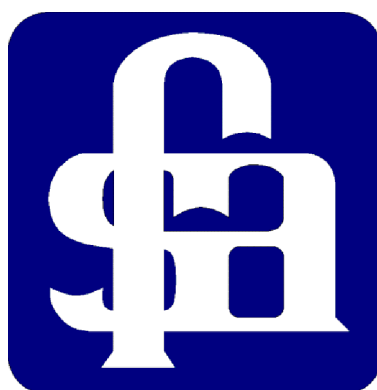


# **STATE BUDGET OVERVIEW**

**Michigan Association of  
Administrators of  
Special Education**



**Kathryn Summers,  
Associate Director  
SENATE FISCAL AGENCY**

**February 7, 2012**

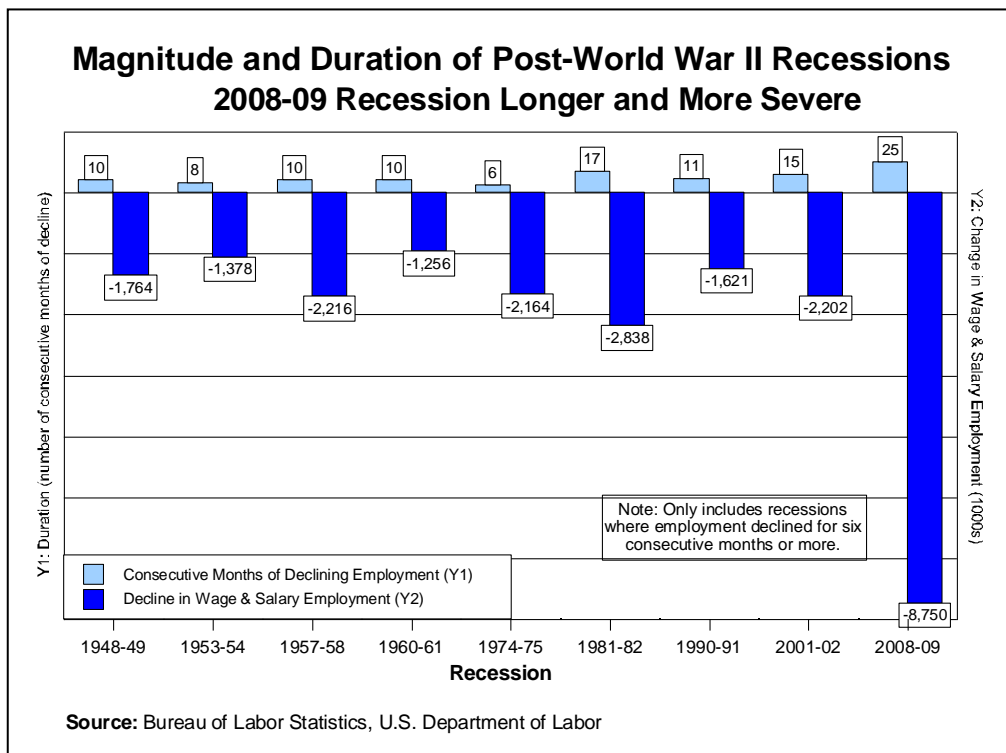
**<http://www.senate.michigan.gov/sfa/>**

# The U.S. Economy

The 2008-09 recession was the most severe economic contraction in 70 years, both in duration and depth.

- Inflation-adjusted GDP fell 5.1% peak-to-trough, the largest decline since the Great Depression.
- U.S. payroll employment declined 6.3% (8.75 million jobs), the largest percentage decline since the end of World War II.
- During the recession retail sales fell 13.5% between November 2007 and March 2009, the largest decline on record back to 1967.
- Light vehicle sales started dropping earlier, and fell from a 17.6 million unit annual rate in January 2006 to a 9.2 million unit rate in February 2009 (a 47.4% decline), the largest decline on record back to 1976.
- Housing starts fell from a high rate of 2.3 million units in January 2006 to 478,000 units in April 2009, a 79.0% decline, the largest decline on record to 1959.

Figure 1

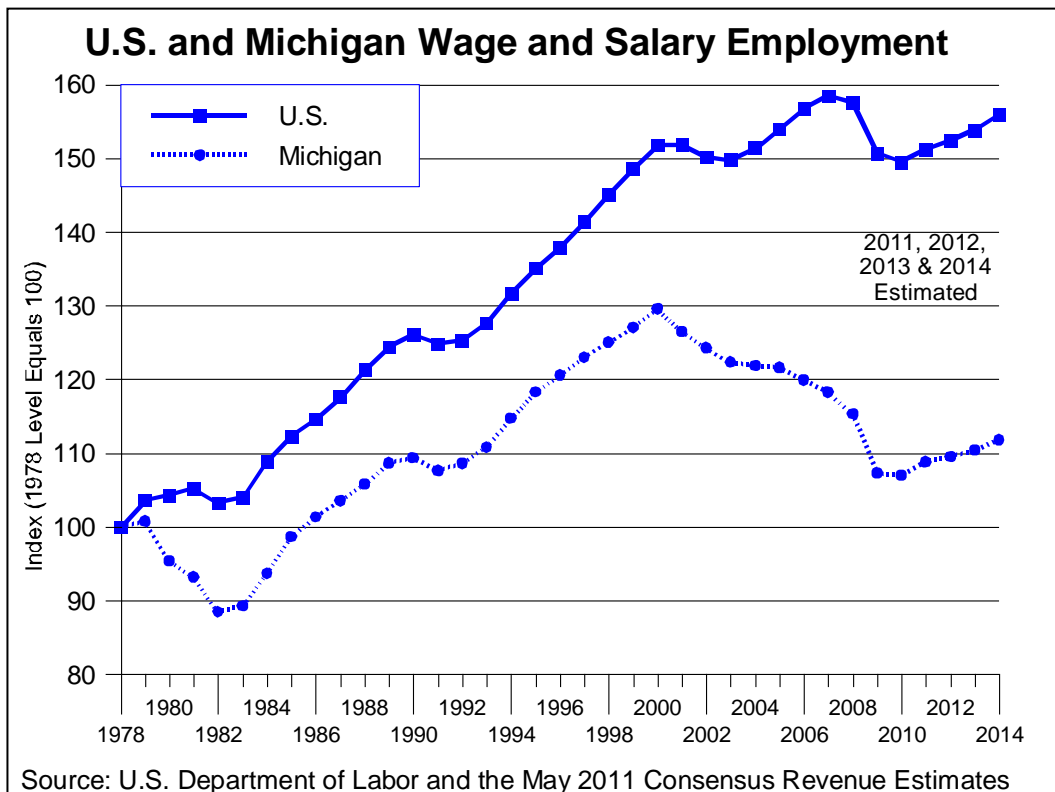


## Michigan Employment

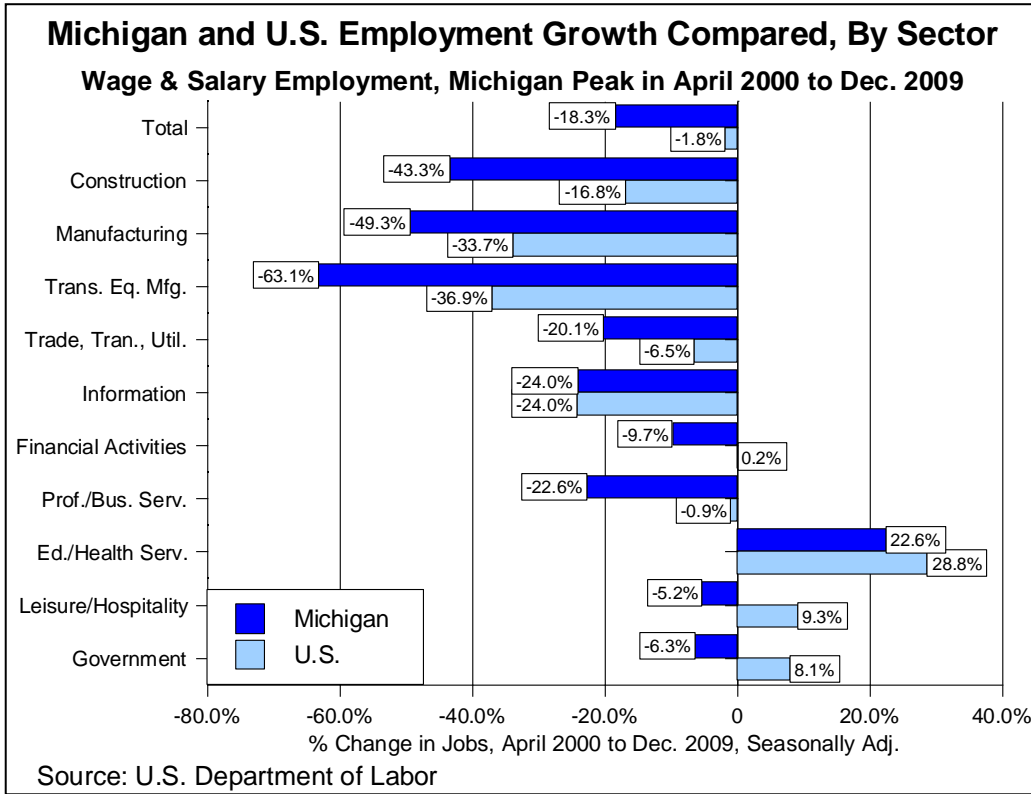
Although Michigan had not yet emerged from the 2001 recession, the 2008-09 recession still had a significant impact.

