



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN S. ROBERTS  
DIRECTOR

May 27, 2016

The Honorable Dave Hildenbrand, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48909

The Honorable Al Pscholka, 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, 2016. 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 S. Roberts  
State Budget Director

Attachment

c: Governor Rick Snyder  
Arlan Meekhof, Sen. Maj. Leader  
Jim Ananich, Senate Min. Leader  
Kevin Cotter, Speaker of the House  
Tim Greimel, House Min. Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Senate Fiscal Agency

House Fiscal Agency  
Jack Brandenburg, Chair, Senate Finance Com.  
Jeff Farrington, Chair, House Tax Policy Com.  
Beth Emmitt, Deputy Chief of Staff  
Dick Posthumus, Executive Office  
Mike Moody, Office of Financial Management  
Nancy Duncan, Deputy State Budget Director  
Internal State Budget Office Distribution

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2016**  
**Projected Revenues and Expenditures**  
**April 30, 2016**  
(\$ in millions)

	<b>FISCAL 2016</b>
<b>Beginning Balance, October 1, 2015</b>	<b>see one-time revenue</b>
<b>Current Year GF/GP Revenues, January 2016 Consensus Estimate</b>	<b>\$ 9,843.8</b>
<b>Revenue Adjustments:</b>	
Local Government Program Payments	\$ (462.7)
General Fund share of HMO use tax collections - PA 161 of 2014	\$ 406.7
Other revenue adjustments	\$ 2.0
Pending Insurance Tax Credit clarifying amendments	\$ 60.0
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ 6.0</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>	<b>\$ 9,849.8</b>
<b>Expenditures, Current Law:</b>	
FY 2016 Enacted with Vetoes	\$ 9,517.8
<b>Total Expenditures Projected - Ongoing</b>	<b>\$ 9,517.8</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ 332.0</b>
<b>Beginning Balance (One-Time Revenue)</b>	<b>\$ 694.7</b>
Local Government Program Payments	\$ (5.8)
<b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$ 688.9</b>
<b>One-Time Spending Items:</b>	
PA 79, PA 84, PA 143, PA 241, and PA 268 of 2015 PA 3 and PA 24 of 2016	\$ 516.3
Supplemental Requests 2016-4, 2016-6, 2016-7	\$ 301.8
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ (129.2)</b>
<b>Projected Ending Balance, September 30, 2016</b>	<b>\$ 202.8</b>

<sup>1</sup> Subsequent to the date of this report, on May 17, 2016, the Consensus Revenue Estimating Conference (CREC) convened and determined general fund revenues to be \$109.7 million below the January 2016 consensus revenue estimate. Additionally, the CREC established forecasts for Medicaid expenditures, human services caseloads and expenditures, and public school pupil counts. Based on the official forecast of revenues and expenditures, the estimated fiscal year end balance is negative \$20.6 million. The Governor is working with the legislature to develop a plan to ensure a balanced budget for the fiscal year ending September 30, 2016.

**School Aid Fund  
Fiscal Year 2016  
Projected Revenues and Expenditures  
April 30, 2016  
(\$ in millions)**

	<b>FISCAL 2016</b>
<b>Beginning Balance , October 1, 2015</b>	<b>see one-time revenue</b>
<b>Current Year School Aid Fund Revenues, January 2016 Consensus Estimate</b>	<b>\$ 12,131.6</b>
<b>Revenue Adjustments:</b>	
Use Tax Revision (PA 161 of 2014)	\$ 203.3
General Fund	\$ 45.9
General Fund Increase (Supplemental 2016-7)	\$ 9.2
Federal Revenue	\$ 1,775.8
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ 2,034.2</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$ 14,165.8</b>
<b>School Aid Ongoing Costs</b>	
PA 85 of 2015	\$ 13,846.6
Pending Supplemental (2016-5)	\$ (73.6)
<b>Community Colleges Ongoing Costs</b>	
PA 85 of 2015	\$ 256.7
<b>Universities Ongoing Costs</b>	
PA 85 of 2015	\$ 205.2
<b>Total School Aid Fund Ongoing Costs Projected</b>	<b>\$ 14,234.9</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ (69.1)</b>
<b>Beginning Balance (One-Time Revenue)</b>	<b>\$ 190.2</b>
<b>One-Time Spending Items</b>	
PA 85 of 2015 School Aid	\$ 49.8
PA 139 of 2015 School Aid	\$ 4.3
Pending Supplemental (2016-5)	\$ 10.0
Pending Supplemental (2016-7)	\$ 9.2
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ 116.9</b>
<b>Projected Ending Balance, September 30, 2016</b>	<b>\$ 47.8</b>

<sup>1</sup> Subsequent to the date of this report, on May 17, 2016, the Consensus Revenue Estimating Conference (CREC) convened and determined school aid fund revenues to be \$64.2 million below the January 2016 consensus revenue estimate. Additionally, the CREC revised forecasts for pupil counts, taxable values, special education costs, school aid borrowing and School Bond Loan Fund debt service. Based on the official forecast of revenues and expenditures, the revised estimated fiscal year end balance is \$75.9 million.

