



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN S. ROBERTS
DIRECTOR

April 29, 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

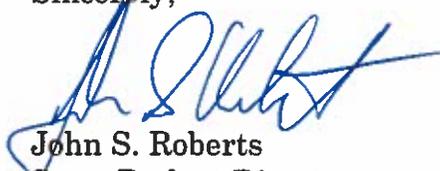
Dear Legislators:

Attached is the monthly financial report for the month ending March 31, 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 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 Clement, 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
March 31, 2016
(\$ in millions)

FISCAL
2016

Beginning Balance, October 1, 2015	see one-time revenue
Current Year GF/GP Revenues, January 2016 Consensus Estimate	\$ 9,843.8
Revenue Adjustments:	
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
Subtotal Additional Revenue Adjustments	\$ 6.0
Total FY Resources Available For Expenditure GF/GP - Ongoing	\$ 9,849.8
Expenditures, Current Law:	
FY 2016 Enacted with Vetoes	\$ 9,517.8
Total Expenditures Projected - Ongoing	\$ 9,517.8
Current Year Revenues minus Ongoing Costs	\$ 332.0
Beginning Balance (One-Time Revenue)	\$ 694.7
Local Government Program Payments	\$ (5.8)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$ 688.9
One-Time Spending Items:	
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
One-Time Revenue minus One-Time Spending	\$ (129.2)
Projected Ending Balance, September 30, 2016	\$ 202.8

**School Aid Fund
Fiscal Year 2016
Projected Revenues and Expenditures
March 31, 2016
(\$ in millions)**

	FISCAL 2016
Beginning Balance , October 1, 2015	see one-time revenue
Current Year School Aid Fund Revenues, January 2016 Consensus Estimate	\$ 12,131.6
Revenue Adjustments:	
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
Subtotal Additional Revenue Adjustments	\$ 2,034.2
Total FY Resources Available for Expenditure School Aid Fund	\$ 14,165.8
School Aid Ongoing Costs	
PA 85 of 2015	\$ 13,846.6
Pending Supplemental (2016-5)	\$ (73.6)
Community Colleges Ongoing Costs	
PA 85 of 2015	\$ 256.7
Universities Ongoing Costs	
PA 85 of 2015	\$ 205.2
Total School Aid Fund Ongoing Costs Projected	\$ 14,234.9
Current Year Revenues minus Ongoing Costs	\$ (69.1)
Beginning Balance (One-Time Revenue)	\$ 190.2
One-Time Spending Items	
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
One-Time Revenue minus One-Time Spending	\$ 116.9
Projected Ending Balance, September 30, 2016	\$ 47.8

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

March 31, 2016
(\$ IN MILLIONS)

FISCAL YEAR 2015

FISCAL YEAR 2016

Exp & Enc March 2015	Exp & Enc Yr-to-date FY 2015	Fiscal Year End***** SEP 30, 2015	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc March 2016	Exp & Enc Yr-to-date FY 2016
5.5	31.7	75.7	Agriculture and Rural Development	86.6	11.2	5.6	31.6
6.3	38.3	82.7	Attorney General	90.9	3.7	6.5	37.1
23.1	150.5	476.5	Capital Outlay**	324.0	0.0	18.8	137.2
1.1	6.7	15.2	Civil Rights	16.1	0.0	1.1	6.7
55.7	740.9	1,299.1	Colleges & Universities	1,460.7	0.0	142.5	825.9
147.4	901.4	1,971.9	Corrections	1,952.2	24.0	141.4	854.2
18.7	102.7	281.9	Education	305.9	9.0	19.8	108.1
13.4	69.3	163.5	Environmental Quality	463.6	42.9	14.5	86.0
(0.6)	2.5	5.7	Executive Office	5.5	0.0	0.8	2.3
1,807.5	10,450.2	23,498.2	Health and Human Services	24,967.9	567.9	954.2	10,209.6
3.6	20.5	50.6	Insurance and Financial Services	65.1	0.0	3.5	21.5
17.3	90.8	253.0	Judiciary	284.7	0.7	20.5	92.8
0.0	1.1	4.0	Land Bank Fast Track Authority	4.0	0.0	0.0	2.0
1.6	9.3	20.8	Legislative Auditor General	22.8	0.0	1.7	9.7
10.3	61.9	120.1	Legislature	133.4	11.4	10.5	62.1
32.1	184.2	261.0	Licensing and Regulatory Affairs	359.0	52.7	141.5	297.5
9.6	59.1	130.8	Military Affairs	140.7	12.2	11.0	58.7
4.1	32.2	91.3	Natural Resources	122.4	14.2	6.5	32.6
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.0	83.8	204.7	State	225.3	14.7	14.3	84.1
37.5	244.7	607.4	State Police	620.0	21.6	39.1	232.4
0.0	0.0	0.0	Talent and Economic Development	435.3	44.0	21.0	97.8
33.0	186.4	627.1	Technology, Management & Budget***	420.2	98.7	48.2	204.3
1.4	50.5	1.5	Transportation	398.5	0.0	18.0	119.2
29.1	950.4	3,168.1	Treasury****	1,879.3	76.9	71.6	1,033.1
7.2	139.1	221.1	Michigan Strategic Fund	171.3	0.0	(0.0)	95.1
\$2,278.7	\$14,608.4	\$33,631.8		\$34,955.2	\$1,005.7	\$1,712.3	\$14,741.8

