



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN E. NIXON, CPA  
DIRECTOR

May 31, 2012

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

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

Dear Legislators:

Attached is the monthly financial report for the month ending April 30, 2012. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

[www.michigan.gov/budget](http://www.michigan.gov/budget) under "Financial Reports".

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

Sincerely,

John E. Nixon, CPA  
State Budget Director

Attachment

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

GENERAL FUND, GENERAL PURPOSE  
Fiscal Year 2012  
Projected Revenues and Expenditures  
April 30, 2012  
(\$ in millions)

		FISCAL 2012
<b>Beginning Balance, October 1, 2011</b>		see one-time revenue
<b>Current Year GF/GP Revenues, January 2012 Consensus Estimate</b>	\$	9,030.5
<b>Revenue Adjustments:</b>		
Local Government Program Payments	\$	(330.0)
Use Tax on Medicaid managed care (PA 141 of 2011)	\$	201.1
Other Revenue Adjustments	\$	8.5
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>(120.4)</b>
<b>Total FY Resources Available For Expenditure GF/GP</b>		<b>8,910.1</b>
<b>Expenditures, Current Law:</b>		
FY 2012 Enacted with Vetoes	\$	8,412.5
<b>Total Expenditures Projected</b>	<b>\$</b>	<b>8,412.5</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>497.6</b>
<b>Beginning Balance (One-Time Revenue)</b>	<b>\$</b>	<b>553.7</b>
<b>Supplemental Request (letter 2012-11)</b>	<b>\$</b>	<b>(10.0)</b>
<b>Available One-Time Revenue</b>	<b>\$</b>	<b>543.7</b>
<b>One-Time Spending Items - PA 62 and PA 63 of 2011, PA 89 of 2012</b>	<b>\$</b>	<b>540.4</b>
<b>Supplemental Request (letter 2012-8)</b>	<b>\$</b>	<b>0.4</b>
<b>Supplemental Requests (letters 2012-11 and 2012-12)</b>	<b>\$</b>	<b>7.3</b>
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>(4.4)</b>
<b>Projected Ending Balance, September 30, 2012</b>	<b>\$</b>	<b>493.2</b>

<sup>1</sup> On March 15, 2012, the fiscal year 2011 Comprehensive Annual Financial Report was issued and indicated a final year-end balance for fiscal year 2011 of \$553.7 million.

<sup>2</sup> Subsequent to the date of this report, on May 4, 2012, supplemental request letter 2012-13 was transmitted to the Legislature implementing agreements reached as part of the enacted fiscal year 2012 budget that reduced general fund spending by \$87.8 million, reflecting employee concessions and alternative contingency plans. On May 16, 2012, the Consensus Revenue Estimating Conference convened and determined general fund revenues to be \$33.9 million above the January 2012 consensus revenue estimate. Additionally, spending needs for caseload decreases were agreed upon by the Senate and House fiscal agencies and the State Budget Office. Based on all of these adjustments, the estimated fiscal year end balance is \$698.5 million.

**SCHOOL AID FUND**  
**Fiscal Year 2012**  
**Projected Revenues and Expenditures**  
**April 30, 2012**  
(\$ in millions)

**FISCAL**  
**2012**

<b>Beginning Balance , October 1, 2011</b>	<small>see one-time revenue</small>
--	-------------------------------------

<b>Current Year School Aid Fund Revenues, January 2012 Consensus Estimate</b>	\$	<b>10,763.6</b>
<b>Revenue Adjustments:</b>		
General Fund	\$	118.6
Federal Revenue	\$	1,658.0
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>1,776.7</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$</b>	<b>12,540.3</b>

<b>School Aid Ongoing Costs</b>		
PA 62 of 2011	\$	12,198.9
PA 29 of 2012	\$	68.4
<b>School Aid Ongoing Costs</b>	<b>\$</b>	<b>12,267.3</b>
<b>Community Colleges Ongoing Costs</b>		
PA 62 of 2011	\$	195.9
<b>Universities Ongoing Costs</b>		
PA 62 of 2011	\$	200.0
<b>Total School Aid Fund Ongoing Costs Projected</b>	<b>\$</b>	<b>12,663.2</b>

<b>Current Year Revenues minus Ongoing Costs</b>	\$	<b>(122.9)</b>
--	----	----------------

<b>Beginning Balance (One-Time Revenue)</b>	\$	<b>724.7</b> <sup>1</sup>
<b>One-Time Spending Items</b>		
PA 62 of 2011	\$	460.2
PA 29 of 2012	\$	16.5
<b>Total School Aid Fund Spending - One-Time</b>	<b>\$</b>	<b>476.7</b>
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>248.0</b>

<b>Projected Ending Balance, September 30, 2012</b>	\$	<b>125.1</b> <sup>2</sup>
---	----	---------------------------

<sup>1</sup> On March 15, 2012, the fiscal year 2011 Comprehensive Annual Financial Report was issued and indicated a final year-end balance for fiscal year 2011 of \$724.7 million.