- Payroll employment bottomed out in December 2009, down 413,300 jobs from December 2007 and down 860,100 jobs from the April 2000 peak.
- Peak-to-trough, payroll employment declined 18.3%, with 48.1% of the job loss occurring after December 2007.
- Between January 2000 and June 2009, Michigan lost 462,400 or 51.0% of the manufacturing jobs. After peaking in July 2000, transportation equipment manufacturing employment had fallen 68.8% by June 2009.

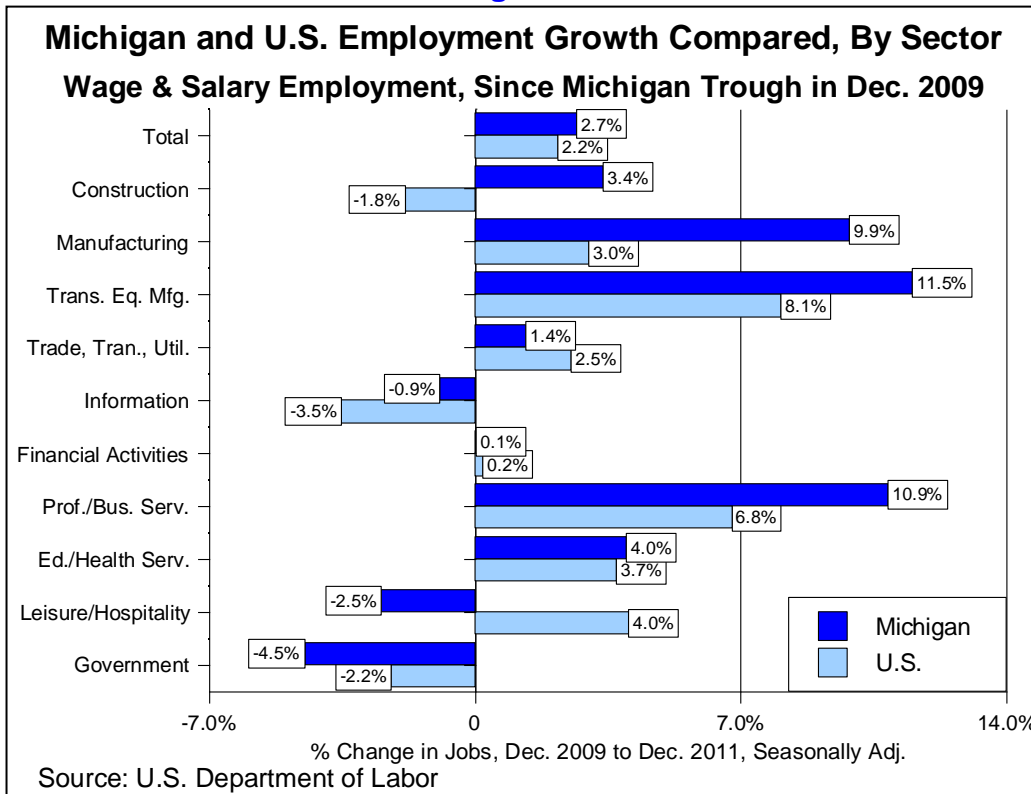
**Figure 2**



**Figure 3**



**Figure 4**



## Michigan Personal Income

- Michigan personal income has increased by 17.1% over the past decade. The total level of personal income in the United States has increased by 44.4% since calendar year 2000. Personal income has grown by 32.1% in Indiana, 33.1% in Illinois, 28.0% in Ohio, and 38.7% in Wisconsin over the same time period. Michigan's personal income growth was the slowest among 50 states.
- During calendar year 2000, personal income in Michigan accounted for 3.42% of the United States total. During calendar year 2010, Michigan personal income accounted for only 2.77% of the United States total.
- During calendar year 2000, Michigan per capita personal income ranked 19th among the states. During calendar year 2005, Michigan's ranking fell to 31st among the states and by calendar year 2010, Michigan's ranking fell to 40th among the states.

