,636,000	2,779,200	2,779,200
158,457	171,912	13,456	8.5%	Use Tax 6% (g)	605,923	601,159	(4,764)	-0.8%	1,793,900	1,825,400	1,825,400
79,660	70,492	(9,168)	-11.5%	Tobacco Taxes	294,492	290,815	(3,677)	-1.2%	878,500	869,800	869,800
0	0	0	na	Tobacco Settlement	0	3,270	3,270	na	na	na	na

continued

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

For The Month Ended: January 31, 2020

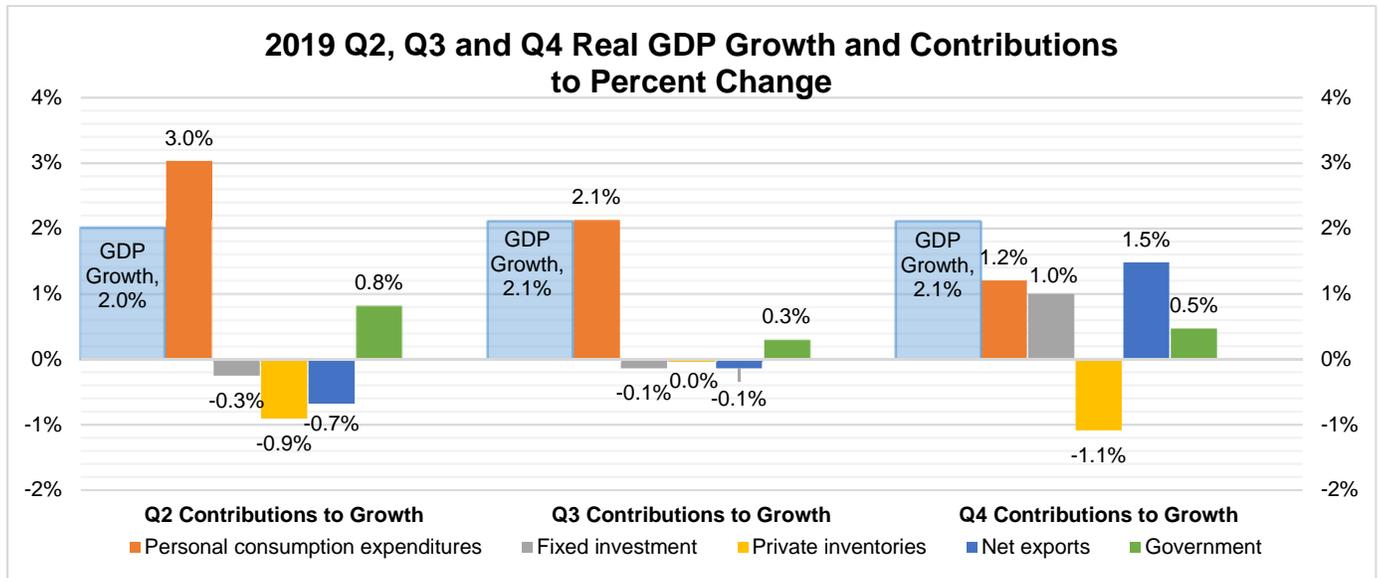
Month-End Cash Collections Data				October Through January Cash Collections Data				Revenue Projections			
January		Difference		Source of Revenue	Year-to-Date		Difference		FY 2018-19	FY 2019-20	FY 2019-20
2019	2020	Amount	Percent		FY 2018-19	FY 2019-20	Amount	Percent	Prelim. Totals (i)	Statutory Estimate	January 2020 Forecast
Major Transportation Revenues											
\$19,243	\$20,962	\$1,719	8.9%	Diesel Fuel / Motor Carrier Fuel Tax	\$82,011	\$84,442	\$2,431	3.0%	\$243,208	\$246,000	\$246,000
98,661	99,242	581	0.6%	Gasoline	390,300	405,455	15,156	3.9%	1,214,820	1,213,000	1,213,000
111,438	136,004	24,567	22.0%	Motor Vehicle Registration	397,645	430,058	32,412	8.2%	1,348,694	1,388,000	1,388,000
4,290	4,915	625	14.6%	Other Taxes, Fees & Misc.	17,835	18,589	754	4.2%	130,899	234,917	234,917
8,916	9,098	181	2.0%	Comprehensive Transportation (c)	34,285	36,390	2,105	6.1%	106,783	109,760	109,760
50,500	39,000	(11,500)	-22.8%	Income Tax Earmarking	88,000	156,000	68,000	77.3%	264,000	468,000	468,000
<u>\$293,047</u>	<u>\$309,221</u>	<u>\$16,174</u>	<u>5.5%</u>	Total Major Trans. Revenues	<u>\$1,010,076</u>	<u>\$1,130,934</u>	<u>\$120,858</u>	<u>12.0%</u>	<u>\$3,308,405</u>	<u>\$3,659,677</u>	<u>\$3,659,677</u>
Lottery Sales By Games											
\$127,463	\$134,127	\$6,663	5.2%	Instant Games (f)	\$523,862	\$596,896	\$73,034	13.9%	na	na	na
60,791	67,235	6,444	10.6%	Daily Games	262,701	291,479	28,778	11.0%	na	na	na
30,777	34,430	3,652	11.9%	Lotto and Big Game (f)	191,761	120,386	(71,375)	-37.2%	na	na	na
691	639	(53)	-7.6%	Keno Game	2,769	2,729	(40)	-1.4%	na	na	na
1,144	1,026	(119)	-10.4%	Lucky For Life	4,537	4,377	(160)	-3.5%	na	na	na
4,602	9,608	5,006	109.0%	Other (f)	21,480	40,514	19,034	88.6%	na	na	na
47,305	53,933	6,628	14.0%	Club Games	201,204	213,011	11,807	5.9%	na	na	na
<u>\$272,773</u>	<u>\$300,996</u>	<u>\$28,222</u>	<u>10.3%</u>	Total Lottery Sales	<u>\$1,208,314</u>	<u>\$1,269,393</u>	<u>\$61,078</u>	<u>5.1%</u>	<u>na</u>	<u>na</u>	<u>na</u>

