



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

JOHN S. ROBERTS  
DIRECTOR

November 25, 2015

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

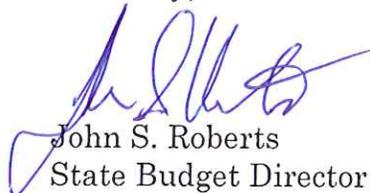
Dear Legislators:

Attached is the monthly financial report for the month ending October 31, 2015. 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 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

## SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

October 31, 2015

(\$ IN MILLIONS)

### FISCAL YEAR 2015

### FISCAL YEAR 2016

Exp & Enc October 2014	Exp & Enc Yr-to-date FY 2015	Fiscal Year End***** SEP 30, 2015	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc October 2015	Exp & Enc Yr-to-date FY 2016
3.2	3.2	75.7	Agriculture and Rural Development	86.6	11.2	3.6	3.6
2.6	2.6	82.7	Attorney General	90.9	0.0	2.4	2.4
39.2	39.2	415.6	Capital Outlay**	324.0	0.0	18.8	18.8
0.5	0.5	15.2	Civil Rights	16.1	0.0	0.5	0.5
120.0	120.0	1,300.6	Colleges & Universities	1,458.0	0.0	118.6	118.6
118.2	118.2	1,931.9	Corrections	1,952.2	0.0	82.4	82.4
8.1	8.1	281.8	Education	305.9	9.0	12.5	12.5
4.5	4.5	163.5	Environmental Quality	463.6	42.9	9.7	9.7
0.4	0.4	5.7	Executive Office	5.5	0.0	0.3	0.3
1,808.6	1,808.6	23,488.4	Health and Human Services	24,967.9	545.0	1,760.3	1,760.3
1.4	1.4	50.6	Insurance and Financial Services	65.1	0.0	1.3	1.3
6.5	6.5	235.6	Judiciary	284.7	0.0	4.6	4.6
0.0	0.0	4.0	Land Bank Fast Track Authority	4.0	0.0	0.0	0.0
0.7	0.7	20.8	Legislative Auditor General	22.8	0.0	0.6	0.6
7.6	7.6	120.2	Legislature	133.4	11.4	7.2	7.2
48.3	48.3	261.7	Licensing and Regulatory Affairs	359.0	52.7	49.4	49.4
6.4	6.4	130.5	Military Affairs	140.7	0.0	5.8	5.8
3.9	3.9	91.3	Natural Resources	122.4	0.0	3.2	3.2
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
5.4	5.4	204.7	State	225.3	0.0	5.0	5.0
16.6	16.6	607.0	State Police	620.0	14.7	15.0	15.0
0.0	0.0	0.0	Talent and Economic Development	437.9	0.0	14.2	14.2
18.3	18.3	645.0	Technology, Management & Budget***	420.2	95.0	17.7	17.7
22.0	22.0	1.5	Transportation	398.5	0.0	39.7	39.7
303.7	303.7	2,562.3	Treasury****	1,879.3	0.0	313.0	313.0
40.8	40.8	216.9	Michigan Strategic Fund	171.3	0.0	66.2	66.2
<b>\$2,586.9</b>	<b>\$2,586.9</b>	<b>\$32,913.0</b>		<b>\$34,955.2</b>	<b>\$781.8</b>	<b>\$2,551.8</b>	<b>\$2,551.8</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.

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2016**  
**Projected Revenues and Expenditures**  
**October 31, 2015**  
(\$ in millions)

**FISCAL**  
**2016**

<b>Beginning Balance, October 1, 2015</b>	see one-time revenue
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<b>Current Year GF/GP Revenues, May 2015 Consensus Estimate</b>	<b>\$</b>	<b>9,881.9</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
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>(54.0)</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>	<b>\$</b>	<b>9,827.9</b>

<b>Expenditures, Current Law:</b>		
FY 2016 Enacted with Vetoes	\$	9,517.8
<b>Total Expenditures Projected - Ongoing</b>	<b>\$</b>	<b>9,517.8</b>

<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>310.1</b>
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<b>Beginning Balance (One-Time Revenue)</b>	<b>\$</b>	<b>163.3</b>
Local Government Program Payments	\$	(5.8)
<b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$</b>	<b>157.5</b>
<b>One-Time Spending Items:</b>		
PA 79, PA 84, and PA 143 of 2015	\$	458.7
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>(301.2)</b>

<b>Projected Ending Balance, September 30, 2016</b>	<b>\$</b>	<b>8.9</b>
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<sup>1</sup> This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2015. Final year-end activity will be reflected in the fiscal year 2015 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2016.