Figure 5

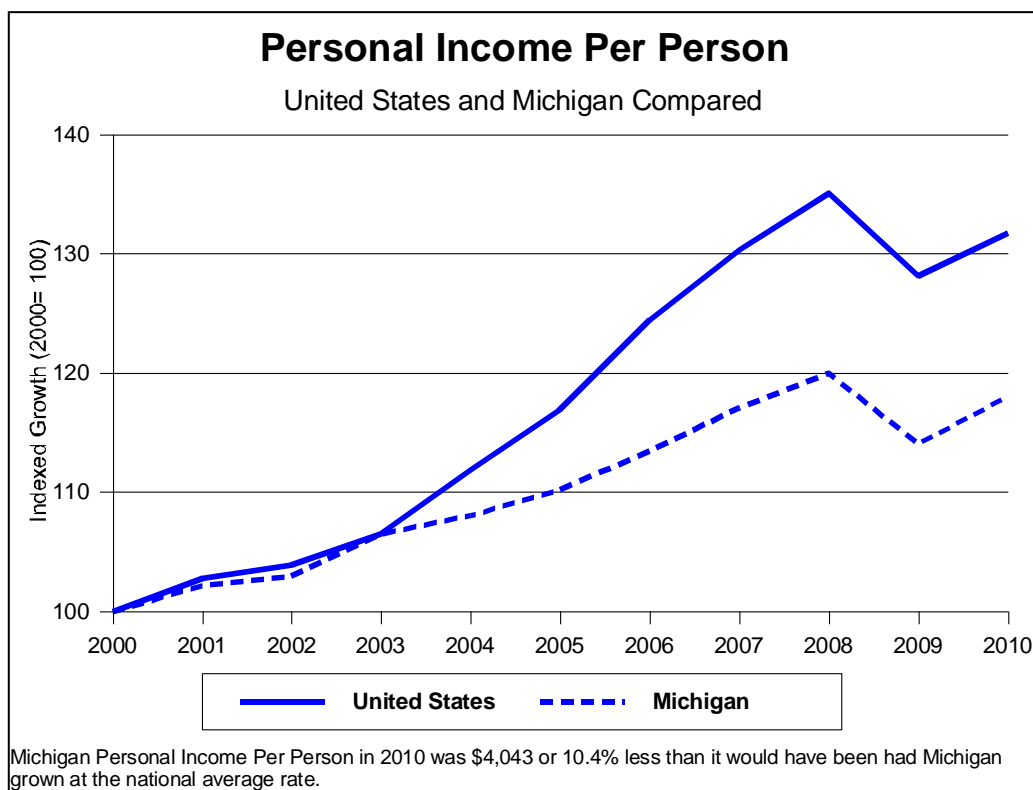


Figure 6

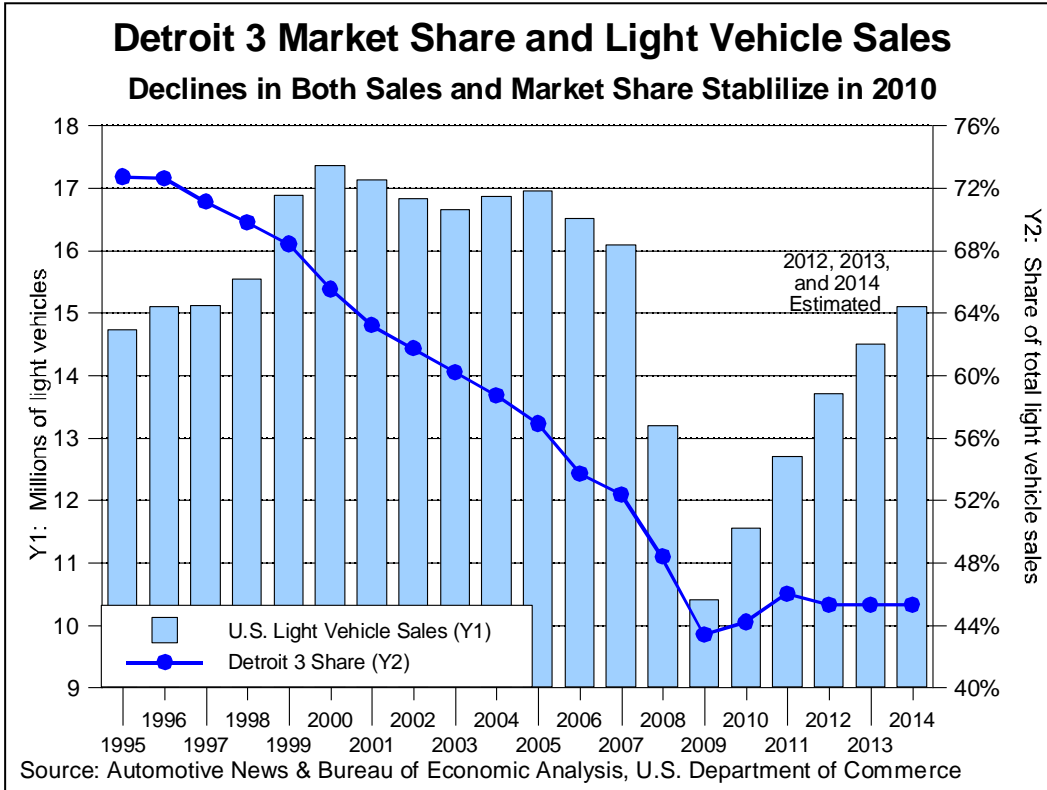
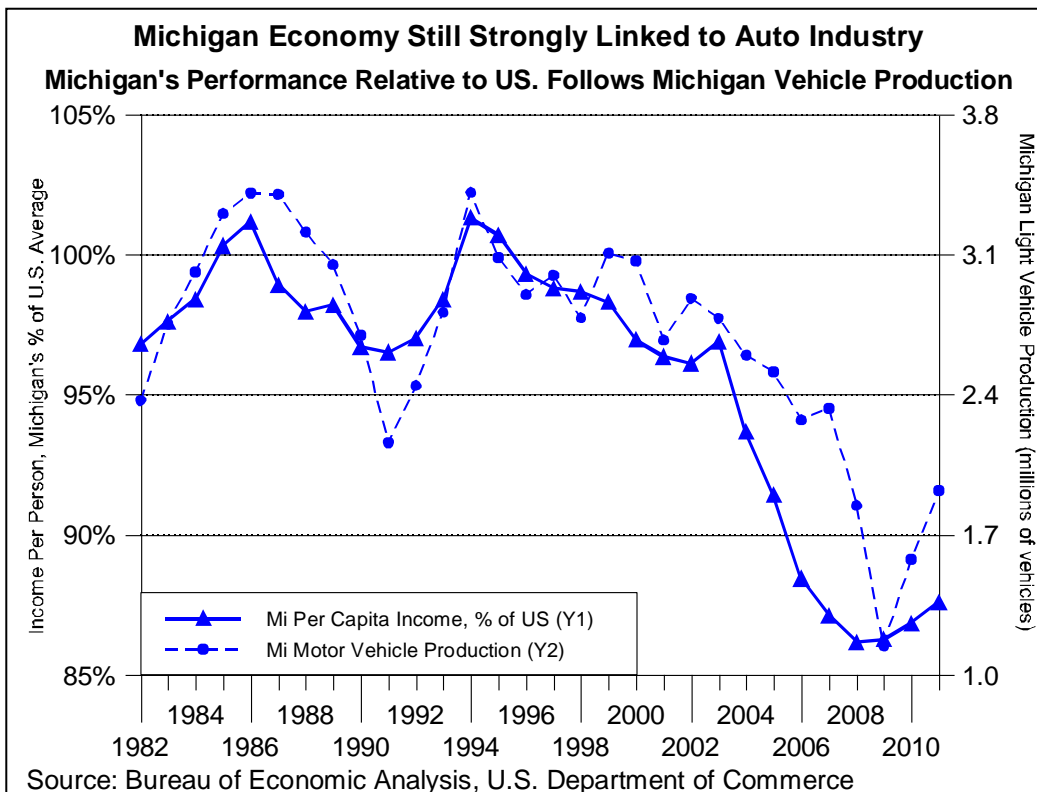


Figure 7



## Recent U.S. Economic Highlights

- The economy is growing, but more slowly. After growing 3.0% during 2010, inflation-adjusted GDP grew 1.7% in 2011. Growth in 2011 was averaging less than 1.2% before getting a boost from 2.8% growth in the fourth quarter. Between 1983 and 2007, the economy averaged 3.3% annual growth.
- Despite gains, employment remains well below pre-recession levels. Nationally, payroll employment has risen for 15 consecutive months, and in December 2011 was 2.3% above the February 2010 trough. However, payroll employment is still 5.9 million jobs (4.2%) below the January 2008 peak.
- Employment growth is not keeping up with population growth. The average employment gain has averaged about 132,800 jobs per month since the February 2010 trough, compared to about 177,000 per month during 2003-2006, and 251,400 per month over the 1993-1999 period. The economy needs roughly 150,000 additional jobs per month to keep up with population growth.
- The U.S. unemployment rate in December was 8.5%, down from 9.0% in September and 9.4% in December 2010.
- In inflation-adjusted terms, average hourly earnings fell 1.2% in 2011. Average weekly hours have remained essentially unchanged for 18 months.
- Light vehicle sales have improved, but remain below pre-recession levels. Light vehicle sales totaled 12.7 million units in 2011, up 10.2% from 2010; but well below the 16-17 million unit rate experienced between 1998 and 2007. Excluding the Cash for Clunkers program in mid-2009, November and December 2011 sales were at the highest level since August 2008.
- Housing starts remain low. While starts during 2010 were up 5.9% from 2009's record lows, during 2011 housing starts increased only 3.4% and were still down 70.7% from the 2005 peak. Excluding 2009 and 2010, starts in 2011 were still 33.0% below the next worst year since records began in 1959.

## Recent Michigan Economic Highlights

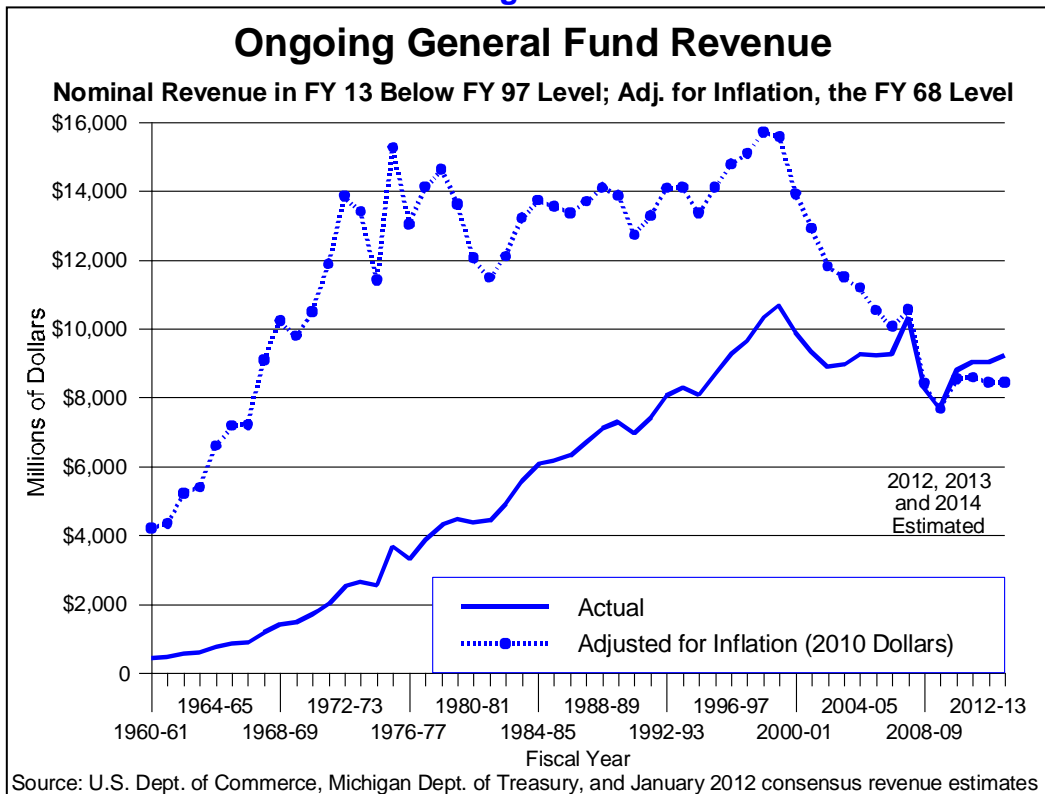
- Payroll employment increased by 4,000 jobs in December, the third consecutive monthly increase – although the total increase over the period is only 10,000 jobs. Payroll employment was 66,500 jobs more than in December 2010. Manufacturing employment was 26,400 jobs above December 2010, led by a 13,700 job increase in transportation equipment manufacturing.
- Michigan's unemployment rate was 9.3% in December, down from 11.2% in August, and down from 11.1% one year ago. However, the improvement reflects people leaving the labor force. Compared with December 2010, employment is down by 2,900 jobs and 100,100 people have left the labor force. The size of the labor force has fallen for nine consecutive months and 20 out of the last 21 months.
- On a seasonally adjusted basis, Michigan motor vehicle production increased 23.7% in August from the July level, and was up 24.5% from the year-ago level.
- Michigan personal income increased during much of 2010, at times more rapidly than the national average, but that growth has slowed. In 2010, total personal income increased 3.3%, compared with the U.S. average of 3.7%, ranking Michigan 35<sup>th</sup>. In the third quarter of 2011, Michigan personal income increased only 0.2%, above the national average of 0.1%, and ranking Michigan 13<sup>th</sup>.
- On a per-person basis, Michigan ranked 7<sup>th</sup> with personal income per person growing 3.5% in 2010, compared with the national average of 2.8%. Illinois ranked 34<sup>th</sup>, Indiana ranked 43<sup>rd</sup>, Ohio ranked 23<sup>rd</sup>, and Wisconsin ranked 12<sup>th</sup>.