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

April 30, 2016  
(\$ IN MILLIONS)

**FISCAL YEAR 2015**

**FISCAL YEAR 2016**

Exp & Enc April 2015	Exp & Enc Yr-to-date FY 2015	Fiscal Year End***** SEP 30, 2015	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc April 2016	Exp & Enc Yr-to-date FY 2016
5.5	37.2	75.7	Agriculture and Rural Development	86.5	11.2	6.1	37.7
6.1	44.4	82.7	Attorney General	90.9	3.7	6.6	43.7
20.7	171.1	476.5	Capital Outlay**	324.0	0.0	21.6	158.8
1.2	7.8	15.2	Civil Rights	16.1	0.0	1.1	7.8
133.6	874.4	1,299.1	Colleges & Universities	1,460.7	6.0	122.4	948.3
149.2	1,050.7	1,971.9	Corrections	1,982.2	24.0	148.0	1,002.2
16.5	119.2	281.9	Education	305.9	9.0	21.0	129.1
10.8	80.1	163.5	Environmental Quality	463.6	42.9	61.3	147.4
0.8	3.3	5.7	Executive Office	5.5	0.0	0.1	2.4
1,892.6	12,342.9	23,498.2	Health and Human Services	24,967.9	568.5	2,194.8	12,404.3
3.4	23.9	50.6	Insurance and Financial Services	65.1	0.0	4.0	25.5
26.9	117.7	253.0	Judiciary	284.7	0.7	26.4	119.2
0.0	1.1	4.0	Land Bank Track Authority	4.0	0.0	0.0	2.0
1.7	11.0	20.8	Legislative Auditor General	22.8	0.0	1.6	11.4
9.9	71.9	120.1	Legislature	133.4	0.4	9.7	71.8
45.8	230.0	261.0	Licensing and Regulatory Affairs	359.0	52.7	(120.5)	177.0
9.6	68.7	130.8	Military Affairs	140.7	12.2	11.1	69.8
6.5	38.7	91.3	Natural Resources	122.4	14.2	10.6	43.2
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
17.4	101.1	204.7	State	225.3	14.7	14.8	98.9
42.5	287.2	607.4	State Police	620.0	21.6	39.4	271.8
0.0	0.0	0.0	Talent and Economic Development	435.3	44.0	21.1	119.0
36.2	222.6	627.1	Technology, Management & Budget***	420.2	98.7	51.3	255.6
23.7	74.2	1.5	Transportation	398.5	0.0	28.9	148.1
272.0	1,222.4	3,168.1	Treasury****	1,879.3	76.9	279.6	1,312.7
20.3	159.5	221.1	Michigan Strategic Fund	171.3	0.0	30.6	125.7
<b>\$2,752.8</b>	<b>\$17,361.3</b>	<b>\$33,631.8</b>		<b>\$34,955.2</b>	<b>\$1,001.2</b>	<b>\$2,991.7</b>	<b>\$17,733.4</b>

\*Includes boilerplate appropriations.

\*\*Includes all capital outlay activity regardless of agency

\*\*\*Includes Civil Service Commission

\*\*\*\*Boilerplate appropriations, which are not included in the initial or supplemental appropriations, account for the majority of the difference between Treasury's total appropriations and total expenditure/encumbrances for the fiscal year.

\*\*\*\*\*FY15 Transportation and other agency expenditure totals within the September report are different as a result of changes in capital outlay appropriations.

# TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2016

April, 2016

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,794.5	89.8	16,884.3
Total state spending from state resources	30,216.6	150.7	30,367.3
Percentage of state spending from state resources paid to local units	55.58%		55.60%
Required payments to local units (48.97%)	14,797.1		14,870.9
<b>Surplus/(deficit)</b>	<b>\$1,997.4</b>		<b>\$2,013.4</b>

STATE OF MICHIGAN  
 YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES  
 COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND  
 October 1, 2015 Through April 30, 2016  
 (in thousands)

**REVENUES**

Miscellaneous	\$ <u>17,684</u>
Total Revenues	<u>17,684</u>

**EXPENDITURES**

Current:	
General government	<u>136</u>
Total Expenditures	<u>136</u>
Excess of Revenues over (under) Expenditures	<u>17,548</u>

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds	55,417
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>55,417</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 72,965</u> <sup>†</sup>

<sup>†</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, 2015 through April 30, 2016  
 (in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>25,399</u>
Total Revenues		<u>25,399</u>

**EXPENDITURES**

Current:		
General government		2,209
Conservation, environment, recreation, and agriculture		4,791
Capital outlay		<u>1,762</u>
Total Expenditures		<u>8,762</u>
Excess of Revenues over (under) Expenditures		<u>16,637</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Proceeds from sale of capital assets		1
Transfers from other funds		(19)
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>(18)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u>16,619</u> <sup>1</sup>