**School Aid Fund  
Fiscal Year 2016  
Projected Revenues and Expenditures  
October 31, 2015  
(\$ in millions)**

**FISCAL  
2016**

<b>Beginning Balance , October 1, 2015</b>		see one-time revenue
<b>Current Year School Aid Fund Revenues, May 2015 Consensus Estimate</b>	<b>\$</b>	<b>12,242.9</b>
<b>Revenue Adjustments:</b>		
Use Tax Revision (PA 161 of 2014)	\$	203.3
General Fund	\$	45.9
Federal Revenue	\$	1,775.8
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>2,025.0</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$</b>	<b>14,267.9</b>
<b>School Aid Ongoing Costs</b>		
PA 85 of 2015	\$	13,846.6
<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>\$</b>	<b>14,308.5</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>(40.6)</b>
<b>Beginning Balance (One-Time Revenue)</b>	<b>\$</b>	<b>140.4</b>
<b>One-Time Spending Items</b>		
PA 85 of 2015 School Aid	\$	49.8
PA 139 of 2015 School Aid	\$	4.3
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>86.3</b>
<b>Projected Ending Balance, September 30, 2016</b>	<b>\$</b>	<b>45.7</b>

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

October 31, 2015

(\$ IN MILLIONS)

**FISCAL YEAR 2015**

**FISCAL YEAR 2016**

Exp & Enc October 2014	Exp & Enc Yr-to-date FY 2015	Fiscal Year End***** SEP 30, 2015	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc October 2015	Exp & Enc Yr-to-date FY 2016
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303.7	303.7	2,562.3	Treasury <sup>4</sup>	1,879.3	0.0	313.0	313.0
40.8	40.8	216.9	Michigan Strategic Fund	171.3	0.0	66.2	66.2
<b>\$2,586.9</b>	<b>\$2,586.9</b>	<b>\$32,913.0</b>		<b>\$34,955.2</b>	<b>\$781.8</b>	<b>\$2,551.8</b>	<b>\$2,551.8</b>

\*Includes boilerplate appropriations.

<sup>2</sup>Includes all capital outlay activity regardless of agency

<sup>3</sup>Includes Civil Service Commission

<sup>4</sup>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.

NOTE: 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

October, 2015

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,794.5	10.3	16,804.8
Total state spending from state resources	30,216.6	13.9	30,230.5
Percentage of state spending from state resources paid to local units	55.58%		55.59%
Required payments to local units (48.97%)	14,797.1		14,803.9
<b>Surplus/(deficit)</b>	<b>\$1,997.4</b>		<b>\$2,000.9</b>

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

**REVENUES**

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

**EXPENDITURES**

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

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds		7,917
Transfers to other funds		<u>          -</u>
Total Other Financing Sources (Uses)		<u>          7,917</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>          <u>7,917</u><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, 2015 through October 31, 2015  
 (in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>(2,304)</u>
Total Revenues		<u>(2,304)</u>

**EXPENDITURES**

Current:		
General government		-
Conservation, environment, recreation, and agriculture		699
Capital outlay		<u>480</u>
Total Expenditures		<u>1,180</u>
Excess of Revenues over (under) Expenditures		<u>(3,483)</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		1
Proceeds from sale of capital assets		-
Transfers from other funds		-
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>1</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>(3,482)</u></u> <sup>1</sup>

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

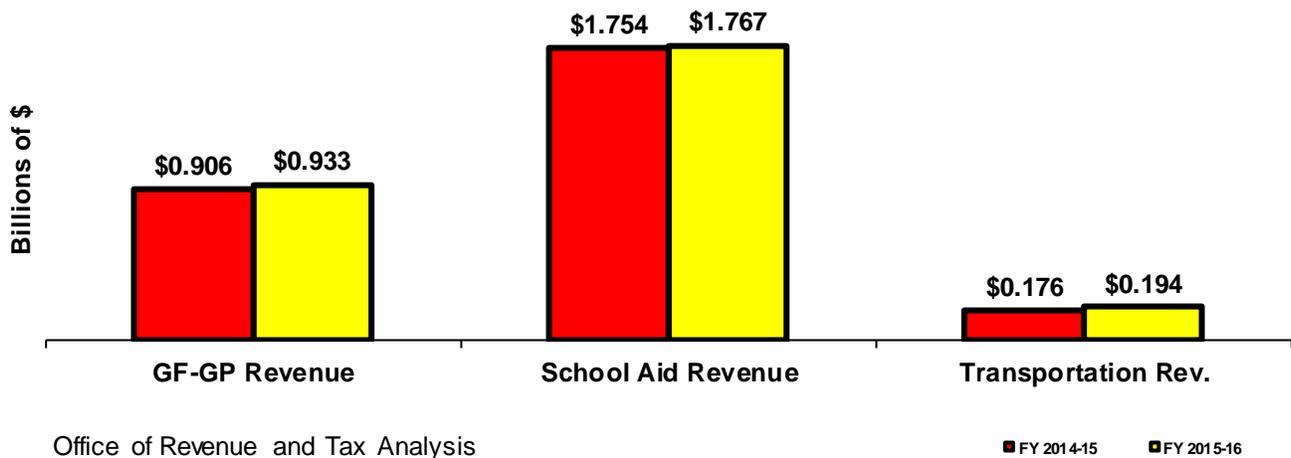
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for October 2015, representing some September and some October economic activity in Michigan.