<sup>2</sup> On May 16, 2012, the Consensus Revenue Estimating Conference convened and determined school aid fund revenues to be \$112.5 million above the January 2012 consensus revenue estimate. Additionally, cost adjustments of \$2.9 million were agreed upon by the Senate and House fiscal agencies and the State Budget Office. Based on all of these adjustments, the estimated fiscal year end balance was \$234.7 million prior to final budget negotiations.

**SUMMARY OF EXPENDITURES AND ENCUMBRANCES  
GENERAL FUND GROSS**

April 30, 2012  
(\$ IN MILLIONS)

**FISCAL YEAR 2011** **FISCAL YEAR 2012**

Exp & Enc April 2011	Exp & Enc Yr-to-date FY 2011	Fiscal Year End SEP 30, 2011	DEPARTMENT	Initial Approp	Exec. Orders and Supplm. Approp.*	Exp & Enc April 2012	Exp & Enc Yr-to-date FY 2012
3.6	33.4	60.2	Agriculture and Rural Development	69.9	13.7	5.0	31.4
4.8	34.5	62.9	Attorney General	73.6	6.3	5.4	38.2
19.5	155.1	235.3	Capital Outlay**	279.1	4.0	20.2	157.5
0.8	6.3	11.5	Civil Rights	13.7	3.2	1.1	7.0
161.4	1,186.4	1,865.2	Colleges & Universities	1,250.2	1.9	104.4	809.4
1,045.2	7,259.8	14,302.1	Community Health	14,154.6	716.5	1,043.1	7,115.0
151.8	1,102.9	1,934.9	Corrections	1,915.2	99.4	144.0	1,112.3
7.5	51.6	105.2	Education	117.3	9.0	6.1	45.1
9.4	74.8	160.5	Environmental Quality	385.0	48.6	11.4	84.8
0.4	2.8	4.5	Executive Office	4.4	0.2	0.6	3.9
524.7	3,465.1	6,200.1	Human Services	6,793.4	341.2	489.0	3,383.4
26.6	114.2	231.2	Judiciary	257.0	3.0	25.2	112.4
1.3	9.4	16.7	Legislative Auditor General	15.6	1.3	1.3	9.6
8.9	67.3	96.4	Legislature	100.3	13.4	11.8	61.8
66.3	481.4	802.0	Licensing and Regulatory Affairs	568.2	126.3	50.1	247.4
9.6	74.5	120.9	Military Affairs	129.2	12.2	10.1	68.1
3.4	27.2	58.4	Natural Resources	93.3	19.7	3.8	28.9
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
12.8	96.7	172.3	State	210.9	18.5	13.8	92.4
36.0	241.7	474.7	State Police	523.6	36.3	35.9	236.3
15.9	133.8	305.2	Technology, Management & Budget***	522.9	187.1	55.0	283.4
0.0	0.0	0.0	Transportation	0.0	0.5	0.0	0.0
196.4	1,000.5	3,069.0	Treasury	1,476.8	122.8	419.5	1,210.7
4.9	25.8	32.1	Michigan Strategic Fund	59.0	88.1	5.4	23.8
<b>\$2,311.2</b>	<b>\$15,645.2</b>	<b>\$30,321.3</b>		<b>\$29,013.3</b>	<b>\$1,873.3</b>	<b>\$2,462.2</b>	<b>\$15,162.7</b>

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

**ESTIMATED BALANCE OF STATE PAYMENTS  
TO LOCAL UNITS OF GOVERNMENT**

Fiscal Year 2012

April, 2012

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,144.0	277.6	15,421.6
Total state spending from state resources	27,212.5	546.0	27,758.5
Percentage of state spending from state resources paid to local units	55.65%		55.56%
Required payments to local units (48.97%)	13,326.0		13,593.3
<b>Surplus/(deficit)</b>	<b>\$1,818.0</b>		<b>\$1,828.3</b>

STATE OF MICHIGAN  
 YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES  
 COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND  
 OCTOBER 1, 2011 THROUGH APRIL 30, 2012  
 (in thousands)

**REVENUES**

Miscellaneous	\$ <u>38</u>
Total Revenues	<u>38</u>

**EXPENDITURES**

Current:	
General government	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>38</u>

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds	167,033
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>167,033</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 167,072 <sup>1</sup></u>

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

STATE OF MICHIGAN  
 YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES  
 MICHIGAN NATURAL RESOURCES TRUST FUND  
 OCTOBER 1, 2011 THROUGH APRIL 30, 2012  
 (in thousands)

**REVENUES**

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>41,518</u>
<b>Total Revenues</b>	<u><b>41,518</b></u>

**EXPENDITURES**

Current:	
General government	-
Conservation, environment, recreation, and agriculture	1,051
Capital outlay	<u>22,735</u>
<b>Total Expenditures</b>	<u><b>23,786</b></u>
<b>Excess of Revenues over (under) Expenditures</b>	<u><b>17,732</b></u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues	-
Proceeds from sale of capital assets	16
Transfers from other funds	-
Transfers to other funds	<u>(36)</u>
<b>Total Other Financing Sources (Uses)</b>	<u><b>(20)</b></u>
<b>Excess of Revenues and Other Sources over (under) Expenditures and Other Uses</b>	<u><u><b>\$ 17,712</b></u></u> <sup>1</sup>

