



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

CHRIS KOLB  
DIRECTOR

November 29, 2019

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 October 31, 2019. 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](http://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  
Greg Bird, 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 - Corrected**  
**October 31, 2019**  
(\$ in millions)

**FISCAL**  
**2020**

<b>Beginning Balance, October 1, 2019</b>	see one-time revenue
<b>Current General Fund General Purpose Revenues, May 2019</b>	
<b>Consensus Estimate</b>	<b>\$ 10,776.9</b>
<b>Revenue Adjustments:</b>	
Assumed Income Tax Earmark shift (HB 4125)	\$ (171.9)
Local Government Program Payments	\$ (490.0)
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ (661.9)</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>	<b>\$ 10,115.0</b>
<b>Expenditures, Current Law:</b>	
Public Acts 52 through 67 of 2019	\$ 10,051.1
Vetoed	\$ (140.5)
<b>Total Expenditures Projected - Ongoing</b>	<b>\$ 9,910.6</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ 204.4</b>
<b>One-Time Revenue:</b>	
Beginning Balance	\$ 635.2
Lawsuit Settlement Proceeds (AG, DEQ)	\$ (7.6)
Other One-Time Revenue	\$ 10.0
<b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$ 637.6</b>
<b>One-Time Expenditures:</b>	
Public Acts 52 through 67 of 2019	\$ 618.9
Vetoed	\$ (414.4)
<b>Total Expenditures Projected - One-Time</b>	<b>\$ 204.5</b>
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ 433.1</b>
<b>Projected Ending Balance, September 30, 2020</b>	<b>\$ 637.5</b>

<sup>1</sup> This report does 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**  
**October 31, 2019**  
(\$ in millions)

**FISCAL**  
**2020**

<b>Beginning Balance, October 1, 2019</b>	see one-time revenue
<b>Current Year School Aid Fund Revenues, May 2019</b>	
<b>Consensus Estimate</b>	<b>\$ 13,839.8</b>
<b>Revenue Adjustments:</b>	
Assumed Income Tax Earmark shift (HB 4125)	\$ 171.9
General Fund	\$ 45.0
Community District Trust Fund	\$ 75.4
Federal Revenue	\$ 1,749.6
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ 2,041.9</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$ 15,881.7</b>
<b>School Aid Ongoing Costs:</b>	
PA 58 of 2019	\$ 15,162.7
Vetoed	\$ (55.9)
<b>Community Colleges Ongoing Costs:</b>	
PA 52 of 2019	\$ 414.7
<b>Universities Ongoing Costs:</b>	
PA 62 of 2019	\$ 349.4
<b>Total School Aid Fund Ongoing Costs Projected</b>	<b>\$ 15,870.9</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ 10.8</b>
<b>Beginning Balance (One-Time Revenue):</b>	
General Fund Subsidy One-Time	\$ 17.3
MPSERS Retirement Obligation Reform Reserve Fund	\$ 1.9
<b>One-Time Spending Items:</b>	
PA 58 of 2019 - School Aid	\$ 72.7
Vetoed	\$ (72.7)
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ 68.4</b>
<b>Projected Ending Balance, September 30, 2020</b>	<b>\$ 79.2</b>

<sup>1</sup> This report does 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**

October 31, 2019  
(\$ 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 (2)	Total Authorization	Expenditures & Encumbrances Year to Date FY 2020
9.9	117.5	Agriculture and Rural Development	107.9	0.0	2.5	110.4	10.9
5.1	91.6	Attorney General	104.5	0.0	15.9	120.3	5.8
48.2	456.9	Capital Outlay (3)	333.8	0.0	596.4	930.2	33.0
0.8	15.3	Civil Rights	16.4	0.0	1.0	17.3	0.9
93.4	1,152.4	Colleges and Universities	1,298.0	0.0	13.5	1,311.4	108.5
248.1	2,016.0	Corrections	2,001.3	0.0	109.4	2,110.7	282.1
23.2	454.1	Education	487.2	0.0	47.5	534.7	24.0
9.5	460.9	Environment, Great Lakes, and Energy	572.9	0.0	418.7	991.6	11.3
0.6	6.8	Executive Office	7.1	0.0	0.0	7.1	0.8
2,249.2	25,467.2	Health and Human Services	26,164.7	(161.8)	210.2	26,213.0	2,157.9
2.4	53.7	Insurance and Financial Service	68.8	0.0	0.0	68.8	3.3
9.4	255.2	Judiciary	310.7	0.3	0.2	311.2	13.2
23.0	271.9	Labor and Economic Opportunity	415.7	298.0	2.5	716.2	48.2
1.5	24.6	Legislative Auditor General	25.9	0.0	0.9	26.8	1.8
9.6	154.5	Legislature	172.2	0.0	43.0	215.2	11.0
65.0	390.2	Licensing and Regulatory Affairs	517.4	(56.0)	31.1	492.5	40.4
0.0	30.2	Marshall Plan for Talent	0.0	0.0	40.0	40.0	0.0
21.1	265.9	Michigan Strategic Fund	89.6	(3.8)	0.0	85.8	14.1
20.0	166.1	Military and Veterans Affairs	168.4	0.0	4.9	173.3	30.1
5.6	141.3	Natural Resources	134.7	0.0	16.9	151.7	10.0
13.3	259.3	State	250.4	15.6	65.4	331.4	23.8
0.8	3.0	State Land Bank Authority	0.5	(0.5)	0.0	0.0	0.0
36.6	675.3	State Police	713.7	20.8	44.7	779.2	42.2
32.1	688.7	Technology, Management and Budget (4)	421.6	0.0	129.6	551.2	43.4
91.3	202.3	Transportation	0.0	47.0	24.8	71.8	(0.0)
340.5	1,999.8	Treasury	1,953.8	74.6	80.5	2,108.9	346.0
<b>\$3,360.2</b>	<b>\$35,820.7</b>		<b>\$36,337.2</b>	<b>\$234.1</b>	<b>\$1,899.4</b>	<b>\$38,470.7</b>	<b>\$3,262.8</b>

(1) Includes boilerplate appropriations.