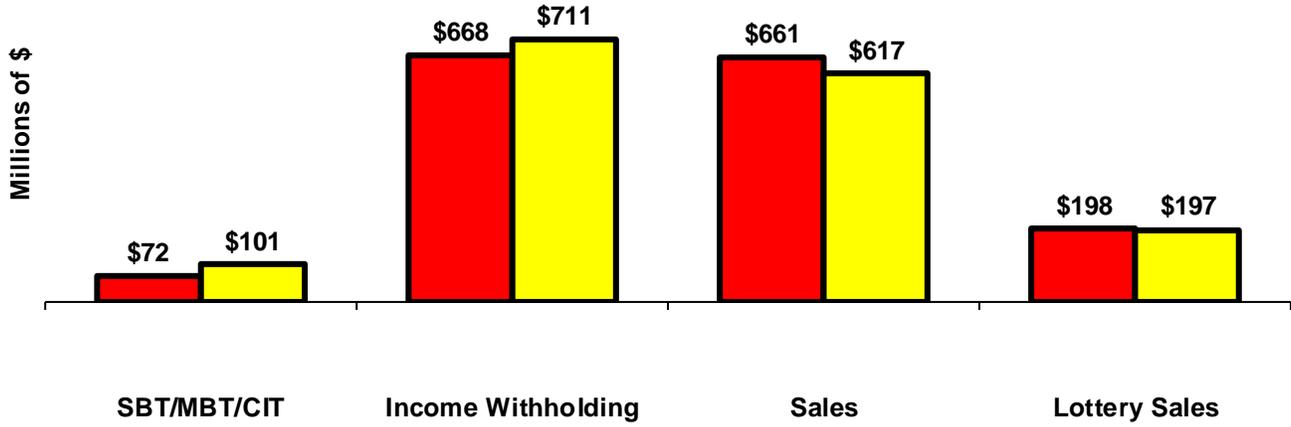
Total General Fund-General Purpose revenues were \$27.6 million (3.1 percent) higher in October 2015 than in October 2014. The October 2015 School Aid Fund revenues were \$12.7 million (0.7 percent) higher than in October 2014. October 2015 Transportation revenues were \$17.7 million (10.1 percent) higher than in October 2014 (see revenue table). October is the first month of the State's fiscal year (FY). Tax revenue received in October relating to economic activity prior to October will be accrued back to FY 2014-15. Likewise, any refunds paid out in October relating to FY 2014-15 liabilities will also be accrued back. Final FY 2014-15 revenue totals should be available in late December or early January.

FY 2015-16 revenue forecasts presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2015. The Statutory estimated revenue totals are also the May 2015 Consensus estimates. The net General Fund-General Purpose revenue forecast for FY 2015-16 is \$9,881.9 million. The net School Aid Fund revenue forecast is \$12,242.9 million, and the Transportation Funds revenue forecast is \$2,199.0 million. The next revenue conference will be held in January 2016.