*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.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2016

March, 2016

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,794.5	68.0	16,862.5
Total state spending from state resources	30,216.6	122.8	30,339.4
Percentage of state spending from state resources paid to local units	55.58%		55.58%
Required payments to local units (48.97%)	14,797.1		14,857.2
Surplus/(deficit)	\$1,997.4		\$2,005.3

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2015 Through March 31, 2016
 (in thousands)

REVENUES

Miscellaneous	\$ <u>184</u>
Total Revenues	<u>184</u>

EXPENDITURES

Current:	
General government	<u>136</u>
Total Expenditures	<u>136</u>
Excess of Revenues over (under) Expenditures	<u>48</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	47,500
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>47,500</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 47,548</u> ¹

¹ 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 March 31, 2016
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>7,087</u>
Total Revenues		<u>7,087</u>

EXPENDITURES

Current:		
General government		2,169
Conservation, environment, recreation, and agriculture		3,921
Capital outlay		<u>320</u>
Total Expenditures		<u>6,410</u>
Excess of Revenues over (under) Expenditures		<u>677</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><u>659</u></u> ¹

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

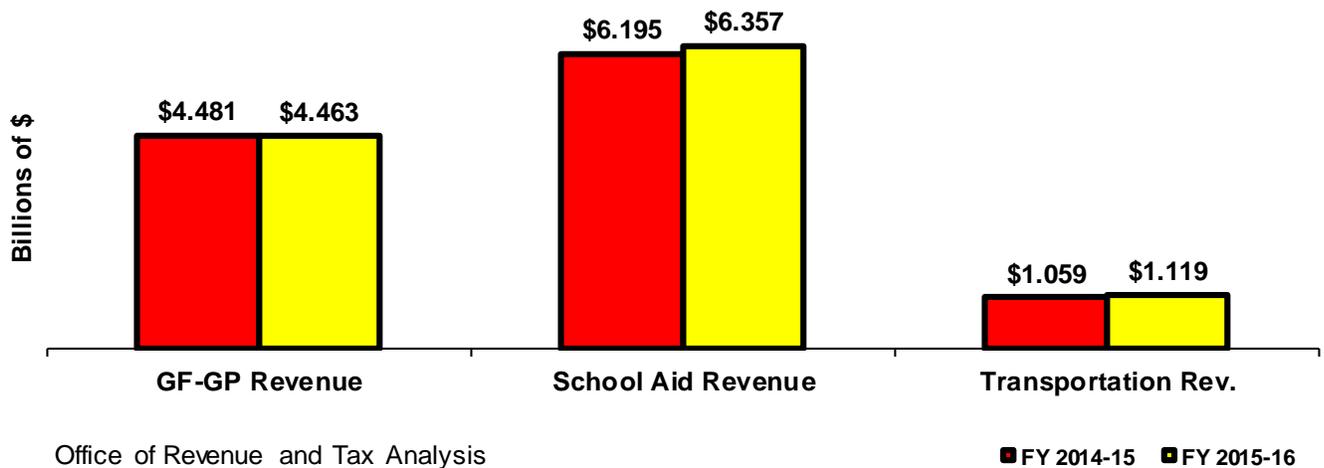
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