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

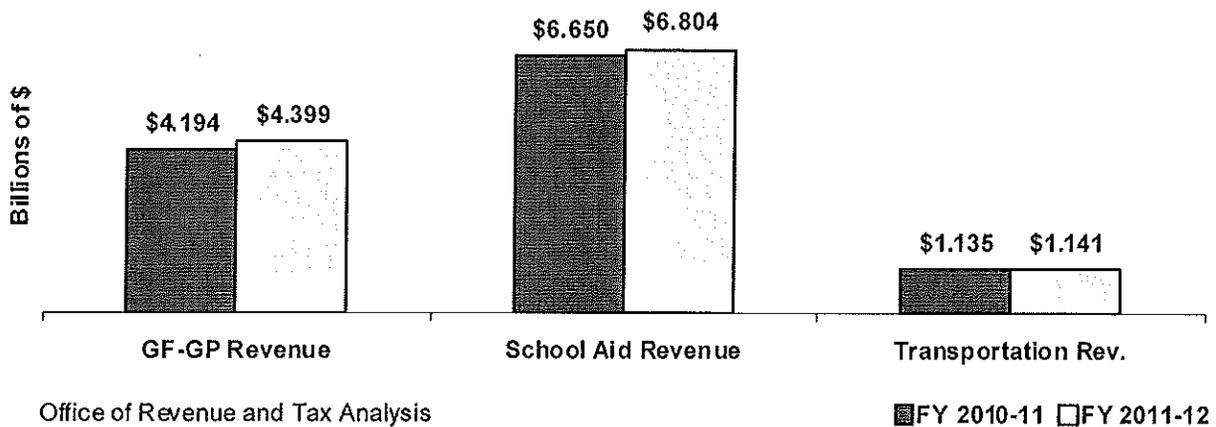
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

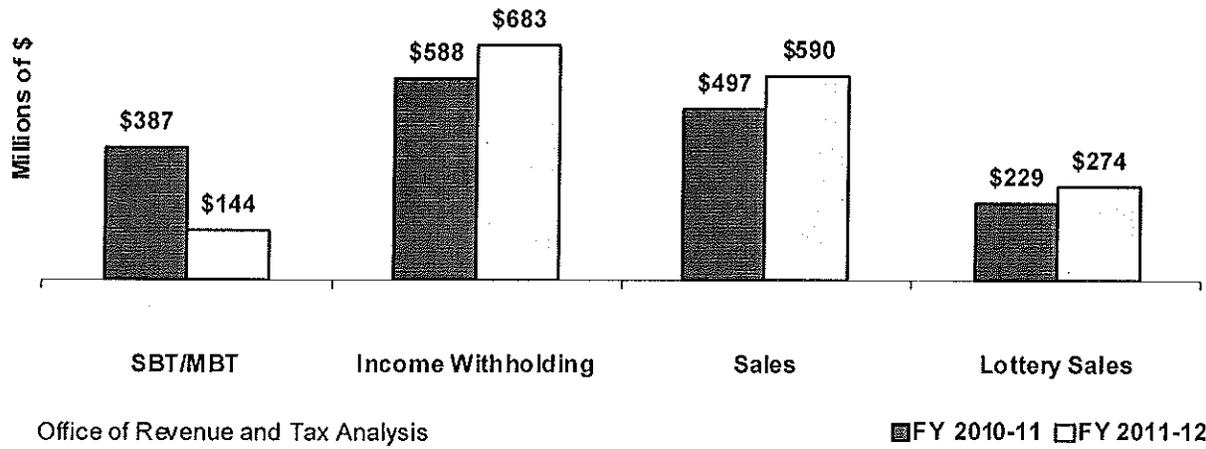
Total General Fund - General Purpose cash collections were \$46.3 million (5.2 percent) lower in April 2012 than in April 2011. The April 2012 School Aid Fund cash collections were \$117.3 million (13.5 percent) higher than in April 2011. April 2012 transportation collections were \$4.4 million (2.9 percent) higher than in April 2011 (see revenue table). April is the seventh month of the state's fiscal year (FY). Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are up \$205.0 million (4.9 percent) from a year ago. School Aid Fund cash collections are up \$153.8 million (2.3 percent) and transportation collections are up \$7.0 million (0.6 percent).

The FY 2011-12 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on January 13, 2012. The revenue estimate for net General Fund - General Purpose revenue for FY 2011-12 is \$9,030.5 million and the net School Aid revenue forecast is \$10,763.7 million. The Transportation Funds revenue forecast is \$2,105.9 million. The next regularly scheduled Consensus Revenue Estimating Conference will be held on May 16, 2012.