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



## October Revenue 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: October 31, 2015**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH OCTOBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
October		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2014	2015	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	May 2015 Consensus	Statutory Estimate	May 2015 Consensus
<b>Income Taxes</b>											
\$667,874	\$711,147	\$43,273	6.5%	Withholding	\$667,874	\$711,147	\$43,273	6.5%	\$8,575,000	\$8,898,300	\$8,898,300
16,964	18,672	1,708	10.1%	Quarterlies	16,964	18,672	1,708	10.1%	960,400	982,400	982,400
42,747	49,948	7,201	16.8%	Annuals	42,747	49,948	7,201	16.8%	925,200	879,000	879,000
727,586	779,767	52,182	7.2%	Gross Collections	727,586	779,767	52,182	7.2%	\$10,460,600	\$10,759,700	\$10,759,700
58,975	56,421	(2,554)	-4.3%	Less: Refunds	58,975	56,421	(2,554)	-4.3%	1,770,100	1,820,000	1,820,000
0	0	0	na	State Campaign Fund	0	0	0	na	800	800	800
668,611	723,347	54,736	8.2%	Net Personal Income	668,611	723,347	54,736	8.2%	\$8,689,700	\$8,938,900	\$8,938,900
167,136	178,618	11,482	6.9%	Less: Disbursements to SAF	167,136	178,618	11,482	6.9%	\$2,490,700	\$2,561,900	\$2,561,900
\$501,475	\$544,728	\$43,253	8.6%	<b>NET PERSONAL INCOME TO GF-GP</b>	\$501,475	\$544,728	\$43,253	8.6%	\$6,199,000	\$6,377,000	\$6,377,000
<b>Consumption Taxes</b>											
\$103,517	\$95,854	(\$7,662)	-7.4%	Sales (a)	\$103,517	\$95,854	(\$7,662)	-7.4%	\$1,190,700	\$1,247,100	\$1,247,100
85,196	69,504	(15,691)	-18.4%	Use (f)	85,196	69,504	(15,691)	-18.4%	946,200	898,900	898,900
16,422	16,677	254	1.5%	Tobacco	16,422	16,677	254	1.5%	182,400	180,500	180,500
4,298	4,602	304	7.1%	Beer, Wine & Mixed Spirits	4,298	4,602	304	7.1%	45,500	52,500	52,500
28	39	12	43.3%	Liquor Specific	28	39	12	43.3%	47,000	48,000	48,000
\$209,460	\$186,676	(\$22,784)	-10.9%	<b>TOTAL CONSUMPTION TAXES</b>	\$209,460	\$186,676	(\$22,784)	-10.9%	\$2,411,800	\$2,427,000	\$2,427,000
<b>Other Taxes</b>											
\$2,964	(\$5,103)	(\$8,067)	na	Single Business	\$2,964	(\$5,103)	(\$8,067)	na	(\$20,000)	(\$10,000)	(\$10,000)
87,522	69,584	(17,938)	-20.5%	Insurance Premiums Taxes	87,522	69,584	(17,938)	-20.5%	402,000	412,500	412,500
90,486	64,481	(26,005)	-28.7%	Sub-total SBT & Insurance	90,486	64,481	(26,005)	-28.7%	382,000	402,500	402,500
(13,313)	(21,282)	(7,968)	-59.9%	Michigan Business Tax	(13,313)	(21,282)	(7,968)	-59.9%	(751,100)	(889,400)	(889,400)
82,678	127,532	44,854	54.3%	Corporate Income Tax	82,678	127,532	44,854	54.3%	1,029,700	1,060,200	1,060,200
(150)	10	159	na	Inheritance / Estate	(150)	10	159	na	0	0	0
319	453	134	42.0%	Telephone & Telegraph	319	453	134	42.0%	47,000	46,000	46,000
3,380	1,882	(1,499)	-44.3%	Oil & Gas Severance	3,380	1,882	(1,499)	-44.3%	39,000	41,300	41,300
12,008	9,629	(2,380)	-19.8%	Penalties & Interest	12,008	9,629	(2,380)	-19.8%	138,000	139,500	139,500
0	0	0	na	Essential Services Assessment	0	0	0	na	0	55,000	55,000
5	(120)	(125)	na	Miscellaneous Other/Railroad	5	(120)	(125)	na	1,500	1,500	1,500
(11,167)	(11,167)	0	0.0%	Treasury Enforcement Programs (e)	(11,167)	(11,167)	0	0.0%	(139,000)	(140,000)	(140,000)
\$164,247	\$171,418	\$7,171	4.4%	<b>TOTAL OTHER TAXES</b>	\$164,247	\$171,418	\$7,171	4.4%	\$747,100	\$716,600	\$716,600
\$875,182	\$902,822	\$27,641	3.2%	<b>SUBTOTAL GF-GP TAXES</b>	\$875,182	\$902,822	\$27,641	3.2%	\$9,357,900	\$9,520,600	\$9,520,600