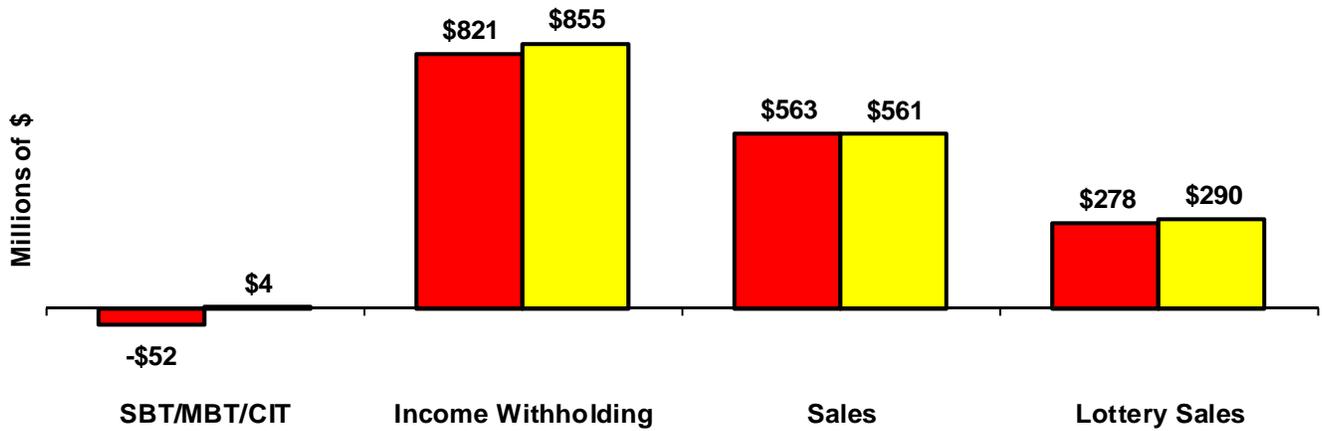
Total General Fund - General Purpose cash collections were \$88.7 million (23.7 percent) higher in March 2016 than in March 2015. The March 2016 School Aid Fund cash collections were \$20.1 million (2.4 percent) higher than in March 2015. March 2016 transportation collections were \$17.8 million (10.3 percent) higher than in March 2015 (see revenue table). March is the sixth 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 \$17.6 million (0.4 percent) from a year ago. School Aid Fund cash collections are up \$161.9 million (2.6 percent) and transportation collections are up \$59.8 million (5.6 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 March Collections
FY 2014-15 and FY 2015-16**



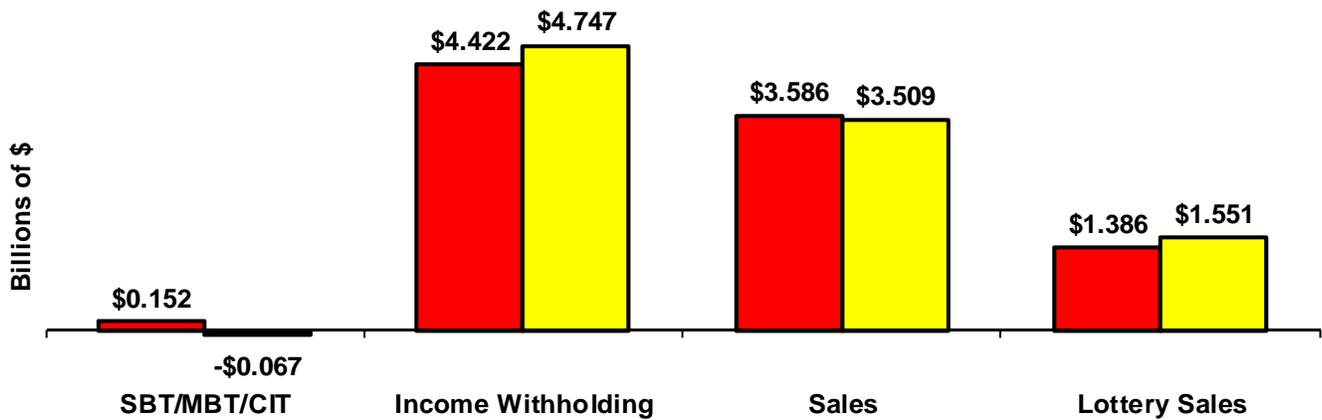
March Revenue Collections FY 2014-15 and FY 2015-16