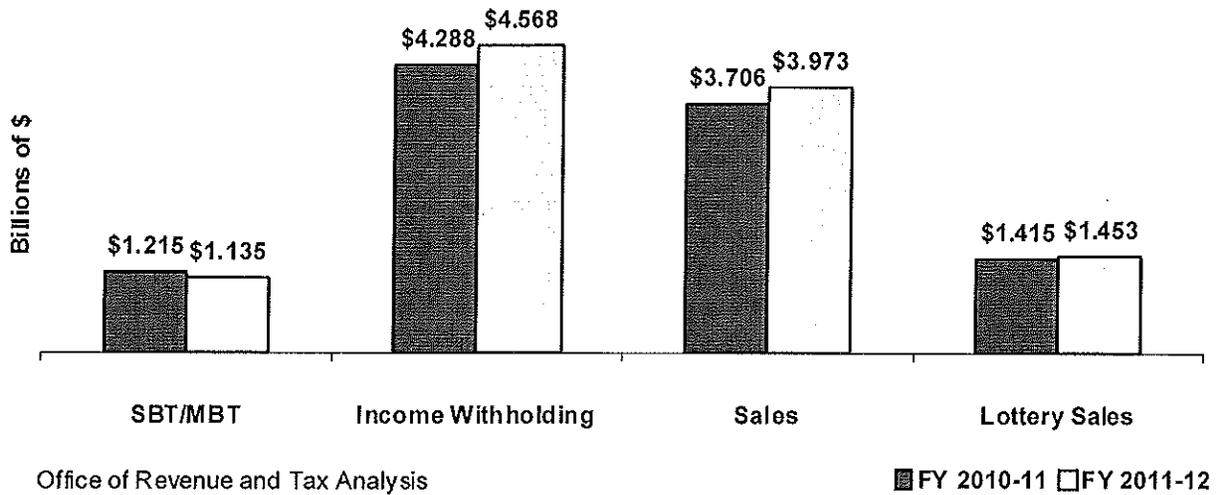
**October through April Collections**  
**FY 2010-11 and FY 2011-12**



### April Revenue Collections FY 2010-11 and FY 2011-12



### October through April Collections FY 2010-11 and FY 2011-12



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

For The Month Ended: April 30, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA				REVENUE PROJECTIONS				
April	Difference			Year-to-Date			Difference			FY 2010-11 Preliminary Totals (h)	FY 2011-12 Statutory Estimate (i)	FY 2011-12 January Consensus
	2011	2012	Amount	Percent	Amount	Percent	FY 2010-11	FY 2011-12	Amount			
\$587,596	\$682,521	\$94,925	16.2%	\$4,288,291	\$4,567,829	\$279,537	6.5%	\$7,192,100	\$7,664,100	\$7,659,300	\$7,659,300	
86,228	98,239	10,010	11.3%	317,274	342,920	25,646	8.1%	633,600	665,900	680,300	680,300	
460,220	440,967	(19,253)	-4.2%	597,457	583,622	(13,835)	-2.3%	719,700	693,300	733,400	733,400	
1,136,045	1,221,727	85,683	7.5%	5,203,022	5,494,371	291,348	5.6%	\$8,545,400	\$9,023,300	\$9,073,000	\$9,073,000	
511,728	473,958	(37,770)	-7.4%	1,903,428	1,895,487	(7,941)	-0.4%	2,127,100	2,225,700	2,041,100	2,041,100	
0	0	0	na	0	0	0	na	1,000	1,000	1,000	1,000	
624,317	747,769	123,453	19.8%	3,299,595	3,598,884	299,289	9.1%	\$6,417,300	\$6,796,600	\$7,030,900	\$7,030,900	
264,471	282,327	17,856	6.8%	1,211,264	1,276,954	65,731	5.4%	\$1,972,500	\$2,098,600	\$2,104,400	\$2,104,400	
\$359,845	\$465,442	\$105,596	29.3%	\$2,088,331	\$2,321,889	\$233,558	11.2%	\$4,444,800	\$4,698,000	\$4,926,500	\$4,926,500	
Income Taxes												
NET PERSONAL INCOME TO GF-GP												
Consumption Taxes												
\$4,987	\$6,801	\$1,814	36.4%	\$41,015	\$44,492	\$3,476	8.5%	\$1,066,700	\$97,000	\$1,084,700	\$1,084,700	
56,329	71,925	13,596	23.3%	439,636	390,563	(49,073)	-11.2%	734,000	846,600	799,400	799,400	
16,314	16,069	(244)	-1.5%	108,226	108,069	(157)	-0.1%	195,700	189,200	189,400	189,400	
4,383	4,604	221	5.0%	26,759	27,199	440	1.6%	47,100	53,000	49,000	49,000	
3,412	3,711	300	8.8%	19,246	20,372	1,126	5.9%	39,500	39,800	40,300	40,300	
\$67,424	\$103,109	\$15,686	17.9%	\$634,882	\$590,715	(\$44,167)	-7.0%	\$2,083,000	\$1,225,600	\$2,162,800	\$2,162,800	
Other Taxes												
\$17,671	(\$5,447)	(\$23,118)	na	\$20,599	\$4,627	(\$15,972)	-77.5%	\$2,600	\$0	(\$2,300)	(\$2,300)	
52,668	58,683	6,014	11.4%	194,869	213,585	18,716	9.6%	271,200	277,500	282,000	282,000	
70,340	53,236	(17,104)	-24.3%	215,468	218,212	2,744	1.3%	273,800	277,500	279,700	279,700	
337,562	94,195	(243,367)	-72.1%	983,261	880,135	(103,126)	-10.5%	1,344,000	554,200	637,300	637,300	
0	91,610	91,610	na	0	112,540	112,540	na	0	510,500	485,600	485,600	
7	105	98	na	44	164	120	na	100	0	0	0	
0	0	0	na	25,212	25,970	759	3.0%	56,100	61,000	57,000	57,000	
5,037	4,623	(414)	-8.2%	34,544	32,585	(1,959)	-5.7%	59,800	71,600	62,200	62,200	
9,426	9,146	(279)	-3.0%	70,123	60,384	(9,738)	-13.9%	136,100	145,000	123,700	123,700	
0	0	0	na	257	218	(39)	-15.3%	1,500	1,000	1,000	1,000	
(10,417)	(10,563)	(146)	-1.6%	(71,667)	(74,083)	(2,417)	-3.4%	(124,900)	(127,000)	(127,000)	(127,000)	
\$411,954	\$242,332	(\$169,623)	-41.2%	\$1,257,242	\$1,256,126	(\$1,116)	-0.1%	\$1,746,500	\$1,493,800	\$1,519,500	\$1,519,500	
\$659,223	\$810,883	(\$151,660)	-23.1%	\$3,980,455	\$4,168,730	\$188,275	4.7%	\$8,274,400	\$7,417,400	\$8,608,800	\$8,608,800	
TOTAL OTHER TAXES												
SUBTOTAL GF-GP TAXES												