## State Revenue

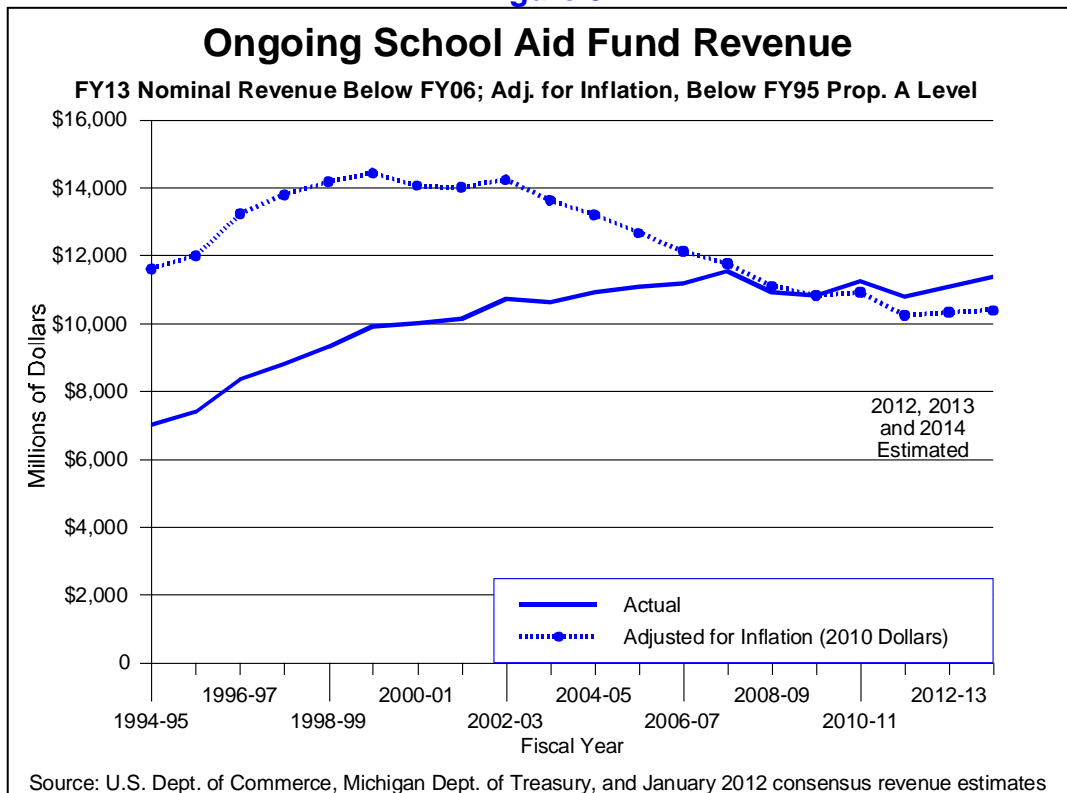
- The majority of State taxes and fees are deposited in the State's General Fund, School Aid Fund, or various transportation funds. Ongoing General Fund revenue has fallen as the economy has declined. Between FY 2007-08 and FY 2009-10, ongoing General Fund revenue fell 25.7% (\$2.7 billion) and ongoing School Aid (SAF) revenue fell 6.0% (\$696.0 million).
- On an inflation-adjusted basis, ongoing General Fund revenue in FY 2009-10 was 15.5% (\$1.4 billion, in 2010 dollars) lower than the level in FY 1967-68, when the State adopted the new personal and corporate income taxes, as shown in [Figure 8](#).

**Figure 8**



On an inflation-adjusted basis, ongoing SAF revenue in FY 2009-10 was 6.4% lower than the level in FY 1994-95, when Proposal A took effect, as shown in [Figure 9](#).

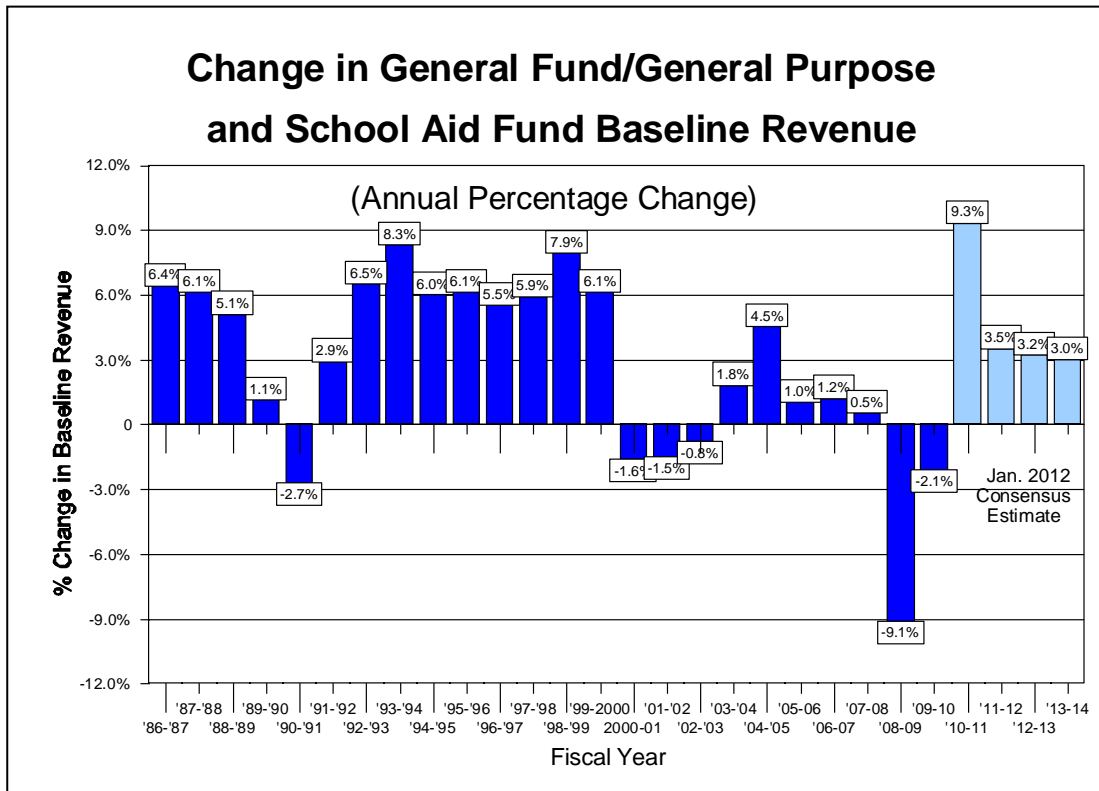
**Figure 9**



## Forecast for State Revenue

- Pursuant to State statute, there are Consensus Revenue Estimating Conferences held in January and May of each year in which the State Treasurer, and the Directors of the House and Senate Fiscal Agencies, meet to agree on the amount of State revenue available for the State budget.
- The Governor and the Legislature used the revenue estimates from the May 16, 2011, Conference to finalize the FY 2011-12 budget. The Governor's budget recommendation for FY 2012-13 will be based on the January 2012 Conference.
- The percentage changes in baseline General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue for FY 2009-10 through FY 2012-13 are compared with the actual growth rates during the preceding 20 years in [Figure 10](#).