Office of Revenue and Tax Analysis

■ FY 2014-15 ■ FY 2015-16

October through March 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: March 31, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	January 2016 Consensus
Income Taxes											
\$820,768	\$854,961	\$34,193	4.2%	Withholding	\$4,421,941	\$4,747,171	\$325,229	7.4%	\$8,678,300	\$8,898,300	\$9,003,800
12,634	14,500	1,866	14.8%	Quarterlies	384,522	423,626	39,104	10.2%	1,037,900	982,400	1,048,400
76,694	80,468	3,774	4.9%	Annuals	183,213	205,472	22,259	12.1%	956,600	879,000	895,000
910,095	949,929	39,834	4.4%	Gross Collections	4,989,676	5,376,268	386,593	7.7%	\$10,672,800	\$10,759,700	\$10,947,200
511,912	497,771	(14,140)	-2.8%	Less: Refunds	1,062,323	1,098,024	35,700	3.4%	1,693,300	1,820,000	1,744,000
0	0	0	na	State Campaign Fund	0	0	0	na	0	800	800
398,183	452,157	53,974	13.6%	Net Personal Income	3,927,353	4,278,245	350,892	8.9%	\$8,979,500	\$8,938,900	\$9,202,400
206,643	214,497	7,854	3.8%	Less: Disbursements to SAF	1,147,541	1,232,054	84,513	7.4%	\$2,519,300	\$2,561,900	\$2,606,500
\$191,540	\$237,660	\$46,121	24.1%	NET PERSONAL INCOME TO GF-GP	\$2,779,812	\$3,046,191	\$266,379	9.6%	\$6,460,200	\$6,377,000	\$6,595,900
Consumption Taxes											
\$87,628	\$87,522	(\$105)	-0.1%	Sales (a)	\$558,896	\$545,832	(\$13,064)	-2.3%	\$1,118,800	\$1,247,100	\$1,200,100
72,748	67,180	(5,568)	-7.7%	Use (f)	445,478	443,969	(1,509)	-0.3%	958,200	898,900	866,900
13,302	13,597	295	2.2%	Tobacco	89,862	90,575	714	0.8%	188,100	180,500	185,700
324	3,308	2,984	na	Beer, Wine & Mixed Spirits	18,935	24,139	5,204	27.5%	46,700	52,500	52,000
3,152	3,332	180	5.7%	Liquor Specific	20,359	21,334	974	4.8%	49,600	48,000	51,500
\$177,152	\$174,938	(\$2,214)	-1.3%	TOTAL CONSUMPTION TAXES	\$1,133,530	\$1,125,848	(\$7,682)	-0.7%	\$2,361,400	\$2,427,000	\$2,356,200
Other Taxes											
\$1,970	(\$351)	(\$2,320)	na	Single Business	(\$3,596)	(\$16,373)	(\$12,777)	na	\$3,900	(\$10,000)	(\$10,000)
14,367	14,999	632	4.4%	Insurance Premiums Taxes	192,823	160,238	(32,585)	-16.9%	322,400	412,500	310,000
16,337	14,648	(1,688)	-10.3%	Sub-total SBT & Insurance	189,227	143,865	(45,362)	-24.0%	326,300	402,500	300,000
(160,099)	(80,911)	79,188	-49.5%	Michigan Business Tax	(385,215)	(533,429)	(148,214)	-38.5%	(639,400)	(889,400)	(1,031,000)
106,450	85,267	(21,184)	-19.9%	Corporate Income Tax	541,127	482,711	(58,416)	-10.8%	1,077,700	1,060,200	1,116,000
0	5	5	na	Inheritance / Estate	(148)	16	164	na	0	0	0
3	439	435	na	Telephone & Telegraph	18,925	15,398	(3,527)	-18.6%	41,800	46,000	42,000
2,134	1,799	(335)	-15.7%	Oil & Gas Severance	19,070	10,029	(9,041)	-47.4%	30,400	41,300	30,400
21,274	8,299	(12,975)	-61.0%	Penalties & Interest	69,574	52,913	(16,661)	-23.9%	124,600	139,500	135,000
0	0	0	na	Essential Services Assessment	0	0	0	na	0	55,000	55,000
0	2	2	na	Miscellaneous Other/Railroad	(353)	54	407	na	2,600	1,500	1,500
(11,583)	(12,250)	(667)	-5.8%	Treasury Enforcement Programs (e)	(68,250)	(70,250)	(2,000)	-2.9%	(149,300)	(140,000)	(147,000)
(\$25,483)	\$17,298	\$42,781	na	TOTAL OTHER TAXES	\$383,958	\$101,308	(\$282,650)	-73.6%	\$814,700	\$716,600	\$501,900
\$343,209	\$429,896	\$86,687	25.3%	SUBTOTAL GF-GP TAXES	\$4,297,300	\$4,273,347	(\$23,953)	-0.6%	\$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: March 31, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	January 2016 Consensus
Non-Tax Revenue (e)											
\$2,500	\$2,917	\$417	16.7%	Federal Aid	\$12,500	\$13,750	\$1,250	10.0%	\$38,500	\$30,000	\$35,000
83	8	(75)	-90.0%	Local Agencies	500	275	(225)	-45.0%	0	100	100
667	625	(42)	-6.2%	Services	4,500	4,375	(125)	-2.8%	7,200	8,000	7,500
1,083	958	(125)	-11.5%	Licenses & Permits	5,750	5,375	(375)	-6.5%	11,500	13,000	11,500
0	0	0	na	Investments/Interest Costs	184	550	365	na	400	(2,000)	(2,000)
6,783	6,433	(350)	-5.2%	Misc. Non-tax Revenue	45,600	44,550	(1,050)	-2.3%	75,100	78,700	77,200
14,875	16,333	1,458	9.8%	Liquor Purchase Revolving Fund	87,625	92,000	4,375	5.0%	194,700	182,500	196,000
4,667	5,375	708	15.2%	From Other Funds-Lottery & Escheats	26,750	28,875	2,125	7.9%	70,600	51,000	64,500
\$30,658	\$32,650	\$1,992	6.5%	TOTAL NON-TAX REVENUE	\$183,409	\$189,750	\$6,340	3.5%	\$398,000	\$361,300	\$389,800
\$373,867	\$462,546	\$88,679	23.7%	TOTAL GF-GP REVENUE	\$4,480,709	\$4,463,097	(\$17,612)	-0.4%	\$10,034,400	\$9,881,900	\$9,843,800
School Aid Fund											
\$231,407	\$230,274	(\$1,133)	-0.5%	Sales Tax 4%	\$1,470,950	\$1,436,956	(\$33,994)	-2.3%	2,960,100	3,196,200	3,080,000
177,645	176,807	(838)	-0.5%	Sales Tax 2%	1,134,573	1,114,456	(20,117)	-1.8%	2,305,500	2,494,600	2,396,700
85,995	77,164	(8,831)	-10.3%	Use Tax 2% (f)	490,113	527,304	37,191	7.6%	476,400	497,500	481,600
15,764	24,096	8,332	52.9%	State Education Property Tax	1,208,656	1,235,441	26,786	2.2%	1,857,600	1,861,900	1,890,100
15,366	20,316	4,951	32.2%	Real Estate Transfer Tax	128,609	131,823	3,214	2.5%	258,400	268,400	273,000
65,000	75,000	10,000	15.4%	Lottery Transfer (b)	333,759	395,118	61,358	18.4%	784,100	791,000	820,000
10,036	10,121	85	0.8%	Casino Wagering Tax	56,102	57,150	1,047	1.9%	110,800	112,700	112,000
3,153	3,305	152	4.8%	Liquor Excise Tax	20,237	21,122	885	4.4%	49,100	47,600	51,100
27,004	27,603	599	2.2%	Cigarette/Tobacco Tax	182,433	183,881	1,449	0.8%	363,900	341,600	355,300
5,396	3,785	(1,611)	-29.9%	Indus. & Comm. Facilities Taxes	18,645	17,973	(672)	-3.6%	34,700	37,600	36,000
677	1,183	506	74.7%	Specific Other	3,721	3,992	271	7.3%	27,300	31,900	29,300
206,643	214,497	7,854	3.8%	Income Tax Earmarking	1,147,541	1,232,054	84,513	7.4%	\$2,519,300	\$2,561,900	\$2,606,500
\$844,087	\$864,152	\$20,065	2.4%	TOTAL SCHOOL AID FUND	\$6,195,338	\$6,357,269	\$161,931	2.6%	\$11,747,100	\$12,242,900	\$12,131,600
\$563,323	\$560,597	(\$2,727)	-0.5%	SALES TAX 6%	\$3,586,157	\$3,509,383	(\$76,773)	-2.1%	\$7,246,400	\$7,821,700	\$7,530,000
385,678	383,790	(1,889)	-0.5%	SALES TAX 4%(d)	2,451,583	2,394,927	(56,656)	-2.3%	4,940,900	5,327,100	5,133,300
177,645	176,807	(838)	-0.5%	SALES TAX 2%	1,134,573	1,114,456	(20,117)	-1.8%	2,305,500	2,494,600	2,396,700
158,742	144,344	(14,399)	-9.1%	USE TAX 6% (f)	935,591	971,272	35,682	3.8%	1,434,600	1,396,400	1,348,500
66,843	68,325	1,482	2.2%	TOBACCO TAXES	451,567	455,152	3,586	0.8%	953,600	913,800	941,700
0	0	0	na	TOBACCO SETTLEMENT	0	0	0	na	na	na	na