- (a) GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, Constitutional Revenue Sharing, and Aviation Fund. GF-GP Use has been adjusted based on Aviation Fund.
- (b) The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers from Lottery to School Aid Fund.
- (c) The Comprehensive Transportation Fund distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the Comprehensive Transportation Fund).
- (d) 2.0% 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 \$168.8 million and the year-to date 2020 revenues are \$179.0 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 \$168.8 million and the year-to-date 2020 LCSS revenues are \$179.0 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. **Gross Domestic Product** continued growth for the 23rd consecutive quarter and grew in the fourth quarter at a similar rate to the preceding two quarters. The advance estimate of real GDP for the fourth quarter of 2019 is \$19,219.8 billion (chained 2012 dollars), an increase of 2.1 percent at an annual rate. Real gross domestic product increased 3.1 percent in the first quarter of 2019, 2.0 percent in the second quarter, and 2.1 percent in the third quarter. According to advance estimates, the annual real GDP for 2019 is 2.3 percent, a decline from the 2.9 percent growth of 2018.



Personal consumption expenditures continue to contribute significantly to growth in the fourth quarter, with net exports making the largest contribution due to a decline in imports. Private inventories were a drag on the economy. Real final sales increased 3.2 percent in the fourth quarter while on the inflation front, the implicit price deflator decreased slightly to 1.5 percent.

The coronavirus outbreak will impact the global economy. Under projections of a relatively contained outbreak, the U.S. could see a 0.3 percent cut from projected first quarter GDP and be less than 0.2 percent down from baseline for the year. The extent of the impact depends on the outbreak's length and severity.

U.S. wage and salary employment growth increased in January by 225,000 jobs. The monthly average of job growth for 2019 was 175,000 jobs, down from 223,000 jobs in 2018. In January, construction added 44,000 jobs, health care added 36,000 jobs, and leisure and hospitality added 36,000 jobs. The manufacturing sector slightly declined in January, by 12,000 jobs. Average hourly earnings for all employees on private nonfarm payrolls increased by 3.1 percent from a year ago. The average workweek for all employees on private nonfarm payrolls was unchanged in January at 34.3 hours.

In January, the U.S. unemployment rate changed slightly to 3.6 percent. Civilian employment totaled 158.7 million persons, while the number unemployed remained about the same at 5.9 million.