continued

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

**For The Month Ended: October 31, 2015**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH OCTOBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
October		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2014	2015	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	May 2015 Consensus	Statutory Estimate	May 2015 Consensus
<b>Non-Tax Revenue (e)</b>											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$1,667	\$1,667	\$0	0.0%	\$30,000	\$30,000	\$30,000
83	83	0	0.0%	Local Agencies	83	83	0	0.0%	100	100	100
833	833	0	0.0%	Services	833	833	0	0.0%	8,000	8,000	8,000
833	833	0	0.0%	Licenses & Permits	833	833	0	0.0%	13,000	13,000	13,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	0	(2,000)	(2,000)
8,417	8,417	0	0.0%	Misc. Non-tax Revenue	8,417	8,417	0	0.0%	81,400	78,700	78,700
14,333	14,333	0	0.0%	Liquor Purchase Revolving Fund	14,333	14,333	0	0.0%	178,500	182,500	182,500
4,250	4,250	0	0.0%	From Other Funds-Lottery & Escheats	4,250	4,250	0	0.0%	56,000	51,000	51,000
<u>\$30,417</u>	<u>\$30,417</u>	<u>\$0</u>	<u>0.0%</u>	<b>TOTAL NON-TAX REVENUE</b>	<u>\$30,417</u>	<u>\$30,417</u>	<u>\$0</u>	<u>0.0%</u>	<u>\$367,000</u>	<u>\$361,300</u>	<u>\$361,300</u>
\$905,598	\$933,239	\$27,641	3.1%	<b>TOTAL GF-GP REVENUE</b>	\$905,598	\$933,239	\$27,641	3.1%	\$9,724,900	\$9,881,900	\$9,881,900
<b>School Aid Fund</b>											
\$270,540	\$252,150	(\$18,390)	-6.8%	Sales Tax 4%	\$270,540	\$252,150	(\$18,390)	-6.8%	3,067,500	3,196,200	3,196,200
210,268	196,290	(13,977)	-6.6%	Sales Tax 2%	210,268	196,290	(13,977)	-6.6%	2,391,300	2,494,600	2,494,600
85,210	87,537	2,327	2.7%	Use Tax 2% (f)	85,210	87,537	2,327	2.7%	473,000	497,500	497,500
941,169	955,855	14,686	1.6%	State Education Property Tax	941,169	955,855	14,686	1.6%	1,850,300	1,861,900	1,861,900
28,949	25,678	(3,271)	-11.3%	Real Estate Transfer Tax	28,949	25,678	(3,271)	-11.3%	256,800	268,400	268,400
0	20,118	20,118	na	Lottery Transfer (b)	0	20,118	20,118	na	780,000	791,000	791,000
9,587	9,800	213	2.2%	Casino Wagering Tax	9,587	9,800	213	2.2%	111,000	112,700	112,700
0	0	0	na	Liquor Excise Tax	0	0	0	na	46,600	47,600	47,600
33,340	33,856	516	1.5%	Cigarette/Tobacco Tax	33,340	33,856	516	1.5%	347,600	341,600	341,600
7,429	6,459	(970)	-13.1%	Indus. & Comm. Facilities Taxes	7,429	6,459	(970)	-13.1%	36,500	37,600	37,600
634	599	(35)	-5.5%	Specific Other	634	599	(35)	-5.5%	31,900	31,900	31,900
167,136	178,618	11,482	6.9%	Income Tax Earmarking	167,136	178,618	11,482	6.9%	\$2,490,700	\$2,561,900	\$2,561,900
<u>\$1,754,260</u>	<u>\$1,766,959</u>	<u>\$12,699</u>	<u>0.7%</u>	<b>TOTAL SCHOOL AID FUND</b>	<u>\$1,754,260</u>	<u>\$1,766,959</u>	<u>\$12,699</u>	<u>0.7%</u>	<u>\$11,883,200</u>	<u>\$12,242,900</u>	<u>\$12,242,900</u>
\$661,167	\$616,540	(\$44,627)	-6.7%	SALES TAX 6%	\$661,167	\$616,540	(\$44,627)	-6.7%	\$7,503,800	\$7,821,700	\$7,821,700
450,899	420,250	(30,650)	-6.8%	SALES TAX 4%(d)	450,899	420,250	(30,650)	-6.8%	5,112,500	5,327,100	5,327,100
210,268	196,290	(13,977)	-6.6%	SALES TAX 2%	210,268	196,290	(13,977)	-6.6%	2,391,300	2,494,600	2,494,600
170,405	157,041	(13,364)	-7.8%	USE TAX 6% (f)	170,405	157,041	(13,364)	-7.8%	1,419,200	1,396,400	1,396,400
82,524	83,802	1,278	1.5%	TOBACCO TAXES	82,524	83,802	1,278	1.5%	924,400	913,800	913,800
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: October 31, 2015**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH OCTOBER CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
October		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16	
2014	2015	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	May 2015	Statutory	May 2015	
								Consensus	Estimate	Consensus		
<b>Major Transportation Revenues</b>												
\$13,596	\$15,662	\$2,066	15.2%	Diesel Fuel / Motor Carrier Fuel Tax	\$13,596	\$15,662	\$2,066	15.2%	\$135,500	\$132,500	\$132,500	
76,067	88,920	12,853	16.9%	Gasoline	76,067	88,920	12,853	16.9%	820,000	811,500	811,500	
73,355	76,146	2,791	3.8%	Motor Vehicle Registration	73,355	76,146	2,791	3.8%	965,000	966,000	966,000	
3,726	3,729	2	0.1%	Other Taxes, Fees & Misc.	3,726	3,729	2	0.1%	178,816	178,263	178,263	
9,161	9,161	0	0.0%	Comprehensive Transportation (c)	9,161	9,161	0	0.0%	104,955	110,719	110,719	
<u>\$175,904</u>	<u>\$193,618</u>	<u>\$17,713</u>	<u>10.1%</u>	<b>TOTAL MAJOR TRANS. REVENUES</b>	<u>\$175,904</u>	<u>\$193,618</u>	<u>\$17,713</u>	<u>10.1%</u>	<u>\$2,204,271</u>	<u>\$2,198,982</u>	<u>\$2,198,982</u>	
<b>Lottery Sales By Games</b>												
66,285	72,090	5,805	8.8%	Instant Games (g)	66,285	72,090	5,805	8.8%	na	na	na	
56,475	55,336	(1,140)	-2.0%	Daily Games	56,475	55,336	(1,140)	-2.0%	na	na	na	
27,923	19,666	(8,257)	-29.6%	Lotto and Big Game	27,923	19,666	(8,257)	-29.6%	na	na	na	
755	715	(40)	-5.3%	Keno Game	755	715	(40)	-5.3%	na	na	na	
1,459	2,518	1,058	72.5%	Other	1,459	2,518	1,058	72.5%	na	na	na	
44,929	44,919	(10)	0.0%	Club Games	44,929	44,919	(10)	0.0%	na	na	na	
<u>\$197,826</u>	<u>\$196,601</u>	<u>(\$1,226)</u>	<u>-0.6%</u>	<b>TOTAL LOTTERY SALES</b>	<u>\$197,826</u>	<u>\$196,601</u>	<u>(\$1,226)</u>	<u>-0.6%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