continued

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

For The Month Ended: March 31, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	January 2016 Consensus
Major Transportation Revenues											
\$8,476	\$10,757	\$2,281	26.9%	Diesel Fuel / Motor Carrier Fuel Tax	\$67,905	\$73,513	\$5,608	8.3%	\$136,714	\$132,500	\$137,500
61,327	67,090	5,764	9.4%	Gasoline	418,764	440,121	21,357	5.1%	866,609	811,500	848,000
89,928	99,695	9,768	10.9%	Motor Vehicle Registration	496,493	528,813	32,320	6.5%	978,146	966,000	1,006,000
4,999	5,326	327	6.5%	Other Taxes, Fees & Misc.	22,256	23,754	1,498	6.7%	132,672	178,263	182,305
8,746	8,409	(338)	-3.9%	Comprehensive Transportation (c)	53,720	52,708	(1,013)	-1.9%	91,516	110,719	100,905
<u>\$173,475</u>	<u>\$191,277</u>	<u>\$17,802</u>	<u>10.3%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,059,139</u>	<u>\$1,118,909</u>	<u>\$59,770</u>	<u>5.6%</u>	<u>\$2,205,657</u>	<u>\$2,198,982</u>	<u>\$2,274,710</u>
Lottery Sales By Games											
103,280	114,682	11,402	11.0%	Instant Games (g)	503,575	576,545	72,971	14.5%	na	na	na
75,502	77,024	1,522	2.0%	Daily Games	371,962	388,523	16,561	4.5%	na	na	na
26,377	28,677	2,300	8.7%	Lotto and Big Game	184,976	236,052	51,076	27.6%	na	na	na
979	965	(13)	-1.4%	Keno Game	4,965	4,699	(266)	-5.4%	na	na	na
1,621	1,409	(211)	-13.0%	Other	8,608	9,479	871	10.1%	na	na	na
67,319	65,898	(1,421)	-2.1%	Club Games	307,144	327,228	20,085	6.5%	na	na	na
<u>\$277,650</u>	<u>\$290,316</u>	<u>\$12,667</u>	<u>4.6%</u>	TOTAL LOTTERY SALES	<u>\$1,386,060</u>	<u>\$1,551,248</u>	<u>\$165,187</u>	<u>11.9%</u>	<u>na</u>	<u>na</u>	<u>na</u>