(2) Carryforward amounts do not include authorization related to amounts appropriated for fiscal year 2019. Entry of these amounts is expected in November and December 2019.

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

(4) Includes Civil Service Commission.

**ESTIMATED BALANCE OF STATE PAYMENTS  
TO LOCAL UNITS OF GOVERNMENT  
Fiscal Year 2020  
October 2019  
(\$ in millions)**

	<b>INITIAL APPROPRIATIONS</b>	<b>EXEC. ORDER and SUPPLEMENTALS</b>	<b>TOTAL APPROPRIATIONS YEAR-TO-DATE</b>
Payments to local units of government	19,525.4	0.0	19,525.4
Total state spending from state resources	34,316.0	0.0	34,316.0
Percentage of state spending from state resources paid to local units	56.90%		56.90%
Required payments to local units (48.97%)	16,804.5		16,804.5
<b>Surplus/(deficit)</b>	<b>\$2,720.9</b>		<b>\$2,720.9</b>

**STATE OF MICHIGAN**  
**YEAR-TO-DATE BALANCE SHEET**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
October 31, 2019  
(\$ in thousands)

**ASSETS**

Current Assets:		
Equity in common cash	\$	1,148,626
Other current assets		<u>13,125</u>
Total Assets	\$	<u><u>1,161,751</u></u>

**LIABILITIES**

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

<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>13,125</u>
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**FUND BALANCES**

Committed	<u>1,148,626</u>
Total Fund Balances	<u>1,148,626</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 1,161,751</u></u>

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

**REVENUES**

Miscellaneous		\$	-
			-
Total Revenues			-

**EXPENDITURES**

Current:			
General government			-
			-
Total Expenditures			-
Excess of Revenues over (under)			
Expenditures			-

**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			-
			- <sup>1</sup>

<sup>1</sup> 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**

October 31, 2019

(\$ in thousands)

**ASSETS**

Current Assets:

Equity in common cash	\$ 78,027
Investments	(16,508)
Other current assets	<u>1</u>
Total Current Assets	<u>61,520</u>

Noncurrent Assets:

Investments	<u>684,764</u>
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Total Assets	<u><u>\$ 746,284</u></u>
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**LIABILITIES**

Current Liabilities:

Accounts payable and other liabilities	\$ 15,361
Amounts due to other funds	<u>18</u>
Total Current Liabilities	<u>15,379</u>

Total Liabilities	<u>15,379</u>
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**FUND BALANCES**

Nonspendable	500,000
Restricted	<u>230,906</u>

Total Fund Balances	<u>730,906</u>
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Total Liabilities and Fund Balances	<u><u>\$ 746,284</u></u>
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**STATE OF MICHIGAN**  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**  
October 1, 2019 through October 31, 2019  
(\$ in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		(176)
		(176)
Total Revenues		(176)

**EXPENDITURES**

Current:		
General government		-
Conservation, environment, recreation, and agriculture		25
Capital outlay		1,576
		1,576
Total Expenditures		1,601
Excess of Revenues over (under) Expenditures		(1,777)

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Proceeds from sale of capital assets		1
Transfers from other funds		-
Transfers to other funds		-
		-
Total Other Financing Sources (Uses)		1
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	(1,776) <sup>1</sup>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

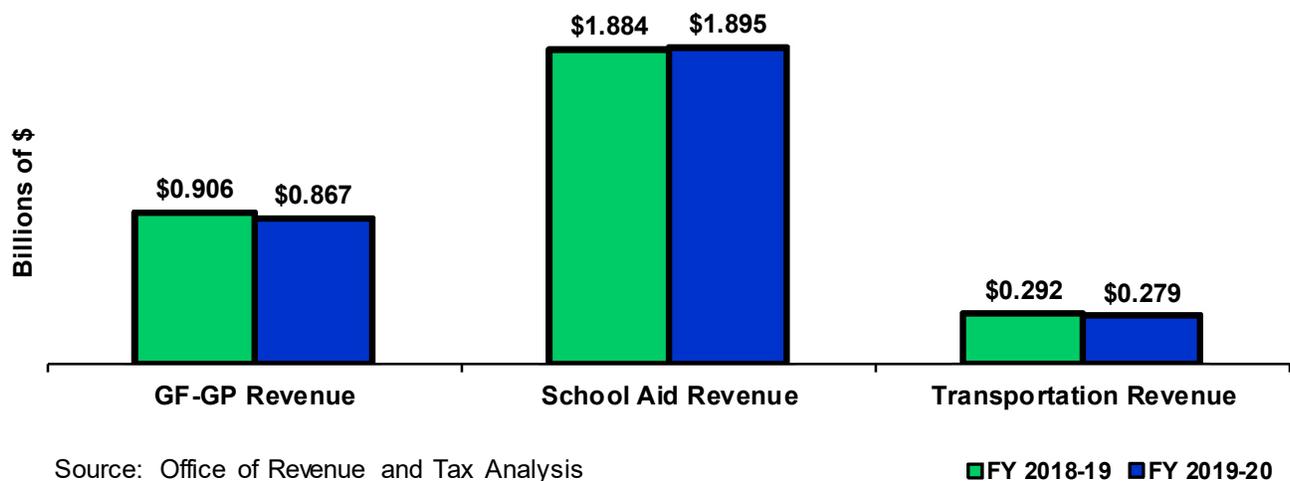
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