**Figure 10**



- The increases in baseline revenue estimated for FY 2010-11 through FY 2013-14 represent the first increases since FY 2007-08 and the strongest growth since FY 2004-05.
- FY 2010-11 GF/GP revenue is estimated to have increased by 14.8% over FY 2009-10 and SAF revenue is estimated to increase by 4.0%. The revised estimates for FY 2011-12, after accounting for tax changes, predict GF/GP revenue will increase by 2.5% while SAF revenue will decrease by 4.3%. GF/GP revenue in FY 2012-13 is estimated to increase 0.05% while SAF revenue will grow 2.7%.
- Underlying economic fundamentals for FY 2011-12 and FY 2012-13 will be offset by tax policy changes that will reduce GF/GP and School Aid Fund revenue.
- Figures 11 and 12 display the estimated FY 2011-12 revenue sources for the State General Fund and School Aid Fund, respectively.
- Figures 13 and 14 display the estimated FY 2012-13 revenue sources for the State General Fund and School Aid Fund, respectively.

Figure 11

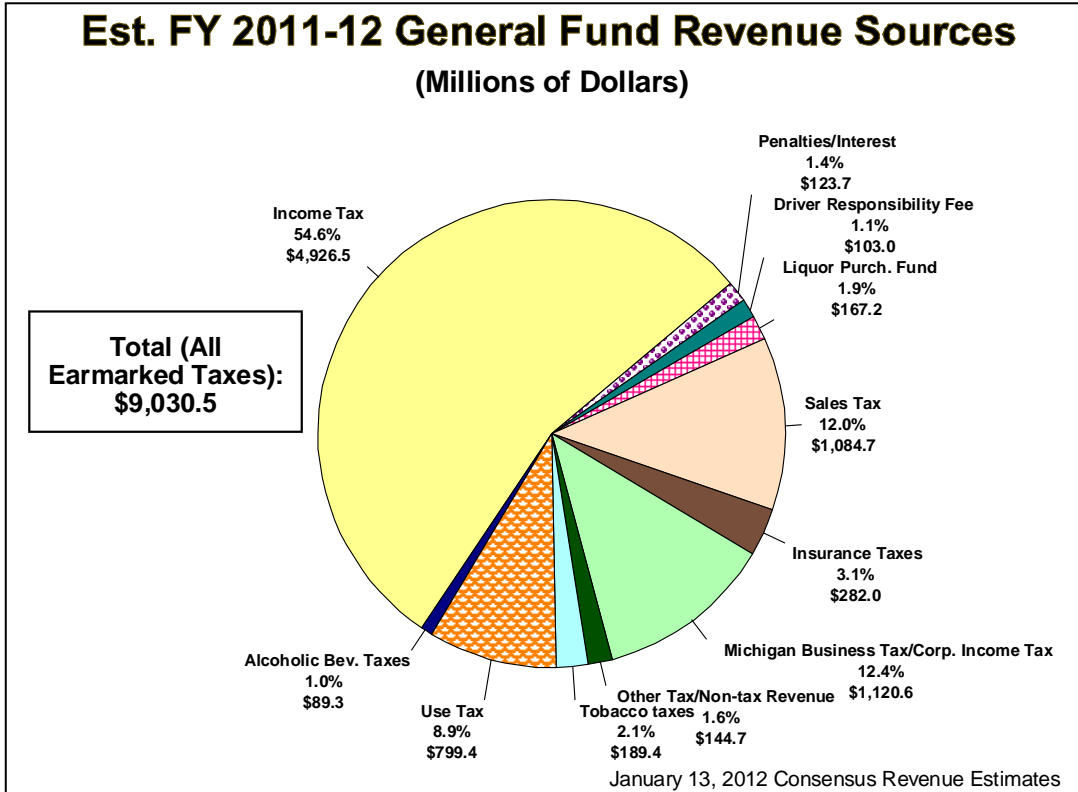


Figure 12

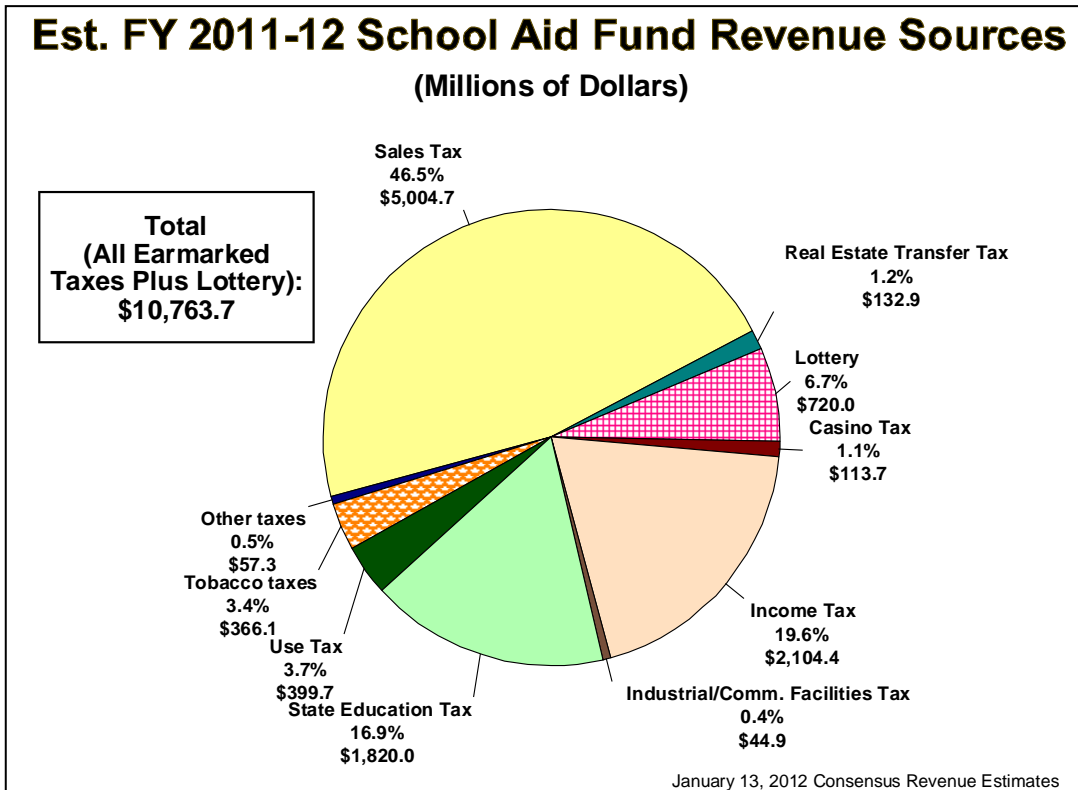


Figure 13

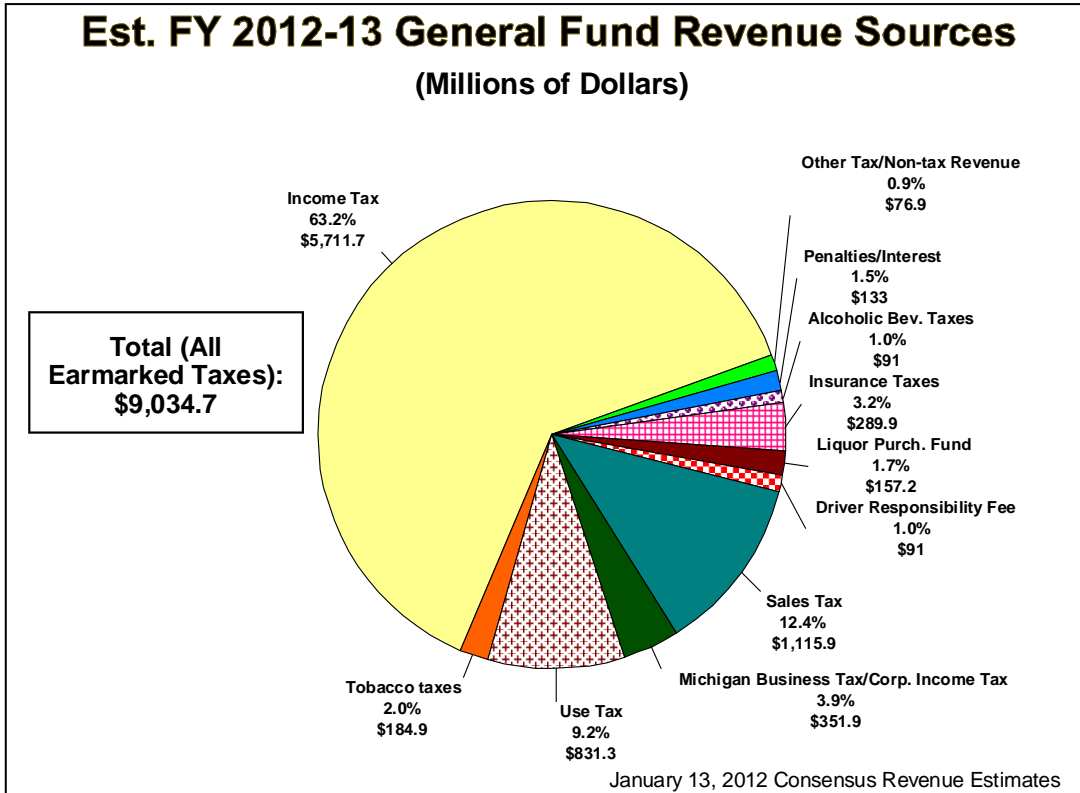
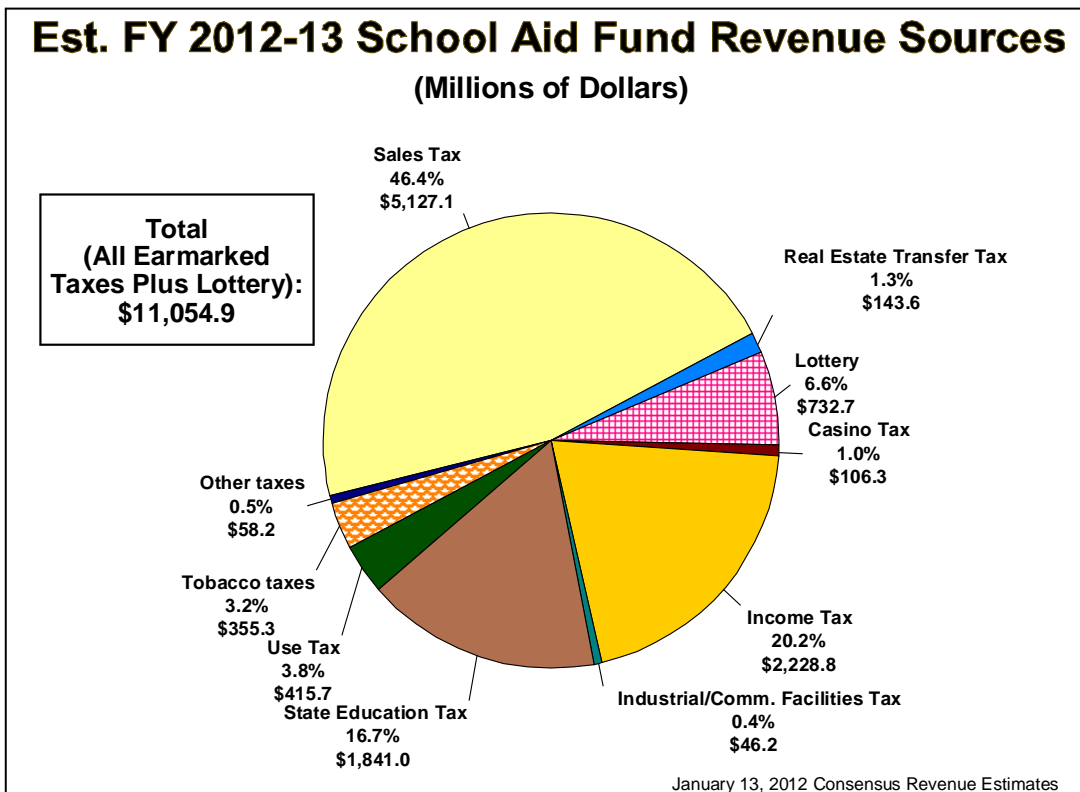


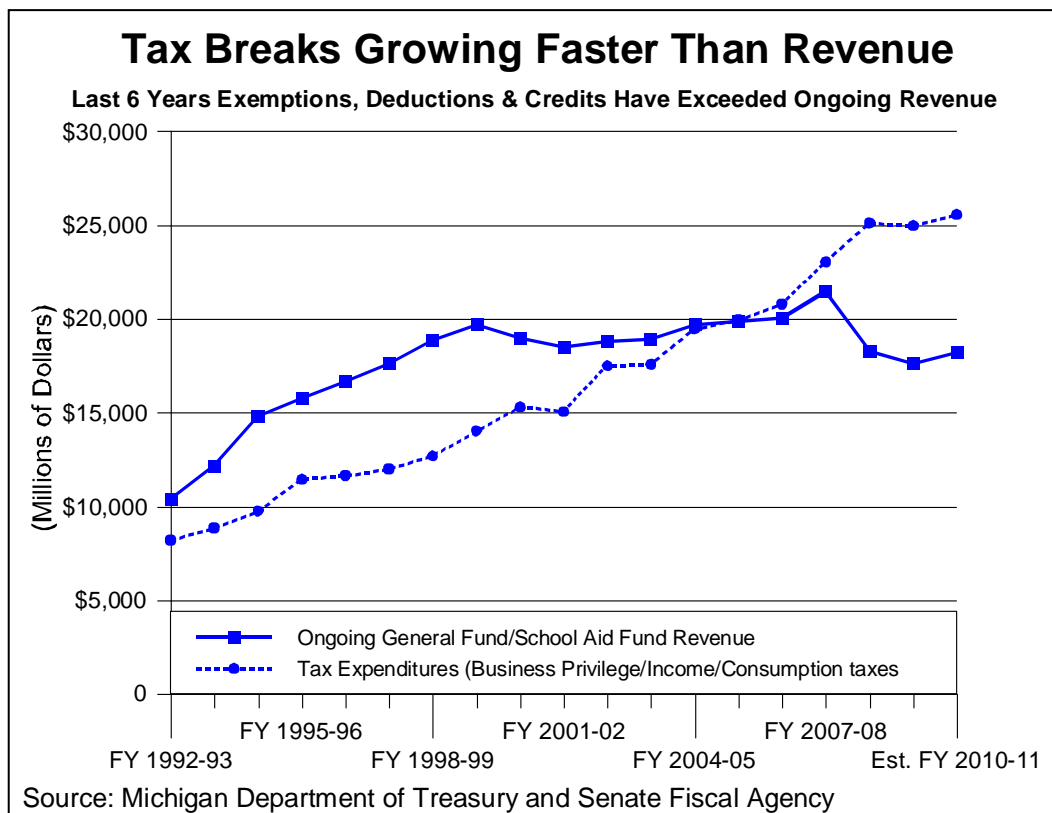
Figure 14



## State Tax Expenditures

- Based on estimates of the Michigan Department of Treasury, the level of State tax expenditures has increased from \$14.1 billion in FY 1999-2000 to \$25.0 billion in FY 2009-10. The estimate for FY 2010-11 is \$24.9 billion.
- During FY 1999-2000 tax expenditures equaled 71.3% of ongoing GF/GP and SAF revenue. During FY 2009-10 tax expenditures equaled 141.8% of total ongoing GF/GP and SAF revenue.

Figure 15