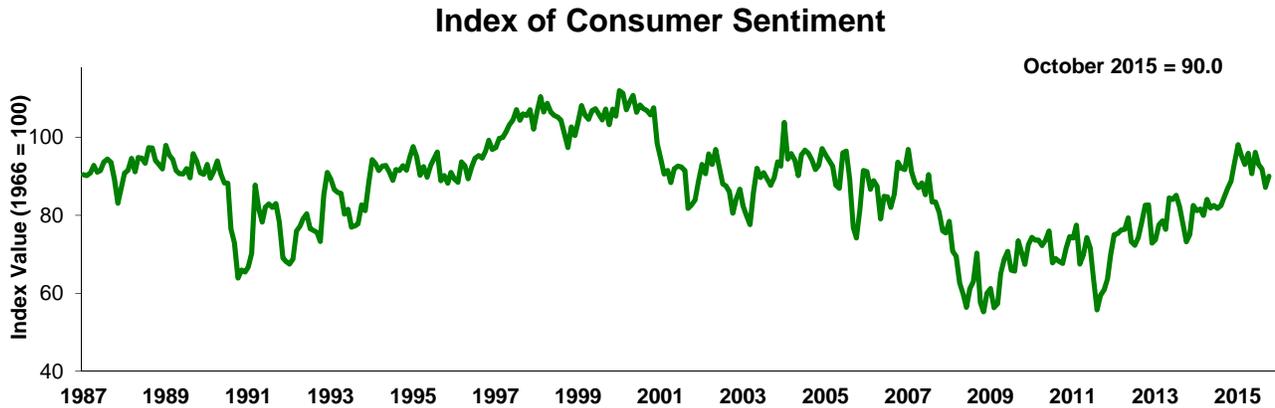
-11-

- 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.

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**



Source: University of Michigan, Survey Research Center

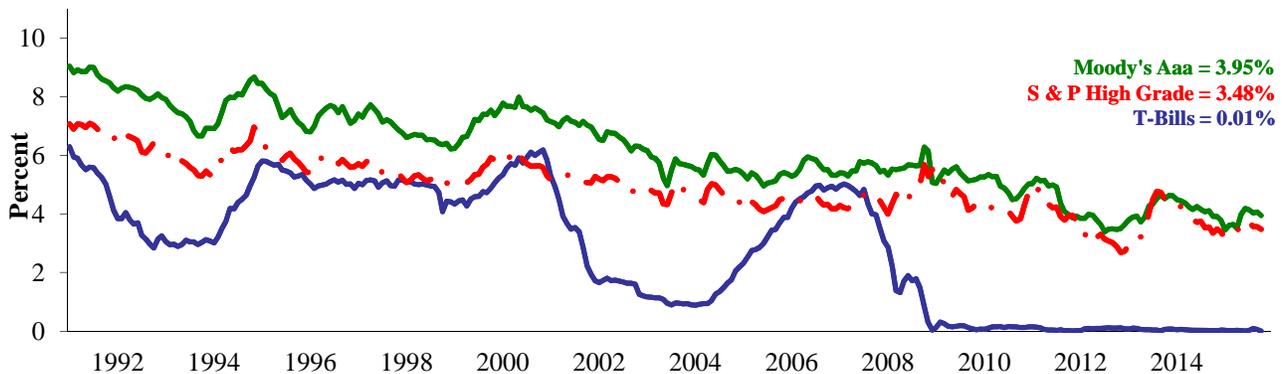
The **Index of Consumer Sentiment** increased in October to 90.0 index-points, 2.8 index-points above the September value and 3.1 index-points above October 2014. For the October survey, Survey Director Richard Curtin noted, “Confidence retreated in late October largely due to less favorable assessments of buying conditions than earlier in the month. Nonetheless, the October reading was above the September level, which was pulled down by the plunge in stock prices in late August. Overall, the average Sentiment level thus far in 2015 (93.1) is higher than any year since 2004 (95.2).” Curtin observed, “Consumer purchases remain sensitive to pricing, with the small decline in buying plans since mid-month due to fewer price discounts than had been anticipated. The lackluster recovery from the Great Recession is thought to have left unmet material aspirations amid strong desires to increase savings and curtail debt, but the data suggest that the current situation is not much different than during the expansion of the late 1990’s. Indeed, if anything, consumers have recently voiced slightly fewer unmet material aspirations and a somewhat greater willingness to use savings and debt to make major purchases.” On buying plans, Curtin reported, “Buying plans remained very favorable in October largely due to more favorable prices and still low interest rates. Indeed, there was no increase in favorable views toward borrowing-in-advance of expected increases in mortgage rates.” In October, consumers in all four regions reported an increase in confidence. Western consumers reported the largest increase in confidence of 5.0 index-points, followed by the Midwestern region with an increase in confidence of 3.9 index-points. The gap across regions increased from last month to 4.2 index-points, with Western consumers on top and Southern consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the third quarter of 2015 is \$16,394.2 billion (chained 2005 dollars), an increase of 1.5 percent at an annual rate. In the second quarter of 2015, real gross domestic product increased 3.9 percent. The increase in third quarter real GDP was mainly due to personal consumption expenditures, residential fixed investment, state and local government spending, and private inventory investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 3.2 percent in the third quarter, compared to a 3.6 percent increase in the second quarter. Real residential fixed investment increased 6.1 percent in the third quarter compared to an increase of 9.3 percent in the second quarter. Real nonresidential fixed investment increased 2.1 percent in the third quarter while real equipment