continued

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

For The Month Ended: April 30, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
April		Difference		Year-to-Date		Difference		Year-to-Date		Difference	
2011	2012	Amount	Percent	FY 2010-11	FY 2011-12	Amount	Percent	FY 2010-11	FY 2011-12	Amount	Percent
SOURCE OF REVENUE											
Non-Tax Revenue (e)											
\$1,199	\$1,667	\$467	39.0%	\$5,482	\$12,417	\$6,935	127.0%	\$17,300	\$23,000	\$6,700	127.0%
0	8	8	na	(121)	133	254	na	2,400	400	1,000	na
235	917	682	na	1,822	6,042	4,220	na	11,900	9,500	11,000	na
261	1,667	1,405	na	2,453	12,167	9,714	na	15,400	22,000	20,000	na
(261)	(330)	(69)	-26.4%	(563)	(589)	(26)	-4.7%	(6,500)	(15,000)	(8,500)	-4.7%
11,417	10,667	(750)	-6.5%	81,167	77,167	(4,000)	-4.9%	109,200	138,000	28,800	-4.9%
13,333	13,583	250	1.9%	94,583	95,083	500	0.5%	164,300	163,000	(1,300)	-0.8%
3,958	4,000	42	1.1%	28,763	27,875	(888)	-3.1%	224,700	47,500	(177,200)	-7.9%
\$30,143	\$32,179	\$2,036	6.8%	\$213,606	\$230,294	\$16,688	7.8%	\$538,700	\$388,400	(150,300)	-28.1%
\$989,366	\$843,062	(\$146,305)	-14.8%	\$4,194,062	\$4,399,024	\$204,963	4.9%	\$8,813,000	\$7,805,800	(1,007,200)	-11.4%
TOTAL GF-GP REVENUE											
School Aid Fund											
\$203,836	\$241,360	\$37,525	18.4%	\$1,517,814	\$1,626,891	\$109,077	7.2%	2,745,500	2,721,400	(24,100)	-0.9%
157,092	188,210	31,118	19.8%	1,175,816	1,261,987	86,172	7.3%	2,133,000	2,110,400	(22,600)	-1.1%
56,847	44,078	(14,769)	-25.1%	440,075	397,830	(42,246)	-9.6%	367,000	423,300	56,300	15.3%
31,915	55,145	23,230	72.8%	210,924	250,275	39,351	18.7%	739,200	0	(739,200)	-100%
24,964	28,235	3,271	13.1%	1,313,306	1,196,136	(117,169)	-8.9%	1,845,100	1,828,000	(17,100)	-0.9%
9,155	9,791	636	6.9%	68,346	72,217	3,871	5.7%	123,200	138,000	14,800	12.0%
70,000	90,000	20,000	28.6%	375,000	395,000	20,000	5.3%	727,200	739,400	12,200	1.7%
10,152	9,991	(161)	-1.6%	67,310	70,059	2,749	4.1%	114,000	119,500	5,500	4.8%
3,390	3,659	269	7.9%	19,101	20,183	1,082	5.7%	38,100	39,800	1,700	4.5%
33,120	32,624	(496)	-1.5%	219,715	219,438	(277)	-0.1%	376,200	365,100	(1,100)	-0.3%
2,339	965	(1,374)	-58.7%	24,211	22,525	(1,686)	-7.0%	43,600	43,900	300	0.7%
402	639	237	58.8%	7,187	4,371	(2,815)	-39.2%	22,500	17,100	(5,400)	-24.0%
264,471	282,327	17,856	6.8%	1,211,264	1,276,994	65,731	5.4%	\$1,972,500	\$2,098,600	\$126,100	6.4%
\$869,684	\$987,025	\$117,342	13.5%	\$6,650,969	\$6,803,907	\$153,838	2.3%	\$11,248,100	\$10,645,400	(602,700)	-5.3%
TOTAL SCHOOL AID FUND											
\$496,818	\$590,477	\$93,659	18.9%	\$3,705,505	\$3,973,472	\$267,967	7.2%	\$6,709,000	\$6,646,100	(62,900)	-0.9%
339,726	402,267	62,541	18.4%	2,529,690	2,711,485	181,795	7.2%	4,576,000	4,535,700	(40,300)	-0.9%
157,092	188,210	31,118	19.8%	1,175,816	1,261,987	86,172	7.3%	2,133,000	2,110,400	(22,600)	-1.1%
117,175	116,003	(1,173)	-1.0%	879,712	778,393	(101,319)	-11.5%	1,101,100	1,269,900	1,168,800	105.2%
369,477	149,340	(220,137)	-59.8%	1,194,185	1,130,410	(63,775)	-5.3%	2,083,200	554,200	(1,529,000)	-73.4%
81,979	80,751	(1,228)	-1.5%	543,849	543,163	(686)	-0.1%	968,200	940,800	(27,400)	-2.8%
190,819	194,430	3,611	1.9%	190,819	194,430	3,611	1.9%	na	na	na	na
0	0	0	na	0	0	0	na	na	na	na	na
CIGARETTE INVENTORY TAX											