- The growth in tax expenditures has primarily focused on consumption taxes and individual income taxes. Recently enacted tax expenditures include the earned income tax credit and subsidies to the film industry and certain battery manufacturers.

- [Table 1](#) provides details on major changes in tax expenditures from FY 1999-2000 to FY 2009-10.

**Table 1**

<b>DETAIL ON MAJOR CHANGES IN TAX EXPENDITURES (Millions of Dollars)</b>			
	<b>FY 1999-2000</b>	<b>FY 2009-10</b>	<b>Dollar Change</b>
Consumption Taxes			
Food	\$860.0	\$1,130.7	\$270.7
Industrial Processing	660.0	840.2	180.2
Prescription Drugs	242.0	535.3	293.3
Services	4,392.0	10,361.6	5,969.6
Individual Income Taxes			
Adjustments to Income	1,600.0	3,432.2	1,832.2
Homestead Property Tax Credit	471.0	1,006.6	535.6
Personal Exemption	987.0	1,170.3	183.3
Earned Income Tax Credit	0.0	353.8	353.8
All Other Tax Expenditures	4,859.4	6,182.0	1,322.6
<b>Total Tax Expenditures</b>	<b>\$14,071.4</b>	<b>\$25,012.7</b>	<b>\$10,941.3</b>



## Tax Code Restructuring

- Public Acts 38, 39, and 40 of 2011 restructure Michigan's business and personal income taxes.
- The existing Michigan Business Tax (MBT) was repealed and is replaced with a new 6.0% Corporate Income Tax (CIT).
- Changes to the Michigan personal income tax include: freezing the personal income tax rate at 4.35% until January 1, 2013, modifying pension deductions and the homestead property tax credit, reducing the earned income tax credit (EITC), and eliminating most of the other credits, deductions, and exemptions.
- Table 2 outlines estimates of the fiscal impact for the State GF/GP and the School Aid Fund of the tax restructuring. The first year of the full impact of the changes will be FY 2012-13 when it is estimated that GF/GP revenue will increase by \$340.6 million and School Aid Fund revenue will decrease by \$674.5 million.