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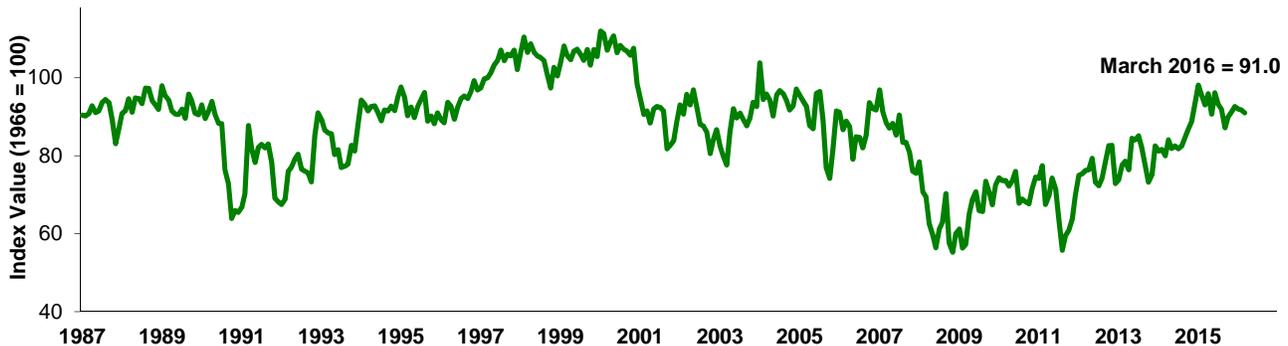
- a GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers 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% collections adjusted to reflect exemption on residential utilities.
- e Non-tax revenue items other than interest are estimates.
- f In June, 2014 Public Act 161 retroactively (back to April 2014) expanded the use tax to include Health Maintenance Organizations.
- g Beginning in October 2014, Instant Games includes iLottery net win amounts.
- h Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

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

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

U. S. Economy

Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

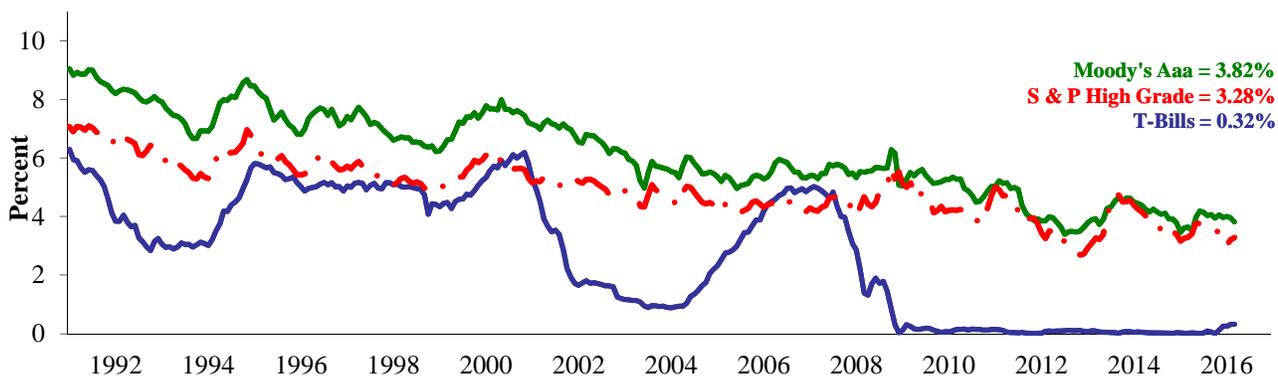
The **Index of Consumer Sentiment** decreased in March to 91.0 index-points, 0.7 of an index-point below the February value and 2.0 index-points below March 2015. For the March survey, Survey Director Richard Curtin noted, “Consumer confidence inched upward in late March due to somewhat more favorable economic expectations, but the gain still left the Sentiment Index slightly below last month’s level. Despite the recent small monthly variations, the overall level of confidence has remained largely unchanged during the past nine months: the Sentiment Index in the 1st quarter of 2016 averaged 91.6, barely different from the 91.3 in the 4th quarter or the 90.7 in the 3rd quarter of 2015.” Curtin observed, “Consumers provided quite favorable assessments of their current finances in March, with 38% mentioning that their incomes had recently increased, the second highest percentage since 2005, and the fewest consumers since 2003 complained about high prices during the past five months.” On buying attitudes, Curtin reported, “Attitudes toward buying household durables and vehicles have declined slightly over the past several months, although they are still quite favorable. The more interesting change was in how consumers justified their assessments: favorable mentions of low prices for durables fell from 43% in February to 32% in March, and favorable price mentions for vehicles fell from 33% to 21%, the lowest level in fifteen years. This made durable and vehicle purchase decisions more dependent on low interest rates, especially among households with incomes in the top third (who account for half of all spending).” In March, consumers in two of the four regions reported an increase in confidence. Southern consumers reported an increase in confidence of 1.3 index-points, followed by Western consumers with an increase of 0.6 index-points. Midwestern consumers reported the largest decrease in confidence of 5.4 index-points. The gap across regions decreased from last month to 1.9 index-points, with Western consumers on top and Southern consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the fourth quarter of 2015 is \$16,470.6 billion (chained 2005 dollars), an increase of 1.4 percent at an annual rate. In the third quarter of 2015, real gross domestic product increased 2.0 percent. The increase in fourth quarter real GDP was mainly due to personal consumption expenditures, residential fixed investment, and federal government spending. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures increased 2.4 percent in the fourth quarter, compared to a 3.0 percent increase in the third quarter. Real residential fixed investment increased 10.1 percent in the fourth quarter compared to an increase of 8.2 percent in the third quarter. Real nonresidential fixed investment decreased 2.1