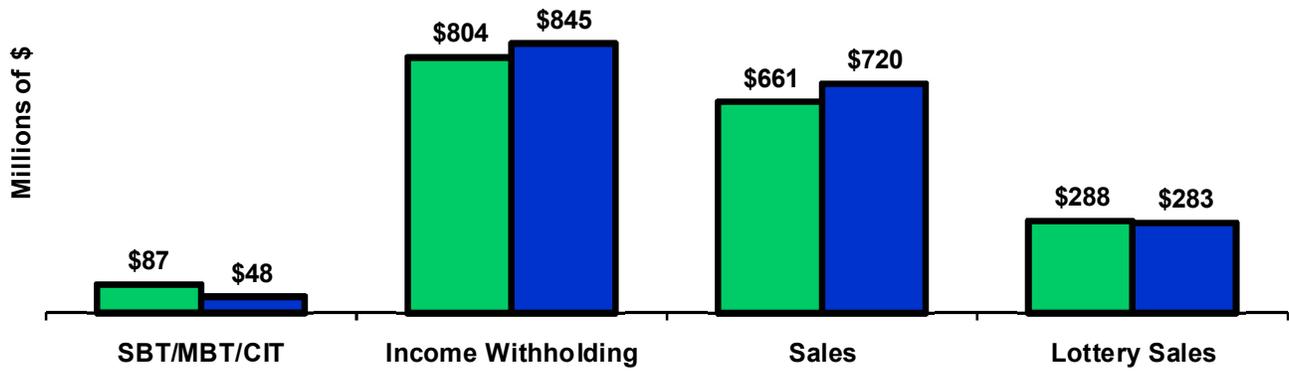
Total General Fund-General Purpose revenues were \$39.5 million (4.4 percent) lower in October 2019 than in October 2018. The October 2019 School Aid Fund revenues were \$11.7 million (0.6 percent) higher than in October 2018. October 2019 Transportation revenues were \$12.3 million (4.2 percent) lower than in October 2018 (see revenue table). October is the first month of the State's fiscal year (FY). Tax revenue received in October relating to economic activity prior to October will be accrued back to FY 2018-19. Likewise, any refunds paid out in October relating to FY 2018-19 liabilities will also be accrued back. Final FY 2018-19 revenue totals should be available in late January.

FY 2019-20 revenue forecasts presented in the revenue table on page 11 are from the Consensus Revenue Estimating Conference held on May 17, 2019. The Statutory estimated revenue totals are also the May 2019 Consensus estimates. The net General Fund-General Purpose revenue forecast for FY 2019-20 is \$10,776.9 million. The net School Aid Fund revenue forecast is \$13,839.8 million, and the Transportation Funds revenue forecast is \$3,183.9 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

**October Collections  
FY 2018-19 and FY 2019-20**



### October Revenue 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: October 31, 2019**

Month-End Cash Collections Data				October Through October Cash Collections Data					Revenue Projections		
October		Difference		Source of Revenue	Year-to-Date		Difference		FY 2018-19	FY 2019-20	FY 2019-20
2018	2019	Amount	Percent		FY 2018-19	FY 2019-20	Amount	Percent	May 2019	Statutory	May 2019
								Forecast	Estimate	Forecast	
<b>Income Taxes</b>											
\$803,926	\$845,160	\$41,234	5.1%	Withholding	\$803,926	\$845,160	\$41,234	5.1%	\$9,887,000	\$10,155,500	\$10,155,500
32,348	31,428	(920)	-2.8%	Quarterlies	32,348	31,428	(920)	-2.8%	1,264,100	1,372,400	1,372,400
60,060	68,614	8,554	14.2%	Annuals	60,060	68,614	8,554	14.2%	1,311,400	1,106,500	1,106,500
<u>\$896,333</u>	<u>\$945,202</u>	<u>\$48,869</u>	<u>5.5%</u>	Gross Collections	<u>\$896,333</u>	<u>\$945,202</u>	<u>\$48,869</u>	<u>5.5%</u>	<u>\$12,462,500</u>	<u>\$12,634,400</u>	<u>\$12,634,400</u>
64,799	73,645	8,846	13.7%	Less: Refunds	64,799	73,645	8,846	13.7%	2,184,200	2,232,300	2,232,300
0	0	0	na	State Campaign Fund	0	0	0	na	800	800	800
<u>\$831,534</u>	<u>\$871,557</u>	<u>\$40,023</u>	<u>4.8%</u>	Net Personal Income	<u>\$831,534</u>	<u>\$871,557</u>	<u>\$40,023</u>	<u>4.8%</u>	<u>\$10,277,500</u>	<u>\$10,401,300</u>	<u>\$10,401,300</u>
12,500	39,000	26,500	212.0%	Less: Disbursements to MTF	12,500	39,000	26,500	212.0%	264,000	468,000	468,000
0	5,750	5,750	na	Less: Disbursements to Renew Michigan	0	5,750	5,750	na	69,000	69,000	69,000
210,433	220,112	9,679	4.6%	Less: Disbursements to SAF	210,433	220,112	9,679	4.6%	2,826,100	2,836,400	2,836,400
<u>\$608,601</u>	<u>\$606,695</u>	<u>(\$1,906)</u>	<u>-0.3%</u>	<b>Net Personal Income To GF-GP</b>	<u>\$608,601</u>	<u>\$606,695</u>	<u>(\$1,906)</u>	<u>-0.3%</u>	<u>\$7,118,500</u>	<u>\$7,027,900</u>	<u>\$7,027,900</u>
<b>Consumption Taxes</b>											
\$120,997	\$112,898	(\$8,100)	-6.7%	Sales (a)	\$120,997	\$112,898	(\$8,100)	-6.7%	\$1,289,500	\$1,363,500	\$1,363,500
(46,760)	(39,042)	7,718	-16.5%	Use (a) (h)	(46,760)	(39,042)	7,718	-16.5%	749,400	731,100	731,100
14,714	14,918	205	1.4%	Tobacco	14,714	14,918	205	1.4%	179,200	177,000	177,000
3,232	4,100	868	26.9%	Beer, Wine & Mixed Spirits	3,232	4,100	868	26.9%	52,000	53,000	53,000
53	171	118	222.0%	Liquor Specific	53	171	118	222.0%	58,500	59,600	59,600
<u>\$92,236</u>	<u>\$93,045</u>	<u>\$809</u>	<u>0.9%</u>	<b>Total Consumption Taxes</b>	<u>\$92,236</u>	<u>\$93,045</u>	<u>\$809</u>	<u>0.9%</u>	<u>\$2,328,600</u>	<u>\$2,384,200</u>	<u>\$2,384,200</u>
<b>Other Taxes</b>											
\$6,953	(\$6,848)	(\$13,801)	na	Single Business	\$6,953	(\$6,848)	(\$13,801)	na	(\$65,000)	\$3,000	\$3,000
92,185	90,428	(1,758)	-1.9%	Insurance Premiums Taxes	92,185	90,428	(1,758)	-1.9%	376,500	381,800	381,800
99,138	83,580	(15,559)	-15.7%	Sub-total SBT & Insurance	99,138	83,580	(15,559)	-15.7%	311,500	384,800	384,800
(1,615)	(43,536)	(41,922)	na	Michigan Business Tax	(1,615)	(43,536)	(41,922)	na	(607,700)	(691,000)	(691,000)
81,795	97,947	16,151	19.7%	Corporate Income Tax	81,795	97,947	16,151	19.7%	1,186,400	1,136,900	1,136,900
5	0	(5)	-100.0%	Inheritance / Estate	5	0	(5)	-100.0%	0	0	0
34	1,055	1,020	na	Telephone & Telegraph	34	1,055	1,020	na	32,000	32,000	32,000
1,345	1,495	150	11.2%	Oil & Gas Severance	1,345	1,495	150	11.2%	26,000	28,000	28,000
7,506	9,071	1,565	20.8%	Penalties & Interest	7,506	9,071	1,565	20.8%	143,000	145,200	145,200
795	255	(540)	-67.9%	Essential Services Assessment	795	255	(540)	-67.9%	107,000	114,000	114,000
104	13	(91)	-87.2%	Miscellaneous Other/Railroad	104	13	(91)	-87.2%	2,000	2,000	2,000
(12,667)	(12,667)	0	0.0%	Treasury Enforcement Programs (e)	(12,667)	(12,667)	0	0.0%	(150,000)	(152,000)	(152,000)
<u>\$176,441</u>	<u>\$137,212</u>	<u>(\$39,228)</u>	<u>-22.2%</u>	<b>Total Other Taxes</b>	<u>\$176,441</u>	<u>\$137,212</u>	<u>(\$39,228)</u>	<u>-22.2%</u>	<u>\$1,050,200</u>	<u>\$999,900</u>	<u>\$999,900</u>
<u>\$877,277</u>	<u>\$836,953</u>	<u>(\$40,325)</u>	<u>-4.6%</u>	<b>Subtotal GF-GP Taxes</b>	<u>\$877,277</u>	<u>\$836,953</u>	<u>(\$40,325)</u>	<u>-4.6%</u>	<u>\$10,497,300</u>	<u>\$10,412,000</u>	<u>\$10,412,000</u>