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

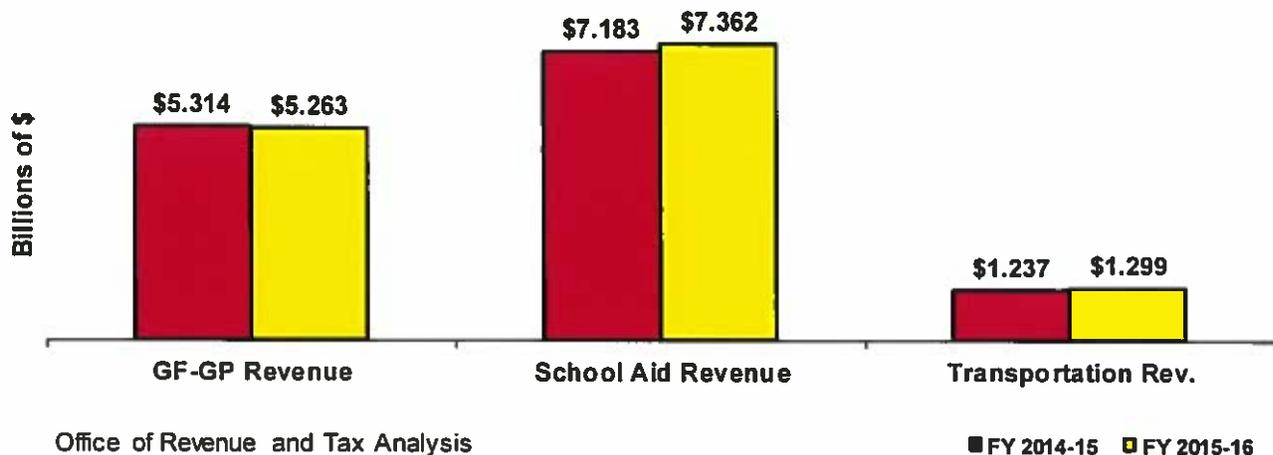
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for April 2016, representing some March 2016 and some April 2016 economic activity in Michigan.

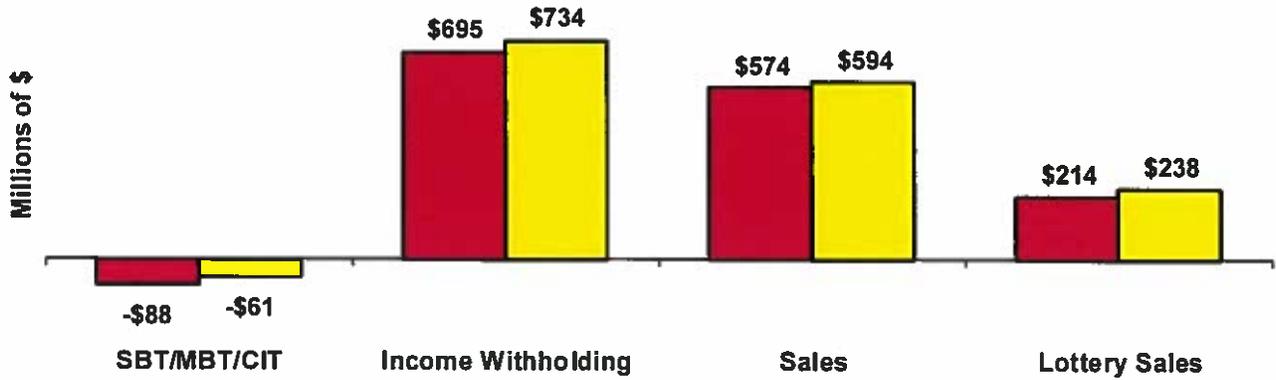
Total General Fund - General Purpose cash collections were \$33.6 million (4.0 percent) lower in April 2016 than in April 2015. The April 2016 School Aid Fund cash collections were \$17.0 million (1.7 percent) higher than in April 2015. April 2016 transportation collections were \$2.1 million (1.2 percent) higher than in April 2015 (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 down \$51.2 million (1.0 percent) from a year ago. School Aid Fund cash collections are up \$179.0 million (2.5 percent) and transportation collections are up \$61.8 million (5.0 percent).

The FY 2015-16 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on January 14, 2016. The revenue estimate for net General Fund – General Purpose revenue for FY 2015-16 is \$9,843.8 million and the net School Aid revenue forecast is \$12,131.6 million. The Transportation Funds revenue forecast is \$2,274.7 million. The next regularly scheduled Consensus Revenue Estimating Conference will be on May 17, 2016.