percent in the fourth quarter while real equipment expenditures decreased 2.1 percent. Real federal government spending increased 2.3 percent in the fourth quarter, compared to a 0.2 percent increase in the third quarter. Real state and local government spending decreased 1.2 percent in the fourth quarter, compared to a 2.8 percent increase in the third quarter. Exports of goods and services decreased 2.0 percent in the fourth quarter, compared to a 0.7 percent increase in the third quarter. Imports decreased 0.7 percent in the fourth quarter, compared to an increase of 2.3 percent in the third quarter. Private inventory investment increased \$78.3 billion in the fourth quarter, following an \$85.5 billion increase in the third quarter. Real final sales increased 1.6 percent in the fourth quarter compared to an increase of 2.7 percent in the third quarter. On the inflation front, the **implicit price deflator** increased 0.9 percent in the fourth quarter compared to a 1.3 percent increase observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.1 percent in March, up from a 0.2 percent decrease in February. Energy prices increased 0.9 percent in March, up from a 6.0 percent decrease in February, while the all-items less food and energy component increased 0.1 percent in March. Compared to March 2015, the all-items index increased 0.9 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 0.8 percent; medical care, 3.3 percent; apparel, -0.6 percent; education and communication, 1.2 percent; other goods and services, 2.0 percent; recreation, 1.1 percent; housing, 2.1 percent; and transportation, -3.9 percent, with gasoline prices down -20.9 percent.

Selected Key Interest Rates

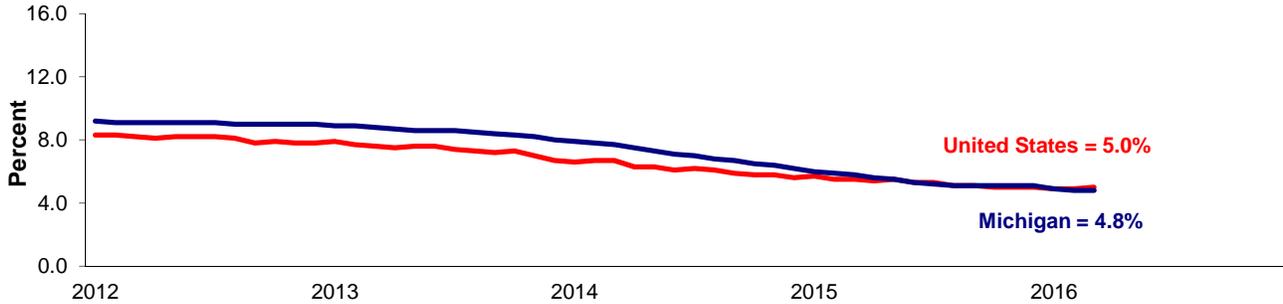


Source: Economic Indicators

Short-term **interest rates** remained unchanged in March as the 3-month Treasury bill (T-bill) rate was 0.32 percent. Compared to one year ago, the T-bill rate increased 0.30 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.14 percentage point to an interest yield of 3.82 percent in March. The Aaa bond yield was up 0.18 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.07 percentage point from the February level to 3.21 percent in March and was down 0.01 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 March 16th 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 March, the **U. S. unemployment rate** increased 0.1 percent from a month ago to 5.0 percent and was 0.5 percentage point lower than a year ago. Civilian employment totaled 151.3 million persons in March. The number unemployed was 8.0 million nationwide.