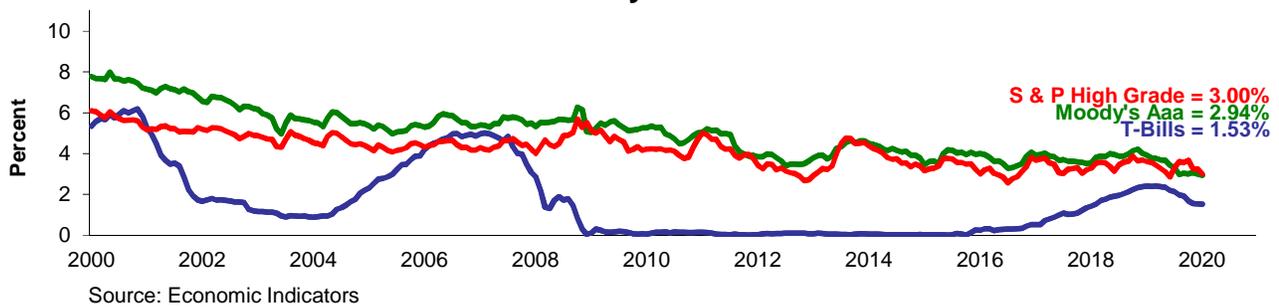
The **Index of Consumer Sentiment** increased in January to 99.8 index-points, 0.5 index-points above December's 99.3. High sentiment is driven by many consumers belief that the next year will have low inflation, continued job growth, and improvements in personal finances.

Index of Consumer Sentiment



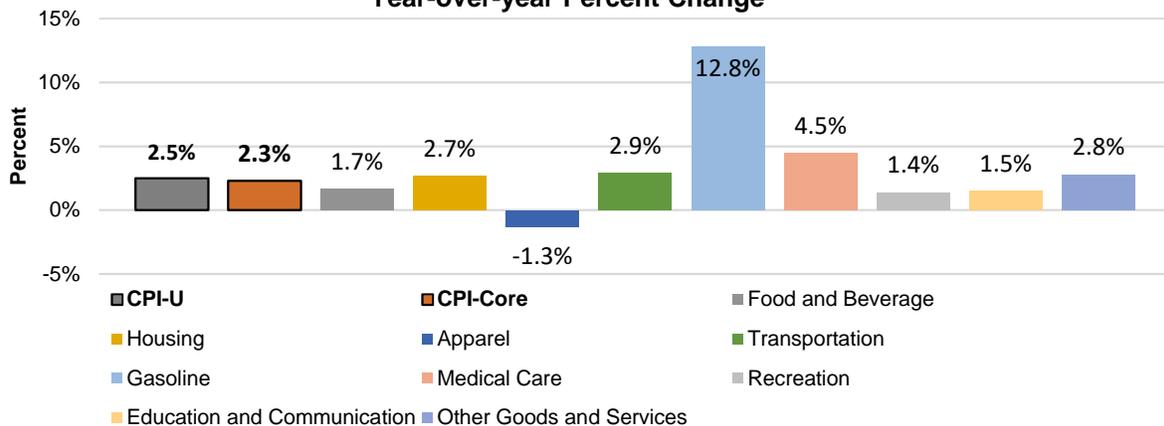
Short-term **interest rates** remained about the same for the third month in a row, decreasing 0.01 percentage points in January, as the 3-month Treasury bill (T-bill) rate was 1.53 percent. Compared to one year ago, the T-bill rate decreased 0.88 percentage points. The Aaa corporate bond rate, a long-term interest rate, decreased 0.07 percentage points to an interest yield of 2.94 percent in January and was down 0.99 percentage points from its year-ago level. The interest rate on high-grade municipal bonds decreased in January to 3.00 percent and was down 0.61 percentage points from a year ago.

Selected Key Interest Rates



U.S. retail prices, as measured by the Consumer Price Index (CPI-U), are up 2.5 percent from January of 2019, but remain relatively level with last month, with a 0.1 percent increase. Gasoline experienced the largest one-year price increase (12.8 percent), followed by medical care (4.5 percent), transportation (2.9 percent), other goods and services (2.8 percent), and housing (2.7 percent). Apparel (-1.3 percent) was the only major sector to decline. The CPI-Core, which is all items less food and energy, was up 2.3 percent from January of 2019.