**Table 2**

**ENACTED TAX RESTRUCTURING LEGISLATION  
(Dollars in Millions)**

Tax Provision	FY 2011-12			FY 2012-13			FY 2013-14		
	GF/GP	SAF	Total	GF/GP	SAF	Total	GF/GP	SAF	Total
<u>Prior Law:</u>									
Michigan Business Tax	\$1,066.8	\$759.1	\$1,825.9	\$1,259.5	\$778.8	\$2,038.3	\$1,304.8	\$793.6	\$2,098.4
<u>Business Tax Changes:</u>									
Repeal MBT (12/31/11)	(\$454.2)	(\$759.1)	(\$1,213.3)	(\$1,259.5)	(\$778.8)	(\$2,038.3)	(\$1,304.8)	(\$793.6)	(\$2,098.4)
Corporate Income Tax (1/1/12)	457.9	0.0	457.9	770.0	0.0	770.0	831.8	0.0	831.8
Financial Institutions Tax	27.7	0.0	27.7	43.9	0.0	43.9	45.6	0.0	45.6
Certified Credits/Options Tax	24.7	0.0	24.7	(462.0)	0.0	(462.0)	(583.5)	0.0	(583.5)
Total Changes to Business Taxes	56.1	(759.1)	(703.0)	(907.6)	(778.8)	(1,686.4)	(1,010.9)	(793.6)	(1,804.5)
Net Business Tax Rev. After Credits	\$1,122.9	\$0.0	\$1,122.9	\$351.9	\$0.0	\$351.9	\$293.9	\$0.0	\$293.9
<u>Individual Income Tax Changes:</u>									
Delay/Eliminate Tax Rate Changes	\$172.0	\$0.0	\$172.0	\$225.0	\$0.0	\$225.0	\$415.4	\$0.0	\$415.4
Repeal Senior/Unemp. Ins. Exemption	6.7	2.1	8.8	41.0	0.0	41.0	32.2	10.0	42.2
Repeal Child Deduction	0.0	0.0	0.0	57.1	0.0	57.1	48.0	10.8	58.8
Pension Tax Changes	182.5	38.4	220.9	253.7	82.5	336.2	260.2	86.8	347.0
Repeal Nonrefundable Credits	73.9	0.0	73.9	103.5	0.0	103.5	107.0	0.0	107.0
Homestead Credit Changes	0.0	0.0	0.0	257.0	0.0	257.0	265.0	0.0	265.0
Modify Earned Income Tax Credit	0.0	0.0	0.0	261.6	0.0	261.6	269.4	0.0	269.4
Eliminate Subtract./Exemp./Other	37.9	9.5	47.5	49.3	21.8	71.1	54.2	18.1	72.3
Total Chngs. to Individual Income Tax	\$473.0	\$50.0	\$523.1	\$1,248.2	\$104.3	\$1,352.5	\$1,451.4	\$125.7	\$1,577.1
Net Impact of Proposed Reforms	\$529.1	(\$709.1)	(\$179.9)	\$340.6	(\$674.5)	(\$333.9)	\$440.5	(\$667.9)	(\$227.4)
<u>Addendum: Impact by Taxpayer Type</u>									
Businesses			(\$703.0)			(\$1,686.4)			(\$1,804.5)
Individuals			\$523.1			\$1,352.5			\$1,577.1

## Constitutional Revenue Limit

- Section 26 of Article IX of the State Constitution limits total State revenue to a maximum of 9.49% of Michigan personal income.
- Based on the revised revenue estimates, revenue subject to the Constitutional revenue limit is estimated to be approximately \$6.2 billion below the limit for FY 2010-11 and FY 2011-12, and \$7.6 billion in FY 2012-13, and \$7.9 billion in FY 2013-14.