continued

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

**For The Month Ended: October 31, 2019**

Month-End Cash Collections Data				October Through October Cash Collections Data					Revenue Projections		
October		Difference		Source of Revenue	Year-to-Date		Difference		FY 2018-19	FY 2019-20	FY 2019-20
2018	2019	Amount	Percent		FY 2018-19	FY 2019-20	Amount	Percent	May 2019 Forecast	Statutory Estimate	May 2019 Forecast
<b>Non-Tax Revenue (e)</b>											
\$1,108	\$1,108	\$0	0.0%	Federal Aid	\$1,108	\$1,108	\$0	0.0%	\$13,300	\$13,300	\$13,300
8	8	0	0.0%	Local Agencies	8	8	0	0.0%	100	100	100
583	583	0	0.0%	Services	583	583	0	0.0%	7,000	7,000	7,000
1,167	1,167	0	0.0%	Licenses & Permits	1,167	1,167	0	0.0%	14,000	14,000	14,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	5,000	6,500	6,500
833	833	0	0.0%	Misc. Non-tax Revenue	833	833	0	0.0%	10,000	10,000	10,000
19,583	19,667	83	0.4%	Liquor Purchase Revolving Fund	19,583	19,667	83	0.4%	230,000	236,000	236,000
5,500	6,250	750	13.6%	From Other Funds-Lottery & Escheats	5,500	6,250	750	13.6%	75,000	78,000	78,000
<b>\$28,783</b>	<b>\$29,617</b>	<b>\$833</b>	<b>2.9%</b>	<b>Total Non-Tax Revenue</b>	<b>\$28,783</b>	<b>\$29,617</b>	<b>\$833</b>	<b>2.9%</b>	<b>\$354,400</b>	<b>\$364,900</b>	<b>\$364,900</b>
<b>\$906,061</b>	<b>\$866,569</b>	<b>(\$39,491)</b>	<b>-4.4%</b>	<b>Total GF-GP Revenue</b>	<b>\$906,061</b>	<b>\$866,569</b>	<b>(\$39,491)</b>	<b>-4.4%</b>	<b>\$10,851,700</b>	<b>\$10,776,900</b>	<b>\$10,776,900</b>
<b>School Aid Fund</b>											
\$317,053	\$310,281	(\$6,771)	-2.1%	Sales Tax 4%	\$317,053	\$310,281	(\$6,771)	-2.1%	\$3,385,500	\$3,519,200	\$3,519,200
132,271	203,270	70,999	53.7%	Sales Tax 2%	132,271	203,270	70,999	53.7%	2,656,200	2,763,400	2,763,400
54,090	51,346	(2,744)	-5.1%	Use Tax 2%	54,090	51,346	(2,744)	-5.1%	602,600	607,400	607,400
1,008,924	1,034,505	25,581	2.5%	State Education Property Tax	1,008,924	1,034,505	25,581	2.5%	2,099,600	2,166,900	2,166,900
32,917	28,956	(3,960)	-12.0%	Real Estate Transfer Tax	32,917	28,956	(3,960)	-12.0%	350,900	356,500	356,500
80,000	0	(80,000)	-100.0%	Lottery Transfer (b)	80,000	0	(80,000)	-100.0%	982,000	990,000	990,000
10,710	9,760	(950)	-8.9%	Casino Wagering Tax	10,710	9,760	(950)	-8.9%	118,300	119,300	119,300
0	0	0	na	Liquor Excise Tax	0	0	0	na	58,100	59,200	59,200
29,871	30,286	415	1.4%	Cigarette/Tobacco Tax	29,871	30,286	415	1.4%	340,200	335,100	335,100
5,373	5,449	76	1.4%	Indus. & Comm. Facilities Taxes	5,373	5,449	76	1.4%	36,500	36,500	36,500
0	0	0	na	Recreational Marihuana	0	0	0	na	0	23,600	23,600
1,979	1,399	(581)	-29.3%	Specific Other	1,979	1,399	(581)	-29.3%	26,300	26,300	26,300
210,433	220,112	9,679	4.6%	Income Tax Earmarking	210,433	220,112	9,679	4.6%	2,826,100	2,836,400	2,836,400
<b>\$1,883,621</b>	<b>\$1,895,365</b>	<b>\$11,744</b>	<b>0.6%</b>	<b>Total School Aid Fund</b>	<b>\$1,883,621</b>	<b>\$1,895,365</b>	<b>\$11,744</b>	<b>0.6%</b>	<b>\$13,482,300</b>	<b>\$13,839,800</b>	<b>\$13,839,800</b>
<b>Multi-Fund Revenue Summary</b>											
\$660,693	\$720,406	\$59,713	9.0%	Sales Tax 6%	\$660,693	\$720,406	\$59,713	9.0%	\$8,298,700	\$8,628,700	\$8,628,700
528,421	517,136	(11,286)	-2.1%	Sales Tax 4% (d)	528,421	517,136	(11,286)	-2.1%	5,642,500	5,865,300	5,865,300
132,271	203,270	70,999	53.7%	Sales Tax 2%	132,271	203,270	70,999	53.7%	2,656,200	2,763,400	2,763,400
162,269	154,037	(8,231)	-5.1%	Use Tax 6% (g)	162,269	154,037	(8,231)	-5.1%	1,790,000	1,804,400	1,804,400
73,939	74,967	1,028	1.4%	Tobacco Taxes	73,939	74,967	1,028	1.4%	905,100	894,100	894,100
0	0	0	na	Tobacco Settlement	0	0	0	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: October 31, 2019**