Consumer Price Index, January 2020 Year-over-year Percent Change

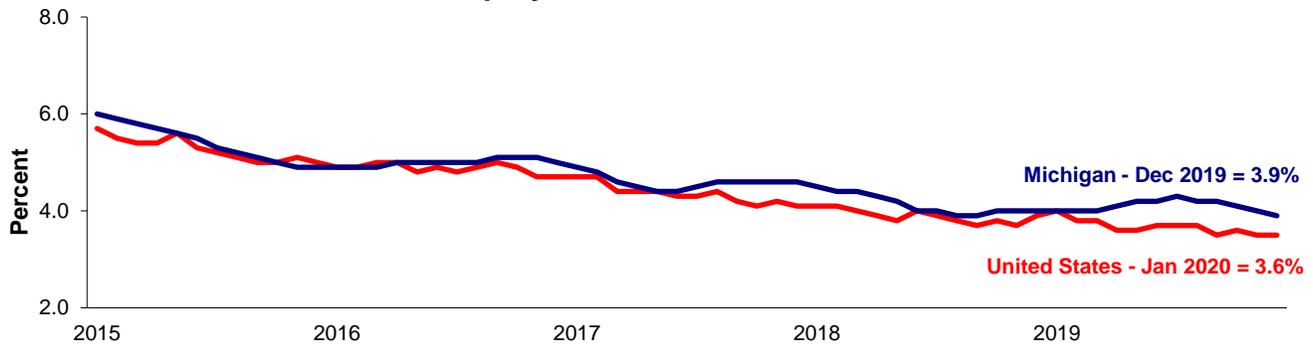


Source: Bureau of Labor Statistics

Michigan Economy

In December, the latest data available, the **Michigan jobless rate** was 3.9 percent, a tenth of a percentage point lower than November, and also a tenth of a percentage point lower than a year ago. The December labor force remained the same as in November. Michigan's preliminary average annual unemployment rate for 2019 is 4.0 percent, three-tenths of a percentage higher than the national rate of 3.7 percent. Michigan's preliminary annual jobless rate is the lowest since the year 2000 and is the 10th consecutive year of annual jobless rate declines in the state.

Unemployment Rates 2015 - 2019



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

Michigan wage and salary employment increased by 5,000 jobs in December. Transportation and utilities increased by 4,000 jobs and professional and business services declined by 3,000 jobs from last month, while other industries remained relatively stable with minor gains or losses.

Michigan gasoline prices decreased slightly in January 2020 to \$2.49 per gallon, down 2 cents a gallon from last month's average of \$2.51 per gallon. From a year ago, gasoline prices are up 18.0 percent from the January 2019 average of \$2.11 per gallon. However, with the decrease in crude oil demand expected from China due to the coronavirus, global oil prices have already begun to decline in February. The extent of the decline will depend on the extent of the epidemic.