**October through April Collections  
FY 2014-15 and FY 2015-16**



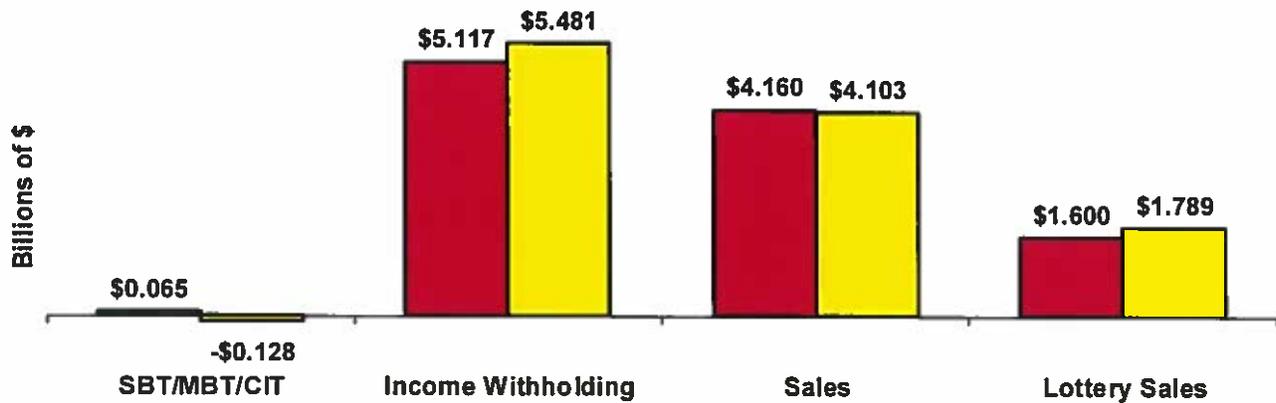
### April Revenue Collections FY 2014-15 and FY 2015-16



Office of Revenue and Tax Analysis

■ FY 2014-15 ■ FY 2015-16

### October through April Collections FY 2014-15 and FY 2015-16



Office of Revenue and Tax Analysis

■ FY 2014-15 ■ FY 2015-16

**Revenue Summary FY 2015-16**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

For The Month Ended: April 30, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
2015	2016	Difference		SOURCE OF REVENUE	Year-to-Date		Percent	FY 2014-15 CAFR Totals (h)	FY 2015-16 Statutory Estimate	FY 2015-16 January Consensus	
		Amount	Percent		Amount	Percent					Amount
\$694,851	\$733,689	\$38,839	5.6%	Withholding	\$5,480,860	55.116,782	7.1%	\$8,678,300	\$8,898,300	\$9,003,800	
134,935	129,184	(5,771)	-4.3%	Quarterlies	552,790	519,456	6.4%	1,037,900	982,400	1,049,400	
586,585	533,748	(52,837)	-9.0%	Annuals	739,220	769,788	-4.0%	956,600	879,000	895,000	
1,416,370	1,396,601	(19,769)	-1.4%	Gross Collections	6,772,870	6,408,046	5.7%	\$10,672,800	\$10,759,700	\$10,947,200	
453,568	483,119	39,550	8.7%	Less: Refunds	1,591,143	1,515,912	5.0%	1,693,300	1,820,000	1,744,000	
0	0	0	na	State Campaign Fund	0	0	na	0	800	800	
962,781	903,482	(59,299)	-6.2%	Net Personal Income	5,181,727	4,890,134	6.0%	\$8,979,500	\$8,938,900	\$9,202,400	
325,027	320,233	(4,794)	-1.5%	Less: Disbursements to SAF	1,552,287	1,472,568	5.4%	\$2,519,300	\$2,561,900	\$2,606,500	
\$637,754	\$583,249	(\$54,505)	-8.5%	<b>NET PERSONAL INCOME TO GF-GP</b>	\$3,629,440	\$3,417,566	6.2%	\$6,460,200	\$6,377,000	\$6,595,900	
<b>Income Taxes</b>											
\$89,385	\$93,688	\$4,303	4.8%	Sales (a)	\$639,520	\$648,281	-1.4%	\$1,118,800	\$1,247,100	\$1,209,100	
69,002	62,781	(6,221)	-9.0%	Use (f)	506,747	514,460	-1.5%	958,200	898,900	868,900	
15,206	15,738	532	3.5%	Tobacco	106,313	105,068	1.2%	188,100	180,500	185,700	
2,645	4,093	1,448	54.8%	Beer, Wine & Mixed Spirits	28,232	21,560	30.8%	46,700	52,500	52,000	
3,511	4,539	1,028	29.3%	Liquor Specific	25,873	23,870	8.4%	49,600	48,000	51,500	
\$179,748	\$180,839	\$1,090	0.6%	<b>TOTAL CONSUMPTION TAXES</b>	\$1,308,685	\$1,313,278	-0.5%	\$2,361,400	\$2,427,000	\$2,356,200	
<b>Consumption Taxes</b>											
\$10,775	\$3,396	(\$7,379)	-68.5%	Single Business	(\$12,977)	\$7,179	na	\$3,900	(\$10,000)	(\$10,000)	
61,817	66,057	4,440	7.2%	Insurance Premiums Taxes	226,295	254,441	-11.1%	322,400	412,500	310,000	
72,392	69,454	(2,939)	-4.1%	Sub-total SBT & Insurance	213,318	261,620	-18.5%	326,300	402,500	300,000	
(213,568)	(188,912)	44,657	20.9%	Michigan Business Tax	(702,340)	(598,763)	-17.3%	(639,400)	(889,400)	(1,031,000)	
115,142	104,698	(10,444)	-9.1%	Corporate Income Tax	587,409	656,269	-10.5%	1,077,700	1,060,200	1,116,000	
0	1	1	na	Inheritance / Estate	16	(148)	na	0	0	0	
31	5	(26)	-84.8%	Telephone & Telegraph	15,403	18,956	-18.7%	41,800	46,000	42,000	
2,023	1,218	(804)	-39.8%	Oil & Gas Severance	11,248	21,093	-46.7%	30,400	41,300	30,400	
20,915	9,122	(11,793)	-56.4%	Penalties & Interest	62,035	90,489	-31.4%	124,600	139,500	135,000	
0	0	0	na	Essential Services Assessment	0	0	na	0	55,000	55,000	
0	2	2	na	Miscellaneous Other/Railroad	56	(353)	na	2,600	1,500	1,500	
(11,563)	(12,250)	(687)	-5.8%	Treasury Enforcement Programs (e)	(82,500)	(79,833)	-3.3%	(149,300)	(140,000)	(147,000)	
(\$14,649)	\$3,338	\$17,987	na	<b>TOTAL OTHER TAXES</b>	\$104,645	\$369,309	-71.7%	\$814,700	\$716,600	\$501,900	
\$802,853	\$787,426	(\$35,428)	-4.4%	<b>SUBTOTAL GF-GP TAXES</b>	\$5,040,771	\$5,100,153	-1.2%	\$9,636,400	\$9,520,600	\$9,454,000	