Month-End Cash Collections Data				October Through October Cash Collections Data					Revenue Projections		
October		Difference		Source of Revenue	Year-to-Date		Difference		FY 2018-19	FY 2019-20	FY 2019-20
2018	2019	Amount	Percent		FY 2018-19	FY 2019-20	Amount	Percent	May 2019	Statutory	May 2019
									Forecast	Estimate	Forecast
<b>Major Transportation Revenues</b>											
\$31,911	\$23,068	(\$8,842)	-27.7%	Diesel Fuel / Motor Carrier Fuel Tax	\$31,911	\$23,068	(\$8,842)	-27.7%	\$243,000	\$245,000	\$245,000
134,317	102,913	(31,404)	-23.4%	Gasoline	134,317	102,913	(31,404)	-23.4%	1,218,600	1,225,780	1,225,780
99,188	100,238	1,050	1.1%	Motor Vehicle Registration	99,188	100,238	1,050	1.1%	1,327,900	1,360,600	1,360,600
5,193	4,903	(291)	-5.6%	Other Taxes, Fees & Misc.	5,193	4,903	(291)	-5.6%	215,061	243,376	243,376
8,456	9,098	641	7.6%	Comprehensive Transportation (c)	8,456	9,098	641	7.6%	108,194	109,170	109,170
12,500	39,000	26,500	212.0%	Income Tax Earmarking	12,500	39,000	26,500	212.0%	264,000	0	0
<u>\$291,565</u>	<u>\$279,220</u>	<u>(\$12,346)</u>	<u>-4.2%</u>	<b>Total Major Trans. Revenues</b>	<u>\$291,565</u>	<u>\$279,220</u>	<u>(\$12,346)</u>	<u>-4.2%</u>	<u>\$3,376,756</u>	<u>\$3,183,925</u>	<u>\$3,183,925</u>
<b>Lottery Sales By Games</b>											
\$90,145	\$131,769	\$41,624	46.2%	Instant Games (f)	\$90,145	\$131,769	\$41,624	46.2%	na	na	na
51,197	65,922	14,724	28.8%	Daily Games	51,197	65,922	14,724	28.8%	na	na	na
98,775	22,928	(75,847)	-76.8%	Lotto and Big Game (f)	98,775	22,928	(75,847)	-76.8%	na	na	na
525	650	125	23.8%	Keno Game	525	650	125	23.8%	na	na	na
942	1,047	105	11.2%	Lucky For Life	942	1,047	105	11.2%	na	na	na
4,835	11,489	6,654	138.0%	Other (f)	4,835	11,489	6,654	138.0%	na	na	na
41,082	49,392	8,310	20.2%	Club Games	41,082	49,392	8,310	20.2%	na	na	na
<u>\$287,501</u>	<u>\$283,196</u>	<u>(\$4,305)</u>	<u>-1.5%</u>	<b>Total Lottery Sales</b>	<u>\$287,501</u>	<u>\$283,196</u>	<u>(\$4,305)</u>	<u>-1.5%</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 \$154.9 million and the year-to date 2020 revenues are \$141.7 million. Per 2014 Public Act 80, the total fiscal year 2019 Local Community Stabilization Share (LCSS) is \$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 \$154.9 million and the year-to-date 2020 LCSS revenues are \$141.7 million.

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.