Unemployment Rates 2012 - 2016

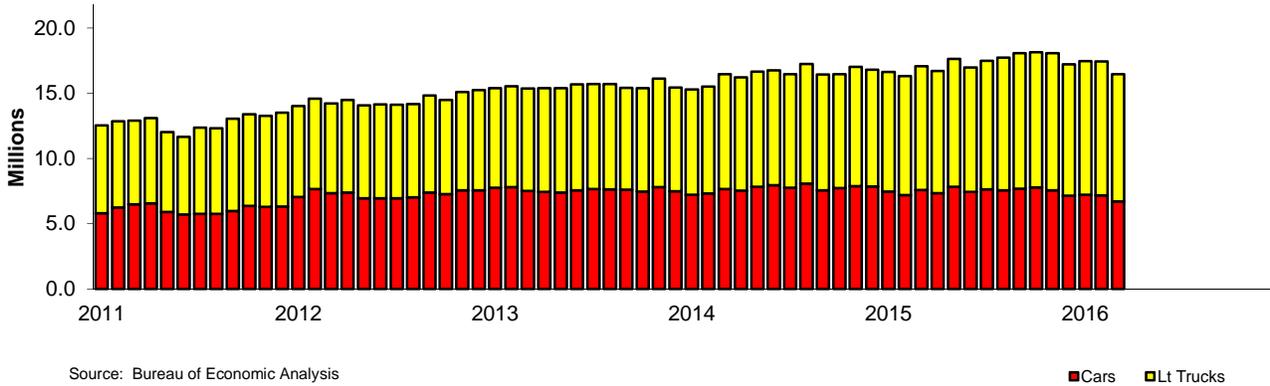


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In March, the **Michigan jobless rate** remained unchanged at 4.8 percent. The March unemployment rate is 1.0 percentage point below the year ago level. In March, the labor force grew 26,000 to 4,856,000, while the number of people employed increased 27,000 to 4,624,000. In March, there were 232,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

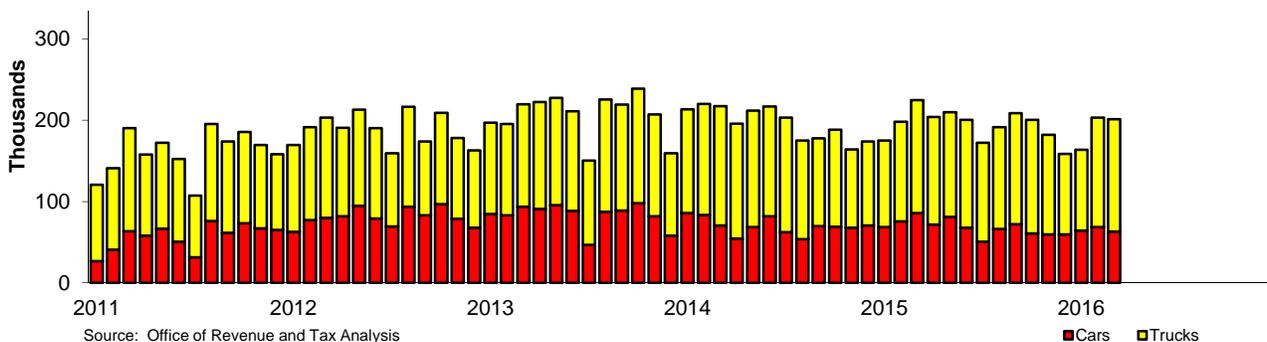
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) decreased 5.5 percent in March compared to February, selling at a 16.5 million unit seasonally adjusted annual rate. Domestic car sales decreased 7.1 percent from February while domestic light truck sales decreased 4.7 percent. Import car sales decreased 4.3 percent while import light truck sales decreased 6.0 percent. Compared to last year, light vehicle sales decreased 3.5 percent. Domestic car sales decreased 8.9 percent from the year ago level while domestic light truck sales increased 0.2 percent. Import car sales were down 18.5 percent from last year while import truck sales increased 15.8 percent. As a result, the domestic share of U.S. light vehicle sales remained unchanged from a year ago. For fiscal year 2016 year-to-date, domestic light vehicles recorded a 78.4 percent share of a 17.5 million-unit market.

Michigan motor vehicle production decreased slightly to 201,142 units in March from 203,058 units in February. From a year ago, motor vehicle production decreased 11 percent in Michigan and decreased 4 percent nationally. In March, Michigan's car production was 63,159 units while the state's truck production was 137,983 units. Compared with a year ago, car production decreased 27 percent in Michigan and also fell 11 percent nationwide. The state's truck production decreased 1 percent while national truck production increased 1 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)**

	Fiscal Year 2013-14 Actual	Fiscal Year 2014-15 Estimate	Fiscal Year 2015-16 Estimate
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