continued

**Revenue Summary FY 2015-16**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

For The Month Ended: April 30, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA				REVENUE PROJECTIONS					
2015	2016	April	Difference	SOURCE OF REVENUE		Year-to-Date		Amount	Difference	Percent	FY 2014-15 CAFR Totals (h)	FY 2015-16 Statutory Estimate	FY 2015-16 January Consensus
				Amount	Percent	FY 2014-15	FY 2015-16						
\$2,500	\$2,917	\$417		Non-Tax Revenue (e)							\$38,500	\$30,000	\$35,000
83	8	(75)		Federal Aid	16.7%	\$15,000	\$16,667	\$1,667		11.1%	0	100	100
667	625	(42)		Local Agencies	-90.0%	563	283	(300)		-51.4%	7,200	8,000	7,500
1,083	958	(125)		Services	-6.2%	5,167	6,333	(500)		-3.2%	11,500	13,000	11,500
(57)	(248)	(190)		Licenses & Permits	-11.5%	6,833	302	175		na	400	(2,000)	(2,000)
6,783	6,433	(350)		Investments/Interest Costs	na	127	302	175		na	75,100	78,700	77,200
14,875	16,333	1,458		Misc. Non-Tax Revenue	-5.2%	52,383	50,883	(1,400)		-2.7%	194,700	182,500	198,000
4,887	5,375	708		Liquor Purchase Revolving Fund	9.8%	102,500	108,333	5,833		5.7%	70,600	51,000	64,500
				From Other Funds-Lottery & Escheats	15.2%	31,417	34,250	2,833		9.0%	\$398,000	\$381,300	\$389,800
\$30,601	\$32,402	\$1,801		TOTAL NON-TAX REVENUE	5.9%	\$214,010	\$222,152	\$8,142		3.8%	\$10,034,400	\$9,881,900	\$9,843,800
\$633,454	\$799,828	(\$33,627)		TOTAL GF-GP REVENUE	-4.0%	\$5,314,163	\$5,262,922	(\$51,241)		-1.0%	2,960,100	3,198,200	3,080,000
\$235,624	\$245,071	\$9,447		School Aid Fund							2,305,500	2,494,600	2,396,700
180,920	185,409	4,488		Sales Tax 4%	4.0%	\$1,706,574	\$1,682,028	(\$24,547)		-1.4%	476,400	497,500	481,600
89,689	90,184	495		Sales Tax 2%	2.5%	1,315,494	1,299,865	(15,629)		-1.2%	1,857,600	1,861,900	1,890,100
22,380	21,910	(470)		Use Tax 2% (f)	0.6%	579,801	617,489	37,688		6.5%	258,400	288,400	279,000
14,985	16,949	1,964		State Education Property Tax	-2.1%	1,231,036	1,257,352	26,316		2.1%	784,100	791,000	820,000
70,000	77,000	7,000		Real Estate Transfer Tax	13.1%	143,594	148,772	5,178		3.6%	110,800	112,700	112,000
9,764	9,911	146		Lottery Transfer (b)	10.0%	403,759	472,118	68,358		16.9%	49,100	47,600	51,100
3,483	4,511	1,018		Casino Wagering Tax	1.5%	65,867	67,060	1,194		1.8%	363,900	341,600	355,300
30,870	31,950	1,080		Liquor Excise Tax	26.1%	23,730	25,632	1,902		8.0%	34,700	37,600	36,000
4,483	1,755	(2,728)		Cigarette/Tobacco Tax	3.5%	213,303	215,832	2,528		1.2%	27,300	31,900	29,300
920	306	(613)		Indus. & Comm. Facilities Taxes	-60.8%	23,128	19,728	(3,400)		-14.7%	\$2,519,300	\$2,581,900	\$2,608,500
325,027	320,233	(4,794)		Specific Other	-66.7%	4,640	4,288	(342)		-7.4%	\$11,747,100	\$12,242,900	\$12,131,600
\$988,156	\$1,005,189	\$17,033		Income Tax Earmarking	-1.5%	1,472,568	1,552,287	79,719		5.4%	\$7,246,400	\$7,821,700	\$7,530,000
				TOTAL SCHOOL AID FUND	1.7%	\$7,183,494	\$7,362,459	\$178,965		2.5%	4,940,900	5,327,100	5,133,300
\$573,827	\$593,861	\$20,234		SALES TAX 6%	3.5%	\$4,159,794	\$4,103,244	(\$56,540)		-1.4%	2,305,500	2,494,600	2,396,700
392,707	408,452	15,745		SALES TAX 4%(d)	4.0%	2,844,290	2,803,379	(40,911)		-1.4%	1,434,600	1,386,400	1,348,500
180,920	185,409	4,488		SALES TAX 2%	2.5%	1,315,494	1,299,865	(15,629)		-1.2%	953,600	913,800	941,700
158,891	152,964	(5,726)		USE TAX 6% (f)	-3.6%	1,094,281	1,124,237	29,956		2.7%	na	na	na
76,412	79,084	2,673		TOBACCO TAXES	3.5%	527,978	534,236	6,258		1.2%	na	na	na
190,989	189,031	(1,957)		TOBACCO SETTLEMENT	-1.0%	190,989	189,031	(1,957)		-1.0%			