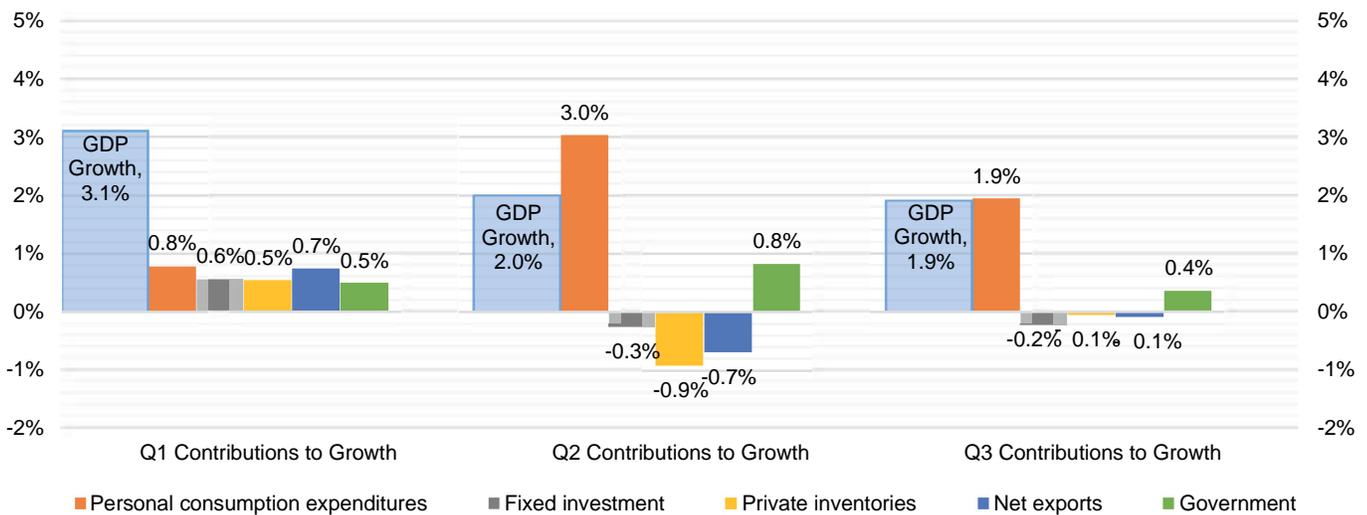
## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy

U.S. **Gross Domestic Product** continued growth for the 22<sup>nd</sup> consecutive quarter and grew at a similar rate to the most recent quarter. The preliminary estimate of real GDP for the third quarter of 2019 is \$19,112.5 billion (chained 2012 dollars), an increase of 1.9 percent at an annual rate. In the first quarter of 2019, real gross domestic product increased 3.1 percent, while the second quarter increased 2.0 percent. The increase in third quarter real GDP was mainly due to growth in personal consumption expenditures and federal government spending. The first, second and third quarter of 2019 contributions to the percent change in GDP are shown in the graph below.

**2019 Q1, Q2, and Q3 Real GDP Growth and Contributions to Percentage Change**



Source: Bureau of Economic Analysis

Over the last two quarters, fixed investment, net exports, and private inventories were a drag on the economy. Trade concerns and tariffs are still affecting business sentiment and are becoming a factor in business investment decisions, although their impact may be lessening slightly. The Federal Reserve lowered the federal funds rate by 25 basis points for the third meeting in a row in October to address trade concerns. In the near-term, wage growth is expected to be a positive for the US economy. Real final sales increased 2.0 percent in the third quarter while on the inflation front, the implicit price deflator increased 1.6 percent.

**U.S. wage and salary employment** growth slowed in October, increasing by 128,000 jobs. The monthly average of job growth for 2019 is 167,000 jobs, lower than the average pace of 223,000 jobs during 2018. Food services and drinking places added 48,000 jobs, while professional and business services added 22,000 jobs and social assistance added 20,000 jobs from last month. Federal government employment decreased by 17,000 jobs in October, as temporary 2020 Census workers completed their work. Manufacturing employment declined by 36,000 jobs but reflects the temporary decline in motor vehicles and parts manufacturing of 42,000 due predominantly to the GM strike. Average hourly earnings for all employees on private nonfarm payrolls increased by 3.0 percent from a year ago. The average workweek for all employees on private nonfarm payrolls was unchanged in October at 34.4 hours.

In October, the U.S. unemployment rate rose very slightly to 3.6 percent. Civilian employment totaled 158.5 million persons in October, while the number unemployed was 5.9 million.

The **Index of Consumer Sentiment** increased in October to 96.0 index-points, 2.8 index-points above September's 93.2. The improved sentiments were partly driven by anticipated income gains and lower inflation expectations. Real income expectations rose to their highest level in the past two decades. However, consumers still anticipate slower economic growth and potential increases in unemployment in the coming year. Negative references to the tariffs continue but are having slightly less impact on overall sentiment. Overall buying attitudes for household durables increased in October, with smaller gains for vehicles and homes.

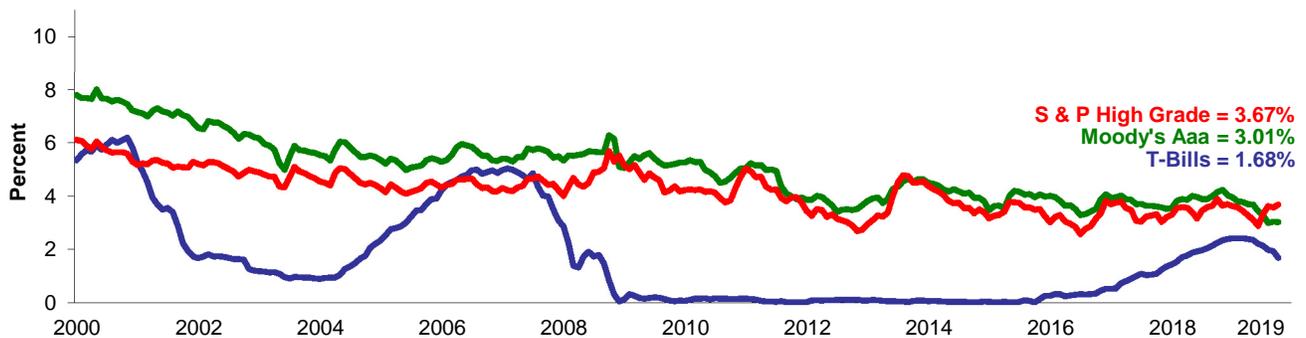
### Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