Michigan Gasoline Prices

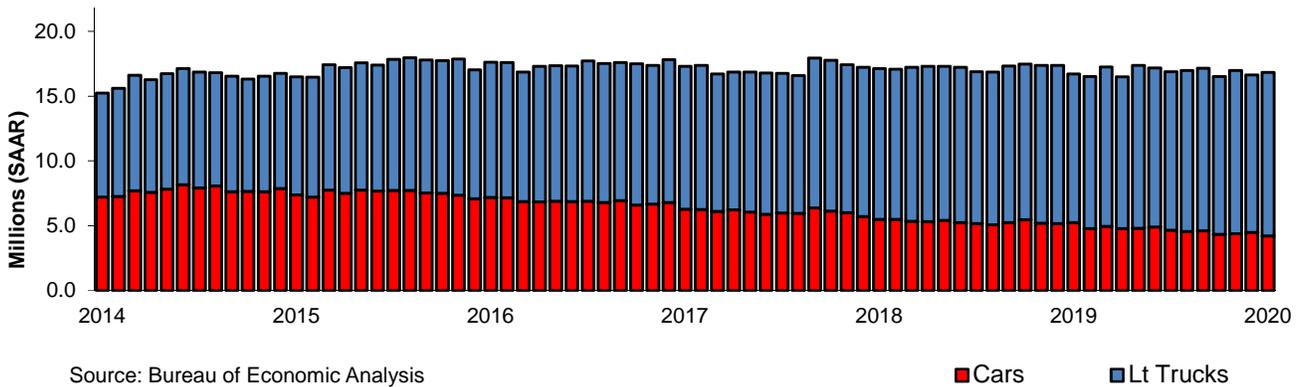


Source: AAA Michigan

Motor Vehicle Sector

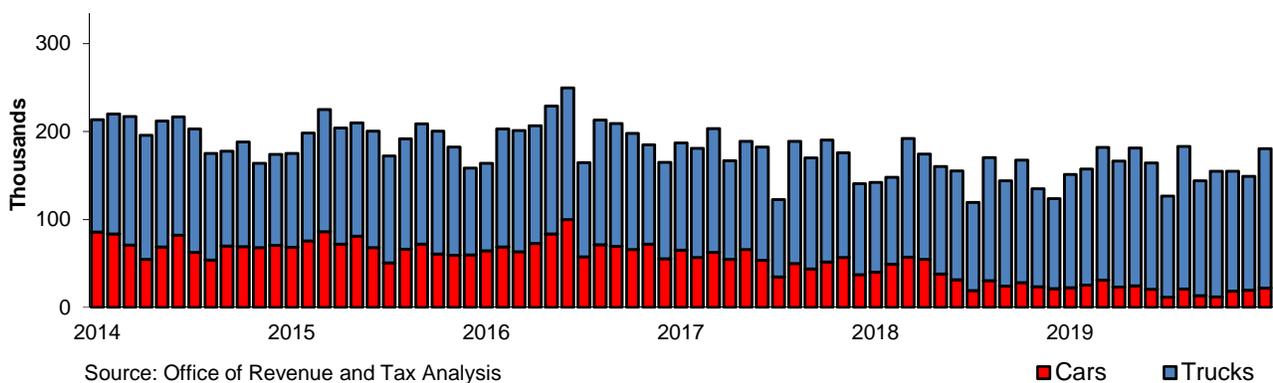
U.S. light vehicle sales (cars and light trucks) increased 1.2 percent in January from December levels, selling at a 16.8 million unit seasonally adjusted annual rate. Domestic car sales decreased 9.6 percent from December while domestic light truck sales increased 4.6 percent. Import car sales increased 5.3 percent while import light truck sales increased 1.2 percent. Compared to last year, light vehicle sales increased by 0.8 percent. Domestic car sales decreased 23.6 percent from the year ago level while domestic light truck sales increased 12.8 percent. Import car sales were down 6.9 percent from last year while import light truck sales were up 1.8 percent. For January 2020, domestic light vehicles recorded a 74.1 percent share of a 16.8 million-unit market, a decrease of 4.6 percentage points from a year ago.

U.S. Light Vehicle Sales



Michigan motor vehicle production increased to 180,610 units in January, a 21.2 percent increase from December and a 19.4 percent increase from a year ago. Nationally, motor vehicle production was up 4.1 percent from a year ago. In January, Michigan's car production was 22,091 units while the state's truck production was 158,519 units. Compared with a year ago, car production decreased 1.7 percent in Michigan while it remained flat, with a 0.1 percent increase nationwide. The state's truck production increased 23.1 percent while national truck production increased 5.4 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 10, 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	<u>\$43,679.6</u>	<u>\$45,934.4</u>	<u>\$47,679.9</u>
Revenue Limit	\$43,679.6	\$45,934.4	\$47,679.9
State Revenue Subject to Limit	<u>\$33,733.3</u>	<u>\$34,387.2</u>	<u>\$35,211.5</u>
Amount Under (Over) Limit	\$9,946.3	\$11,547.2	\$12,468.4

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 January 10, 2020 Consensus Revenue Agreement.

The FY 2020-21 calculation uses the January 10, 2020 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2018-19 calculation uses the January 10, 2020 Consensus Revenue Agreement.

The FY 2019-20 calculation uses the January 10, 2020 Consensus Revenue Agreement.

The FY 2020-21 calculation uses the January 10, 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