continued



## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy

#### Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

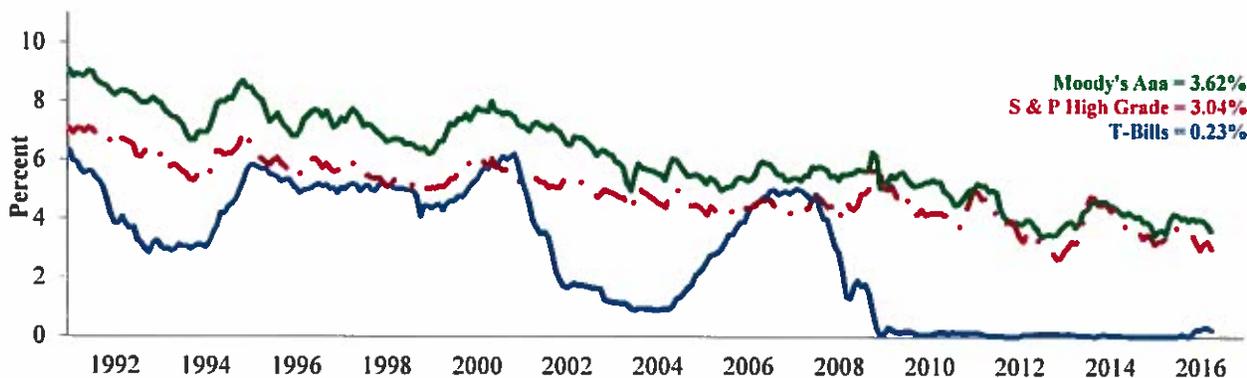
The *Index of Consumer Sentiment* decreased in April to 89.0 index-points, 2.0 index-points below the March value and 6.9 index-points below April 2015. For the April survey, Survey Director Richard Curtin noted, “Consumer sentiment continued its slow decline in late April due to weakening expectations for future growth, although their views of current economic conditions remained positive. All of the April decline was in the Expectations Component, which fell by 4.8% from one month ago and by 12.6% from a year ago and by 14.7% from its January 2015 peak. The retreat from the 2015 peaks was clearly evident across a wide range of expectations about prospects for the economy, and the size of the decline, while troublesome, is still far short of an impending recession.” Curtin observed, “The slight decline in job and income prospects has been due to growing concerns about the health of the economy. Although half of all consumers reported that the economy had posted annual gains in April, when asked about prospects for the year ahead, consumers were much less optimistic.” On economic news heard lately, Curtin reported, “When asked to identify what economic news they had recently heard, negative references to the election and government policies rose to 18% in April, up from 10% last month and 9% last year – although much higher levels were recorded during the “fiscal cliff” era.” In April, consumers in all four regions reported a decrease in confidence. Southern consumers reported the largest decrease in confidence of 3.3 index-points, followed by Northeastern consumers with a decrease of 2.8 index-points. The gap across regions increased from last month to 4.0 index-points, with Western consumers on top and Southern consumers on the bottom.