Short-term **interest rates** decreased 0.25 percentage points in October, as the 3-month Treasury bill (T-bill) rate was 1.68 percent. Compared to one year ago, the T-bill rate decreased 0.56 percentage points. The Aaa corporate bond rate, a long-term interest rate, decreased 0.02 percentage points to an interest yield of 3.01 percent in October. The Aaa bond yield was down 1.13 percentage points from its year-ago level. The interest rate on high-grade municipal bonds increased 0.10 percentage points from the September level to 3.67 percent in October but was still down 0.21 percentage points from a year ago. The Federal Open Market Committee (FOMC) lowered the target range for the federal funds rate by 25 basis points to 1.50-1.75 percent at the October 30th meeting.

### Selected Key Interest Rates



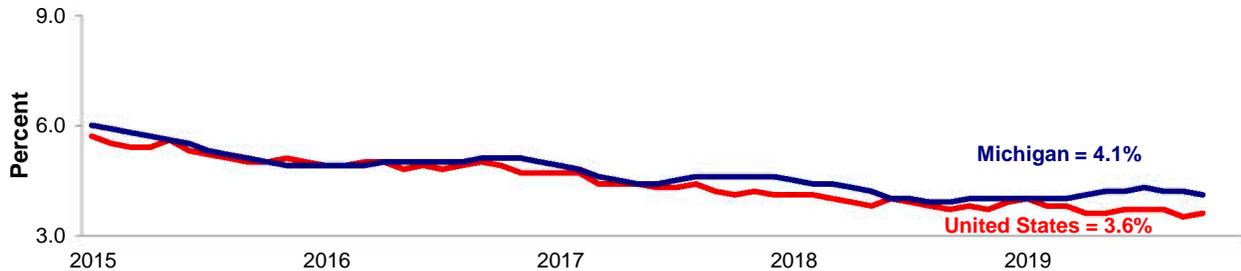
Source: Economic Indicators

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U) increased 0.4 percent in October. Compared to October 2018, the all-items index increased 1.8 percent. For major component groups, the changes from one year ago were: food and beverages, 2.0 percent; medical care, 4.3 percent; apparel, -2.3 percent; education and communication, 0.5 percent; other goods and services, 2.4 percent; recreation, 1.8 percent; housing, 2.9 percent; and transportation, -1.4 percent, with gasoline prices down -7.3 percent.

## Michigan Economy

In October, the **Michigan jobless rate** was 4.1 percent, a tenth of a percentage lower than September. The October unemployment rate rose 0.1 percentage points from the year ago, when it was 4.0 percent in October 2018. This October, the labor force decreased by 3,000 for the second month in a row. Striking UAW members are still counted as employed for the household survey and have no impact on the unemployment rate for October.

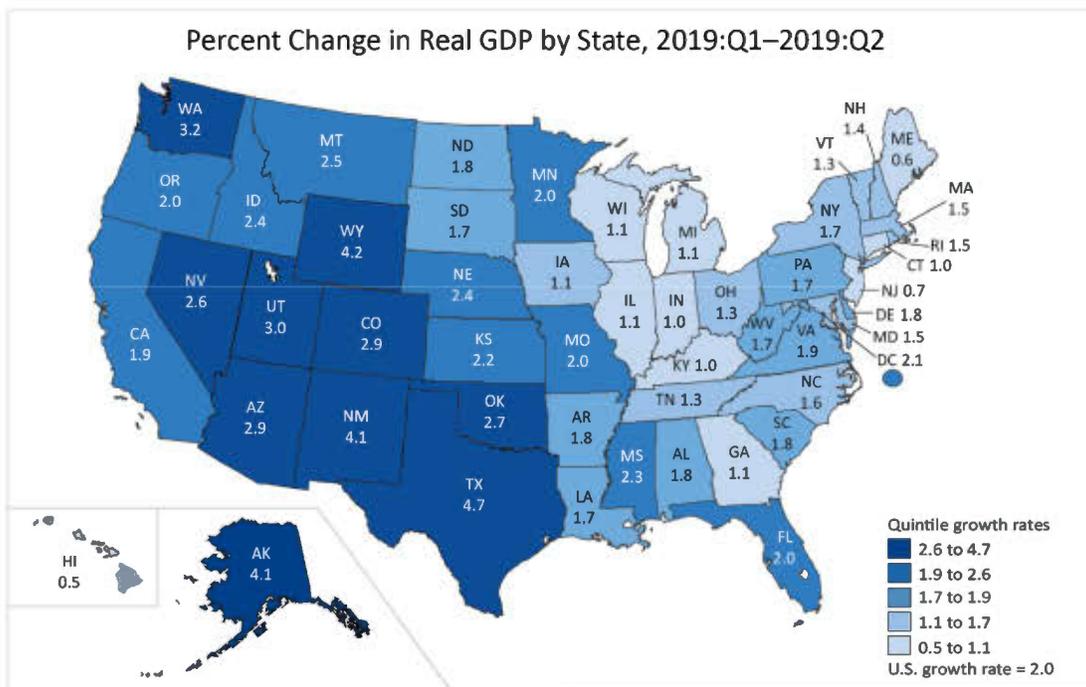
### Unemployment Rates 2015 - 2019



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

**Michigan wage and salary employment** decreased by 22,000 jobs in October, largely due to the temporary “loss” of striking GM employees. Striking employees are not included in the payroll jobs count resulting in a temporary decline of wage and salary employment. Manufacturing of transportation equipment decreased by 26,000 jobs from last month, while trade, transportation, and utilities increased by 3,000 jobs and leisure and hospitality services increased by 4,000 jobs.