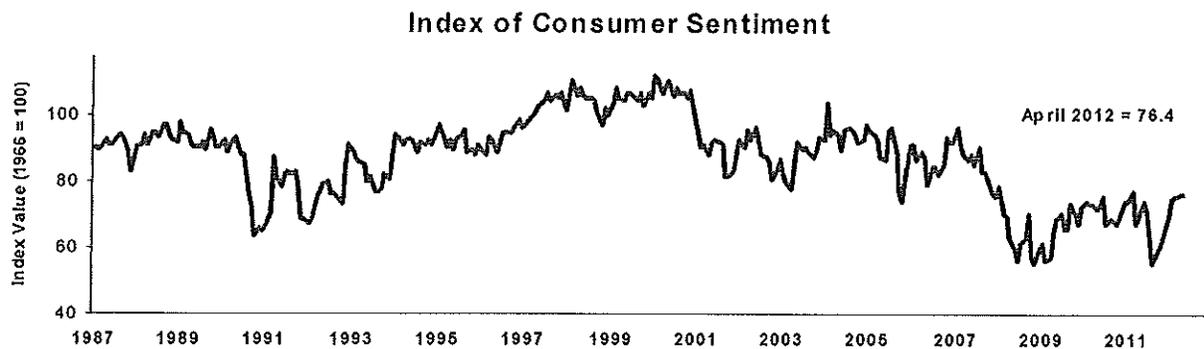
continued



## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy



Sources: University of Michigan, Survey Research Center

The *Index of Consumer Sentiment* rose in April to 76.4 index-points, 0.2 index-points above the March value and 6.6 index-points above April 2011. On the slight increase in confidence, Survey Director Richard Curtin observed, "Consumer confidence was nearly identical in April to the March reading. The good news is that consumers anticipated continued slow improvement in the overall economy; the bad news is that consumers reported renewed weakness in their personal financial situations. Higher gasoline prices, a major reason for the recent financial setbacks, are expected by consumers to moderate during the coming months." Curtin also noted, "The more important reason for negative trends in personal finances has been dismal income trends." On vehicle sales, Curtin reported, "Buying conditions for vehicles were viewed more favorably in April than anytime since the close of 2010. The April gain was due to more favorable references to low interest rates on vehicle loans; nearly two-thirds of all consumers supported their favorable attitudes by mentioning discounts on interest rates or prices." In April, consumers in one of the four regions reported an increase in confidence. Midwestern consumers reported an increase in confidence at 3.7 index-points. Southern consumers reported no change. Northeastern consumers reported a decrease in confidence at 1.9 index-points. The gap across regions decreased from last month to 4.4 index-points, with Northeastern consumers on top and Southern consumers on the bottom.