The advance estimate of real *Gross Domestic Product* for the first quarter of 2016 is \$16,492.7 billion (chained 2005 dollars), an increase of 0.5 percent at an annual rate. In the fourth quarter of 2015, real gross domestic product increased 1.4 percent. The increase in first quarter real GDP was mainly due to personal consumption expenditures, residential fixed investment, and state and local government spending. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 1.9 percent in the first quarter, compared to a 2.4 percent increase in the fourth quarter. Real residential fixed investment increased 14.8 percent in the first quarter compared to an increase of 10.1 percent in the fourth quarter. Real nonresidential fixed investment decreased 5.9 percent in the first quarter while real equipment expenditures decreased 8.6 percent. Real federal government spending decreased 1.6 percent in the first quarter, compared to a 2.3 percent increase in

the fourth quarter. Real state and local government spending increased 2.9 percent in the first quarter, compared to a 1.2 percent decrease in the fourth quarter. Exports of goods and services decreased 2.6 percent in the first quarter, compared to a 2.0 percent decrease in the fourth quarter. Imports increased 0.2 percent in the first quarter, compared to a decrease of 0.7 percent in the fourth quarter. Private inventory investment increased \$60.9 billion in the first quarter, following a \$78.3 billion increase in the fourth quarter. Real final sales increased 0.9 percent in the first quarter compared to an increase of 1.6 percent in the fourth quarter. On the inflation front, the implicit price deflator increased 0.7 percent in the first quarter compared to a 0.9 percent increase observed in the fourth quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.4 percent in April, up from a 0.1 percent increase in March. Energy prices increased 3.4 percent in April, up 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 2015, the all-items index increased 1.1 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.0 percent; medical care, 3.0 percent; apparel, -0.6 percent; education and communication, 1.2 percent; other goods and services, 2.1 percent; recreation, 1.3 percent; housing, 2.1 percent; and transportation, -2.3 percent, with gasoline prices down -13.8 percent.

### Selected Key Interest Rates

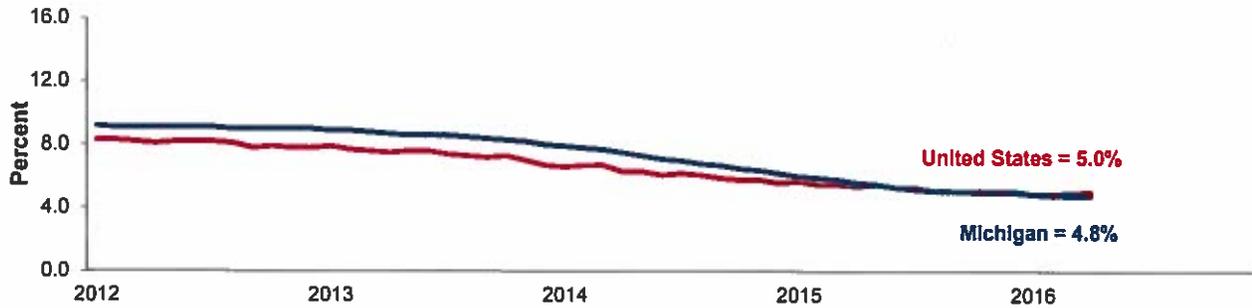


Source: Economic Indicators

Short-term interest rates decreased 0.09 percentage point in April as the 3-month Treasury bill (T-bill) rate was 0.23 percent. Compared to one year ago, the T-bill rate increased 0.20 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.20 percentage point to an interest yield of 3.62 percent in April. The Aaa bond yield was up 0.10 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.24 percentage point from the March level to 3.04 percent in April and was down 0.36 percentage point from its year-ago level. The Federal Open Market Committee, given the economic outlook, decided to maintain the target range for the federal funds rate at 0.25-0.50 percent for the April 27th meeting. The FOMC stated "In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation." The Committee "seeks to foster maximum employment and price stability."

In April, the U. S. unemployment rate remained unchanged from a month ago at 5.0 percent and was 0.4 percentage point lower than a year ago. Civilian employment totaled 151.0 million persons in April. The number unemployed was 7.9 million nationwide.

## Unemployment Rates 2012 - 2016



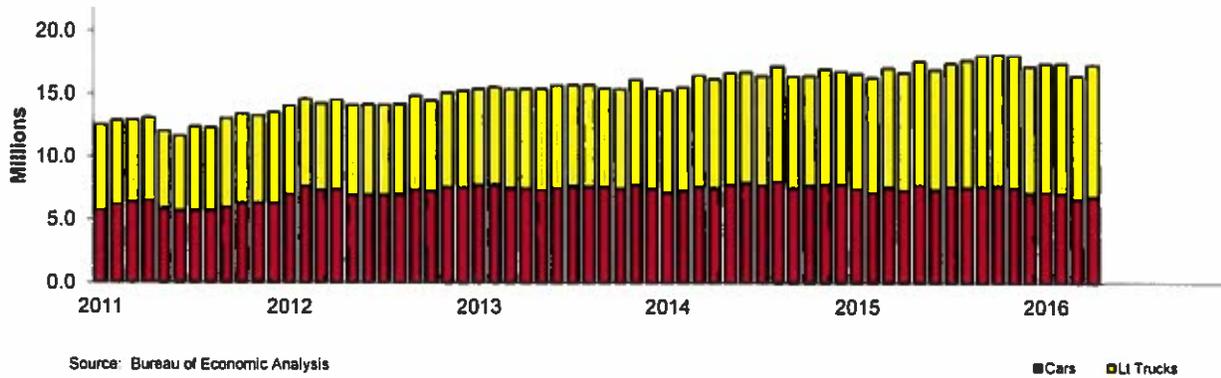
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In April, the **Michigan jobless rate** remained unchanged at 4.8 percent. The April unemployment rate is 0.8 percentage point below the year ago level. In April, the labor force grew 18,000 to 4,875,000, while the number of people employed increased 17,000 to 4,642,000. In April, there were 233,000 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 1.4 percent from February to April compared to a 0.3 percent increase from December to February. The all-items less food and energy index increased 0.9 percent from February to April. The food index increased 0.3 percent from February to April while the energy index increased 8.5 percent. Compared to April 2015, the all-items index increased 1.1 percent. For individual component items, the changes from one year ago were: food and beverages, 1.0 percent; apparel, -2.6 percent; education and communication, 2.8 percent; transportation, -2.6 percent; recreation, 3.6 percent; medical care, 1.9 percent; housing, 2.1 percent; and other goods and services, 3.3 percent.