**Michigan real GDP** grew at a 1.1 percent annual rate in the second quarter of 2019 an increase from the significantly revised 0.1 percent annual growth rate from the first quarter of 2019. Michigan’s second quarter 2019 growth rate was below the national average of 2.0 percent and ranked 40th nationally.

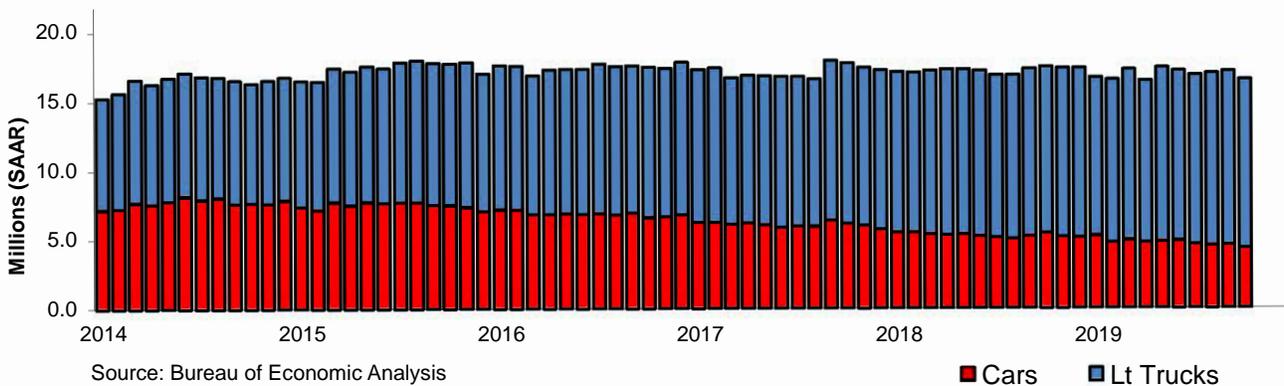


Source: Bureau of Economic Analysis

## Motor Vehicle Sector

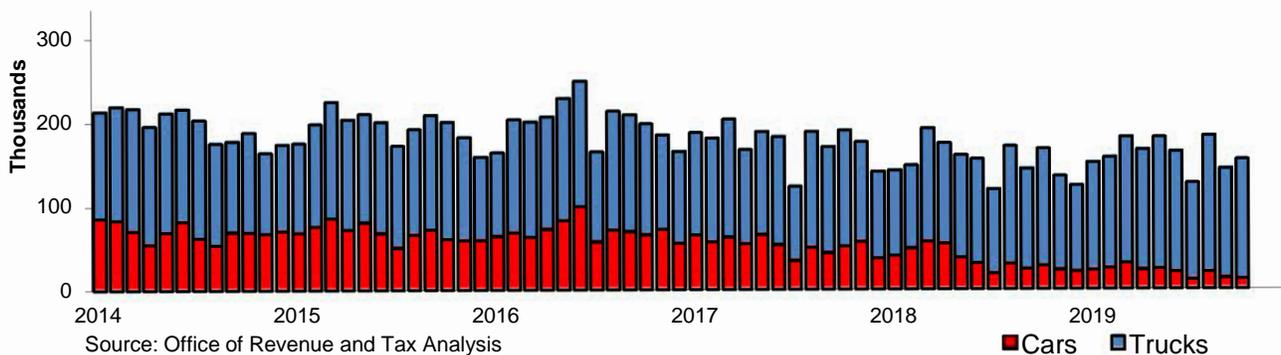
**U.S. light vehicle sales** (cars and light trucks) slightly declined in October, dipping below 17.0 million annual sales rate mark. Sales declined 3.4 percent in October compared to September selling at a 16.5 million unit seasonally adjusted annual rate. Domestic car sales declined 8.5 percent from September while domestic light truck sales declined 4.1 percent. Import car sales increased 4.8 percent while import light truck sales increased 2.2 percent. Compared to last year, light vehicle sales decreased by 5.3 percent. Domestic car sales decreased 25.1 percent from the year ago level while domestic light truck sales increased 2.3 percent. Import car sales were down 3.8 percent from last year while import light truck sales were down 0.8 percent. As a result, the domestic share of U.S. light vehicle sales decreased 0.8 percentage points from a year ago to 76.8 percent. For fiscal year 2019 year-to-date, domestic light vehicles recorded a 76.8 percent share of a 16.5 million-unit market.

### U.S. Light Vehicle Sales



**Michigan motor vehicle production** increased to 154,753 units in October, a 7.4 percent increase from September. From a year ago, motor vehicle production declined 7.7 percent in Michigan and fell 11.5 percent nationally, experiencing declines in production from the strike at GM. In October, Michigan's car production was 11,906 units while the state's truck production was 142,847 units. Compared with a year ago, car production decreased 57.6 percent in Michigan and decreased 19.0 percent nationwide. The state's truck production increased 2.4 percent while national truck production decreased 8.8 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 May 17, 2019 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2017-18 Actual</b>	<b>Fiscal Year 2018-19 Estimate</b>	<b>Fiscal Year 2019-20 Estimate</b>
Applicable Calendar Year Personal Income Section 26 Base Ratio Revenue Limit	\$439,361 9.49% \$41,695.4	\$460,270 9.49% \$43,679.6	\$475,626 9.49% \$45,136.9
Revenue Limit	\$41,695.4	\$43,679.6	\$45,136.9
State Revenue Subject to Limit	\$32,956.1	\$33,161.6	\$33,709.2
<b>Amount Under (Over) Limit</b>	<b>\$8,739.3</b>	<b>\$10,518.0</b>	<b>\$11,427.7</b>

Sources:

Personal Income Estimate

The FY 2017-18 calculation uses the official personal income estimate for calendar year 2016 (Survey of Current Business, October 2017).  
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 17, 2019 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2017-18 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2018.  
The FY 2018-19 calculation uses the May 17, 2019 Consensus Revenue Agreement.  
The FY 2019-20 calculation uses the May 17, 2019 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