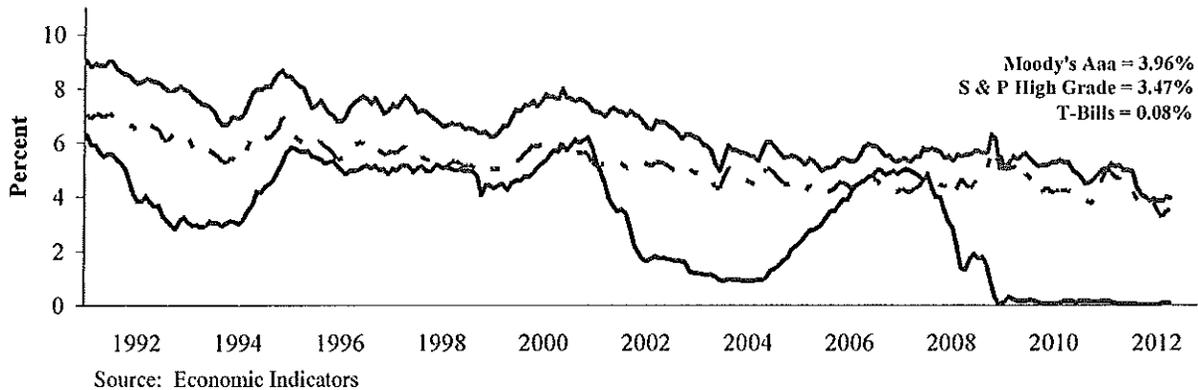
The revised estimate of real *Gross Domestic Product* for the first quarter of 2012 is \$13,502.4 billion (chained 2005 dollars), an increase of 2.2 percent at an annual rate. In the fourth quarter of 2011, real gross domestic product increased 3.0 percent. The increase in first quarter real GDP was mainly due to personal consumption expenditures, exports, private inventory investment, and residential fixed investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.9 percent in the first quarter, compared to a 2.1 percent increase in the fourth quarter. Real residential fixed investment increased 19.1 percent in the first quarter compared to an increase of 11.6 percent in the fourth quarter. Real nonresidential fixed investment decreased 2.1 percent in the first quarter while equipment and software increased 1.7 percent. Real federal government expenditures decreased 5.6 percent in the first quarter, compared to a 6.9 percent increase in the fourth quarter. Real state and local government spending decreased 1.2 percent in the first quarter, compared to a decrease of 2.2 percent in the fourth quarter. Exports of goods and services increased 5.4 percent in the first quarter, compared to a 2.7 percent increase in the

fourth quarter. Imports increased 4.3 percent in the first quarter compared to an increase of 3.7 percent in the fourth quarter. Private inventory investment increased \$69.5 billion in the first quarter, following a \$52.2 billion increase in the fourth quarter. Real final sales increased 1.6 percent in the first quarter compared to an increase of 1.1 percent in the fourth quarter. On the inflation front, the implicit price deflator increased 1.5 percent in the first quarter compared to a 0.8 percent increase observed in the fourth quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), remained unchanged in April. Energy decreased by 1.7 percent in April, down from a 0.9 percent increase in March, while the all-items less food and energy component increased 0.2 percent in April.

Compared to April 2011, the all-items index increased 2.3 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 3.0 percent; medical care, 3.4 percent; apparel, 5.1 percent; education and communication, 2.0 percent; other goods and services, 1.8 percent; housing, 1.7 percent; transportation, 2.9 percent, with gasoline prices up 3.2 percent; and recreation, 1.1 percent.

### Selected Key Interest Rates



Short-term interest rates decreased 0.01 percentage point in April as the 3-month Treasury bill (T-bill) rate was 0.08 percent. Compared to one year ago, the T-bill rate was up 0.02 percentage point. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.03 percentage point to an interest yield of 3.96 percent in April. Compared to one year ago, the Aaa bond yield was down 1.20 percentage points from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.04 percentage point from the March level to 3.47 percent in April, and was down 1.24 percentage points from its year-ago level. The Federal Open Market Committee (FOMC) kept the target range for the federal funds rate between 0 and 0.25 percent at the April 25<sup>th</sup> meeting. The FOMC stated that, "the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that economic conditions -- including low rates of resource utilization and a subdued outlook for inflation over the medium run -- are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014." The Committee "will regularly review the size and composition of its securities holdings and is prepared to adjust those holdings as appropriate to promote a stronger economic recovery in a context of price stability."

In April, the U. S. unemployment rate decreased 0.1 percentage point from a month ago to 8.1 percent and was 0.9 percentage point lower than a year ago. Civilian employment totaled 141.9 million persons in April. The number unemployed was 12.5 million nationwide.