**Motor Vehicle Sector**

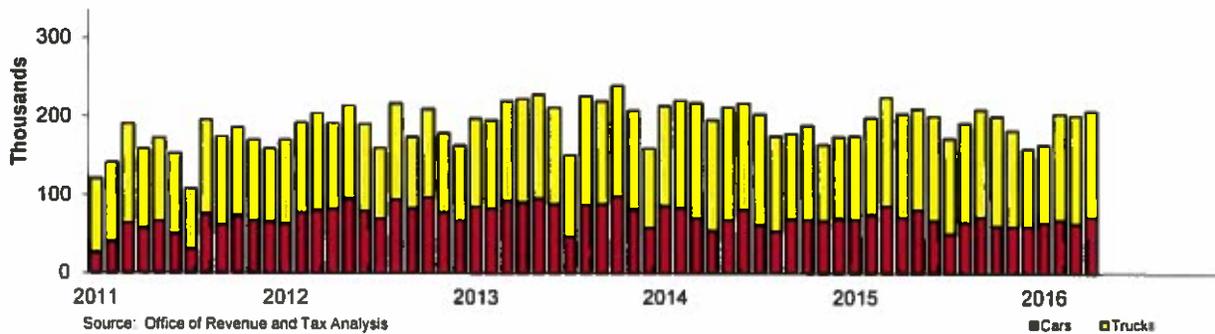
**U. S. Light Vehicle Sales**



**U.S. light vehicle sales** (cars + light trucks) increased 5.5 percent in April compared to March, selling at a 17.3 million unit seasonally adjusted annual rate. Domestic car sales decreased 0.8 percent from March while domestic light truck sales increased 6.9 percent. Import car sales increased 10.3 percent while import light truck sales increased 10.1 percent. Compared to last year, light vehicle sales increased 3.7 percent. Domestic car sales decreased 7.4 percent from the year ago level while domestic light truck sales increased 9.5 percent. Import car sales were down 5.3 percent from last year while import truck sales increased 23.8 percent. As a result, the domestic share of U.S. light vehicle sales decreased 0.9 percentage point from a year ago. For fiscal year 2016 year-to-date, domestic light vehicles recorded a 78.4 percent share of a 17.4 million-unit market.

**Michigan motor vehicle production** increased slightly to 206,743 units in April from 201,142 units in March. From a year ago, motor vehicle production increased 1 percent in Michigan and decreased 2 percent nationally. In April, Michigan's car production was 72,688 units while the state's truck production was 134,055 units. Compared with a year ago, car production increased 1 percent in Michigan and fell 9 percent nationwide. The state's truck production increased 1 percent while national truck production increased 3 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 14, 2016 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2013-14 Actual</b>	<b>Fiscal Year 2014-15 Estimate</b>	<b>Fiscal Year 2015-16 Estimate</b>
Applicable Calendar Year Personal Income	\$378,443	\$386,471	\$403,726
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$35,914.2</u>	<u>\$36,676.1</u>	<u>\$38,313.6</u>
Revenue Limit	\$35,914.2	\$36,676.1	\$38,313.6
State Revenue Subject to Limit	<u>\$27,432.5</u>	<u>\$28,844.3</u>	<u>\$29,190.2</u>
Amount Under (Over) Limit	\$8,481.7	\$7,831.8	\$9,123.4

Sources:

Personal Income Estimate

The FY 2013-14 calculation uses the official personal income estimate for calendar year 2012 (Survey of Current Business, October 2013).

The FY 2014-15 calculation uses the official personal income estimate for calendar year 2013 (Survey of Current Business, October 2014).

The FY 2015-16 calculation uses the official personal income estimate for calendar year 2014 (Survey of Current Business, October 2015).

Revenue Subject to the Limit

The FY 2013-14 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2014.

The FY 2014-15 calculation uses the January 14, 2016 Consensus Revenue Agreement.

The FY 2015-16 calculation uses the January 14, 2016 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