expenditures increased 5.3 percent. Real federal government spending increased 0.2 percent in the third quarter, compared to no change in the second quarter. Real state and local government spending increased 2.6 percent in the third quarter, compared to a 4.3 percent increase in the second quarter. Exports of goods and services increased 1.9 percent in the third quarter, compared to a 5.1 percent increase in the second quarter. Imports increased 1.8 percent in the third quarter, compared to an increase of 3.0 percent in the second quarter. Private inventory investment increased \$56.8 billion in the third quarter, following a \$113.5 billion increase in the second quarter. Real final sales increased 3.0 percent in the third quarter compared to an increase of 3.9 percent in the second quarter. On the inflation front, the **implicit price deflator** increased 1.2 percent in the third quarter compared to a 2.1 percent increase observed in the second quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), decreased 0.2 percent in September, down from a 0.1 percent decrease in August. Energy prices decreased 4.7 percent in September, down from a 2.0 percent decrease in August, while the all-items less food and energy component increased 0.2 percent in September. Compared to September 2014, the all-items index remained unchanged. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.6 percent; medical care, 2.5 percent; apparel, -1.4 percent; education and communication, 0.4 percent; other goods and services, 1.8 percent; recreation, 0.6 percent; housing, 2.1 percent; and transportation, -8.6 percent, with gasoline prices down -29.6 percent.

### Selected Key Interest Rates

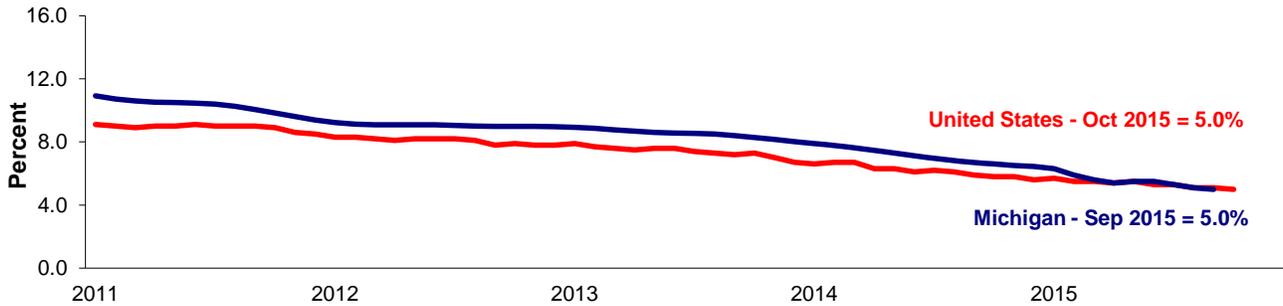


Source: Economic Indicators

Short-term **interest rates** decreased 0.05 percentage point in October as the 3-month Treasury bill (T-bill) rate was 0.01 percent. Compared to one year ago, the T-bill rate decreased 0.04 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.12 percentage point to an interest yield of 3.95 percent in October. The Aaa bond yield was up 0.03 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.08 percentage point from the September level to 3.48 percent in October and was up 0.13 percentage point from its year-ago level. The Federal Open Market Committee kept the target range for the federal funds rate between 0 and 0.25 percent at the October 28th meeting. The FOMC stated “the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress – both realized and expected – toward its objectives of maximum employment and 2 percent inflation.” The Committee “seeks to foster maximum employment and price stability.”