## Unemployment Rates 2008 - 2012



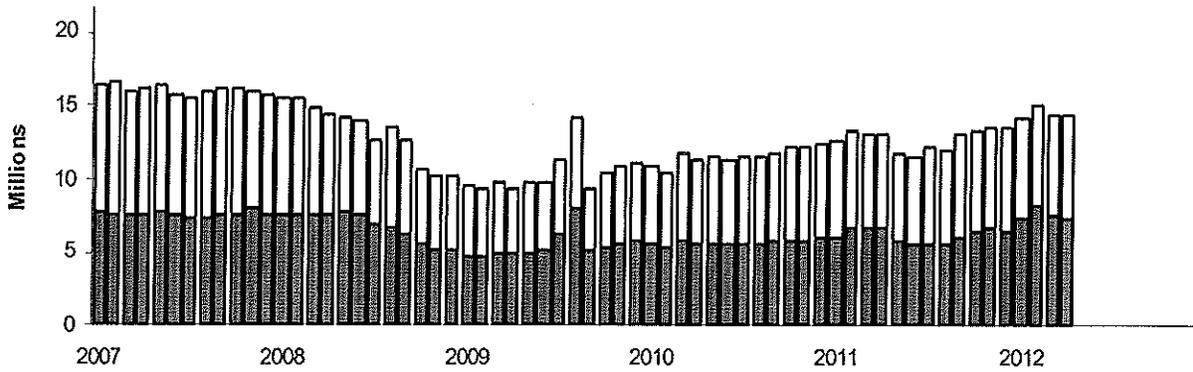
Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In April, the **Michigan jobless rate** decreased 0.2 percentage point from 8.5 percent in March to 8.3 percent. The April unemployment rate is 2.2 percentage points below the year ago level. In April, the labor force increased by 3,000 to 4,659,000, while the number of people employed increased by 11,000 to 4,270,000. In April, there were 389,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

**Detroit retail prices**, as measured by the Detroit Consumer Price Index (CPI-U), increased 0.6 percent from February to April, the same increase from December to February. The all-items less food and energy index remained unchanged from February to April. The food index decreased 0.6 percent from February to April while the energy index increased 5.9 percent. Compared to April 2011, the all-items index increased 2.1 percent. For individual component items, the changes from one year ago were: food and beverages, 2.3 percent; apparel, -5.5 percent; education and communication, 3.1 percent; transportation, 2.3 percent; recreation, 6.8 percent; medical care, 2.5 percent; housing, 2.2 percent; and other goods and services, 4.8 percent.

Motor Vehicle Sector

U. S. Light Vehicle Sales



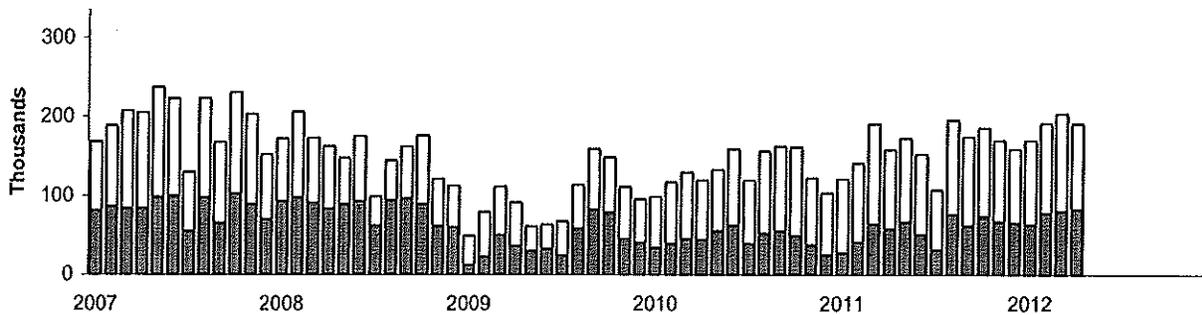
Source: Bureau of Economic Analysis

■ Cars □ Lt Trucks

**U.S. light vehicle sales** (cars + light trucks) increased 0.4 percent in April compared to March, selling at a 14.4 million unit seasonally adjusted annual rate. Domestic car sales decreased 3.2 percent while domestic light truck sales decreased 2.8 percent. Import car sales decreased 8.3 percent while import light truck sales increased 3.5 percent. Compared to last year, light vehicle sales increased 9.4 percent. Domestic car sales were up 14.9 percent while domestic light truck sales increased 7.5 percent. Import car sales were up 1.9 percent while import truck sales increased 11.5 percent from last year. As a result, the domestic share of U.S. light vehicle sales increased 1.0 percentage point from a year ago. For fiscal year 2012 year-to-date, domestic light vehicles recorded a 77.5 percent share of a 14.0 million-unit market.

**Michigan motor vehicle production** increased to 190,810 units in April from 203,376 units last month. From a year ago, motor vehicle production increased 21 percent in Michigan and rose 32 percent nationally. In April, Michigan's car production was 82,016 units while the state's truck production was 108,794 units. Compared with a year ago, car production increased 41 percent in Michigan and rose 57 percent nationwide. The state's truck production increased 9 percent while national truck production increased 19 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



Source: Office of Revenue and Tax Analysis

■ Cars □ Trucks

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

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

Sources:

Personal Income Estimate

The FY 2009-10 calculation uses the official personal income estimate for calendar year 2008 (Survey of Current Business, October 2009).

The FY 2010-11 calculation uses the official personal income estimate for calendar year 2009 (Survey of Current Business, October 2010).

The FY 2011-12 calculation uses the January 13, 2012 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2009-10 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2010.

The FY 2010-11 calculation uses the January 13, 2012 Consensus Revenue Agreement.

The FY 2011-12 calculation uses the January 13, 2012 Consensus Revenue Agreement.

Column detail may not add to totals because of rounding

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