In October, the **U. S. unemployment rate** decreased 0.1 percentage point from a month ago to 5.0 percent and was 0.7 percentage point lower than a year ago. Civilian employment totaled 149.1 million persons in October. The number unemployed was 7.9 million nationwide.

### Unemployment Rates 2011 - 2015



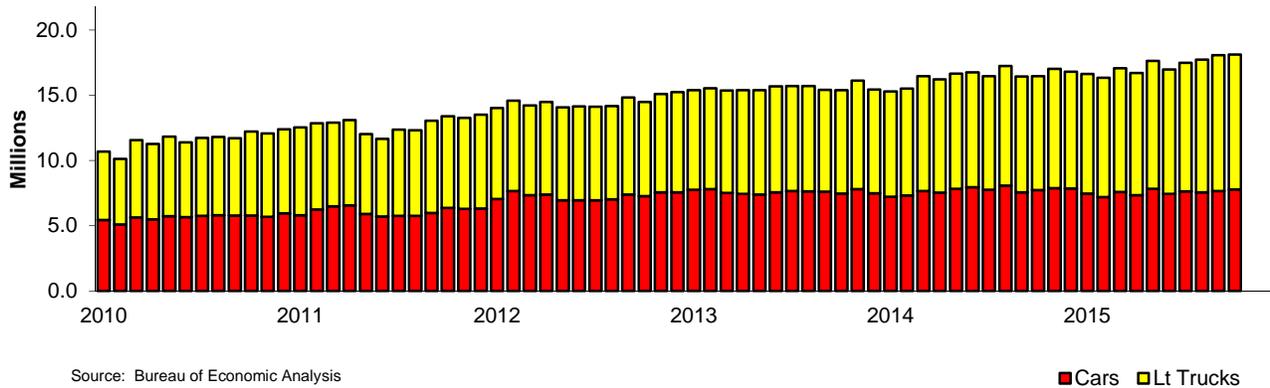
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In September, the **Michigan jobless rate** decreased 0.1 percentage point to 5.0 percent from August. The September unemployment rate is 1.7 percentage points below the year ago level. This is the first month since August 2000 that the Michigan unemployment rate has been below the national average. In September, the labor force grew 3,000 to 4,732,000, while the number of people employed increased 10,000 to 4,497,000. In September, there were 235,000 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 June to August compared to no change from April to June. The all-items less food and energy index increased 0.6 percent from June to August. The food index increased 0.3 percent from June to August while the energy index increased 1.0 percent. Compared to August 2014, the all-items index decreased 0.9 percent. For individual component items, the changes from one year ago were: food and beverages, 1.0 percent; apparel, -4.8 percent; education and communication, -2.0 percent; transportation, -5.6 percent; recreation, 1.8 percent; medical care, 0.2 percent; housing, 0.1 percent; and other goods and services, 1.9 percent.

## Motor Vehicle Sector

### U. S. Light Vehicle Sales



**U.S. light vehicle sales** (cars + light trucks) increased 0.3 percent in October compared to September, selling at an 18.1 million unit seasonally adjusted annual rate. Domestic car sales increased 1.7 percent from September while domestic light truck sales decreased 3.6 percent. Import car sales increased 0.6 percent while import light truck sales increased 14.3 percent. Compared to last year, light vehicle sales increased 10.1 percent. Domestic car sales increased 1.2 percent from the year ago level while domestic light truck sales increased 12.6 percent. Import car sales were down 1.7 percent from last year while import truck sales increased 51.1 percent. As a result, the domestic share of U.S. light vehicle sales decreased 1.8 percentage points from a year ago. For fiscal year 2016 year-to-date, domestic light vehicles recorded a 78.0 percent share of an 18.1 million-unit market.

**Michigan motor vehicle production** increased to 208,895 units in September from 191,675 units in August. From a year ago, motor vehicle production increased 18 percent in Michigan and increased 3 percent nationally. In September, Michigan's car production was 72,069 units while the state's truck production was 136,826 units. Compared with a year ago, car production increased 4 percent in Michigan but fell 7 percent nationwide. The state's truck production increased 27 percent while national truck production increased 8 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

**Summary Estimates of the Constitutional Revenue Limit  
Based on the May 15, 2015 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	\$401,901
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$35,914.2</u>	<u>\$36,676.1</u>	<u>\$38,140.4</u>
Revenue Limit	\$35,914.2	\$36,676.1	\$38,140.4
State Revenue Subject to Limit	<u>\$27,432.5</u>	<u>\$28,486.3</u>	<u>\$29,126.1</u>
<b>Amount Under (Over) Limit</b>	<b>\$8,481.7</b>	<b>\$8,189.8</b>	<b>\$9,014.3</b>

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 May 15, 2015 Consensus Revenue Agreement.

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 May 15, 2015 Consensus Revenue Agreement.

The FY 2015-16 calculation uses the May 15, 2015 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