**Figure 16**

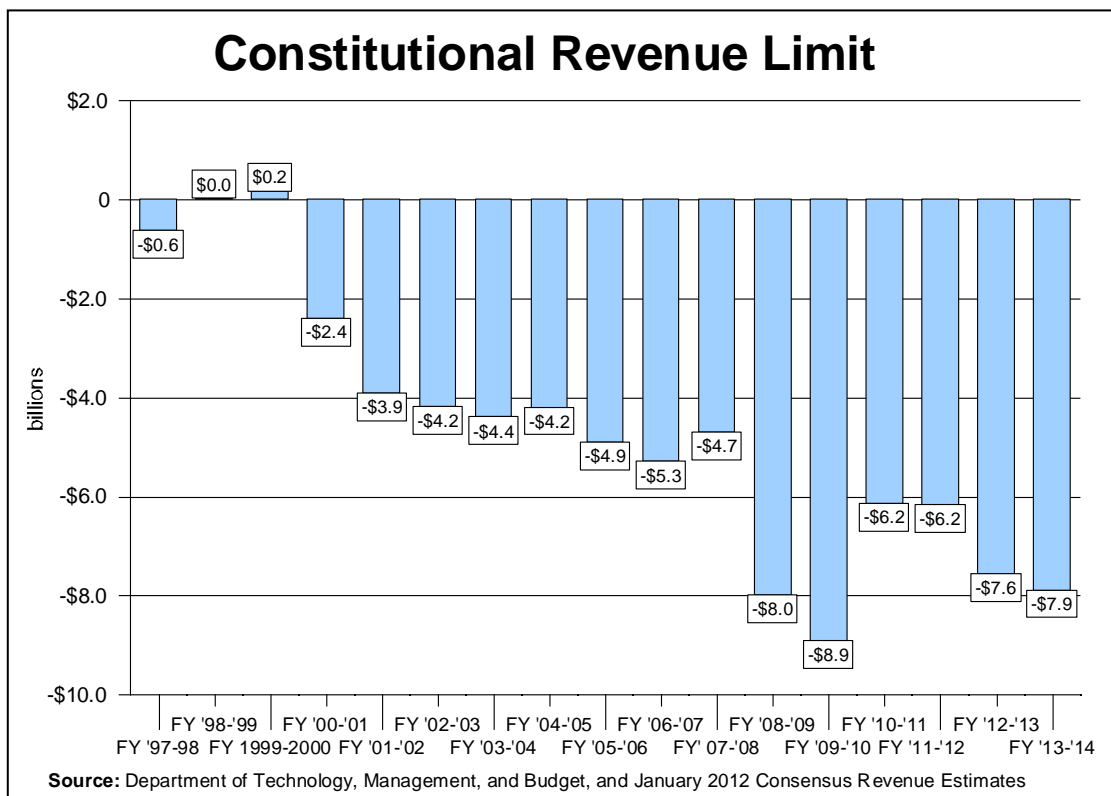


Figure 17

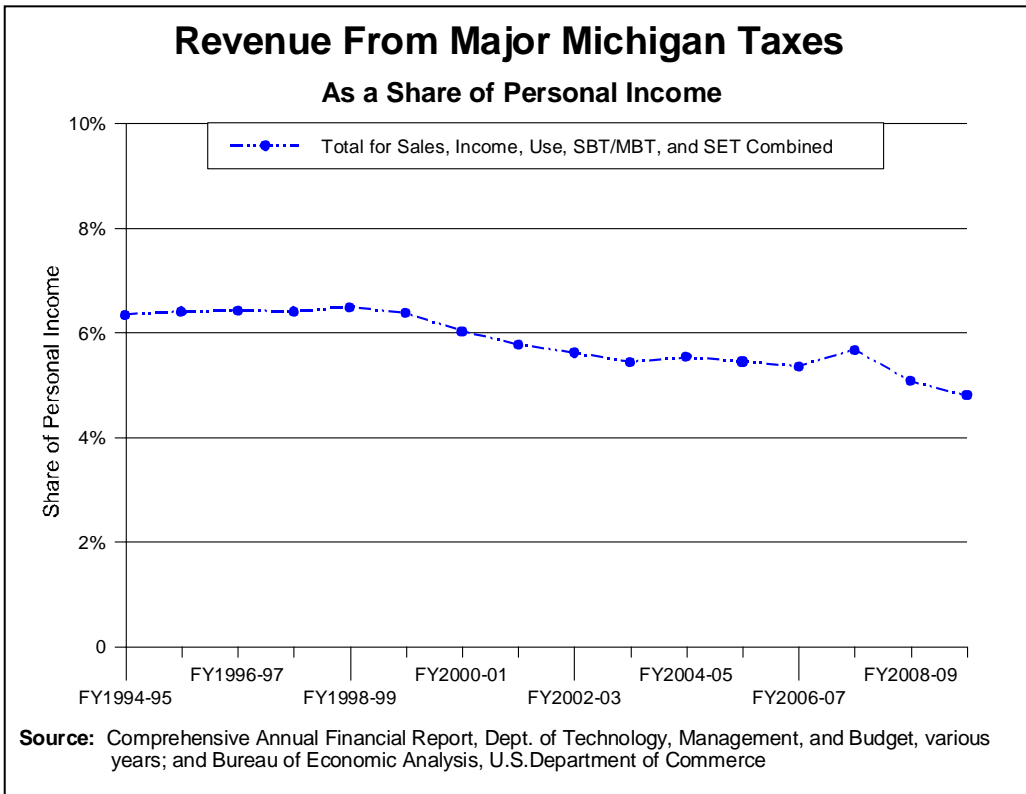
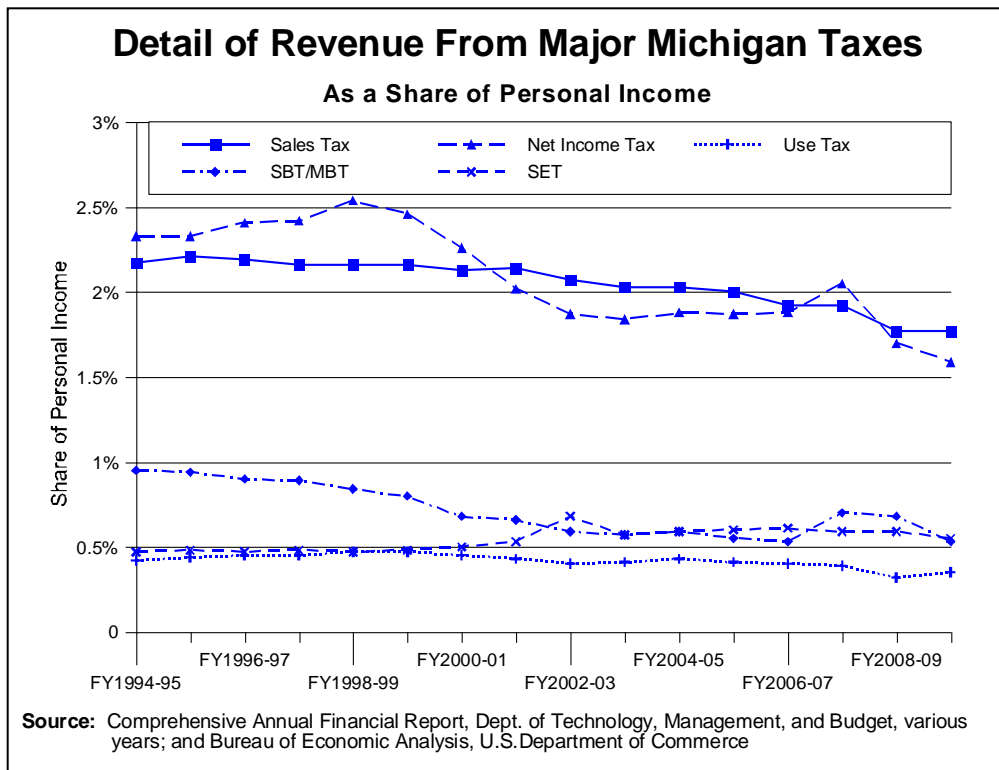


Figure 18



## **School Aid Budget: Where Were We Last May**

- After the May 2011 CREC and subsequent enactment of the School Aid budget, we anticipated that, by the end of FY 2010-11, we would have \$645.9 million in the School Aid Fund, which would be carried into FY 2011-12 and spent.
- We further anticipated that, at the end of FY 2011-12, there would only be \$0.2 million to be carried into the FY 2012-13 budget, and assuming that FY 2012-13 continued the same programs EXCEPT FOR ONE-TIME SPENDING and adjusting for technical cost changes, there would be a remaining balance of either \$48 million or \$148 million, depending on whether you assume the additional \$100 million General Fund remains in the School Aid budget for FY 2012-13.
- See [Table 3](#) on the following page.

**Table 3**

**FY 2011-12 AND FY 2012-13, MAY 24, 2011 – CONFERENCE  
SCHOOL AID FUND – K-12 BUDGET  
(Millions of Dollars)**

	<b>FY 2011-12 May 2011 Conference</b>	<b>FY 2012-13 May 2011 Conference</b>
<b>Revenue:</b>		
Beginning Balance.....	\$645.9	\$0.2
Revenue Estimates (May 2011 CREC).....	11,335.3	11,626.4
Tax Law Changes.....	(689.9)	(662.1)
General Fund/General Purpose Grant.....	18.6	18.6
Nontax Revenue Adjustments.....	(8.0)	3.2
Federal Ongoing Aid.....	1,653.3	1,653.3
<b>Current Law Revenue.....</b>	<b>\$12,955.2</b>	<b>\$12,639.6</b>
<b>Expenditures:</b>		
Current Law Spending (w/ tech adjustments).....	\$12,954.2	\$12,731.6
Expiration of Education Jobs Fund (between \$154 & \$222 per pupil).....	(\$316.3)	\$0.0
Baseline Spending Adjustments.....	93.7	(2.6)
<b>Current Services Base Expenditures.....</b>	<b>\$12,731.6</b>	<b>\$12,729.0</b>
<b>Projected SAF Surplus Under Current Law Parameters.....</b>	<b>\$223.6</b>	<b>(\$89.4)</b>
<b>Savings (Spending) Proposals for FY 2011-12 and FY 2012-13:</b>		
Additional GF/GP Grant (Uncertain for FY 2012-13).....	100.0	0.0
Reduction or Elimination of Categoricals.....	62.0	80.5
Best Practices.....	(154.0)	0.0
MPSERS Cost Offset.....	(155.0)	0.0
Reserve for MPSERS Retirement Obligation Reform.....	(133.0)	0.0
Additional Per-Pupil Foundation Cut of \$300 per pupil.....	452.5	452.5
Partially Fund Community Colleges with SAF.....	(195.9)	(195.9)
Partially Fund Higher Education with SAF.....	(200.0)	(200.0)
<b>Subtotal Proposed Adjustments to Funding Surplus.....</b>	<b>(\$223.4)</b>	<b>\$137.1</b>
<b>Projected Year-End Balance.....</b>	<b>\$0.2</b>	<b>\$47.7</b>
<b>Changes in Categoricals</b>		
	<b>Amount Chng. (in Millions)</b>	<b>Percent Changed</b>
ISD Special Education FICA.....	(\$15.3)	(100.0)%
Payments in Lieu of Taxes.....	(0.5)	(15.0)%
School Bus Inspections.....	1.1	253.6%
District-Specific Foundation Allowance Adjustments.....	(4.6)	(50.0)%
Small Class Size Foundation Allowance Adjustments.....	(5.7)	(31.5)%
ISD Operations - 5% cut.....	(3.3)	(5.0)%
ECIC Collaboratives.....	(0.1)	(1.7)%
Change 75/25 to 90/10 Blended Memberships.....	(12.0)	n/a
Increase funding for Great Start Readiness Program.....	6.0	6.7%
MBT Hold Harmless (restrict to districts with fewer than 500 students).....	(1.1)	(61.1)%
Health/Science Middle Colleges.....	(2.0)	(100.0)%
State Aid to Libraries Payments.....	(0.2)	(13.0)%
Bilingual Education.....	(2.8)	(100.0)%
Declining Enrollment (Sec. 29 only; grants to rural districts remain at \$7 mil).....	(20.0)	(74.1)%
Precollege Engineering.....	(0.9)	(100.0)%
Antibullying and Agriculture Education at SVSU.....	(0.6)	(100.0)%
<b>Total.....</b>	<b>(\$62.0)</b>	

Source: Senate Fiscal Agency May 24, 2011

## Where We Are After January 2012 CREC

- With the consensus revenues adopted today at the CREC, we are looking at a final FY 2010-11 year-end SAF balance of \$722.6, or an increase in unanticipated SAF revenue of \$76.7 million.
- Carrying the \$722.6 million into FY 2011-12, incorporating the new CREC revenue estimates, and making adjustments to reflect actual FY 2011-12 pupil counts and significant adjustments in taxable value costs, we would anticipate closing FY 2011-12 with \$119.3 million, to be carried forward into FY 2012-13. This is a significant increase (over \$100.0 million) over what we were projecting previously.
- Assuming the new revenue estimates for FY 2012-13, making adjustments for the FY 2012-13 pupil estimate, and continued adjustments in taxable values and property tax settlements, and further assuming the additional \$100.0 million in General Fund, we would anticipate that FY 2012-13 would have \$303.0 million of unallocated School Aid Fund revenue at year end.
- See Tables 4 and 5.
- Estimates assume \$50.0 million in FY 2012-13 State savings from half-day kindergarten.

**Table 4**  
**FY 2011-12**  
**SCHOOL AID FUND**  
**REVENUE, EXPENDITURES, AND YEAR-END BALANCE**  
**(Millions of Dollars)**

	<b>January 2012 SFA Estimate</b>
<b>Revenue:</b>	
Beginning Balance.....	\$722.6
Consensus Revenue Estimate (January 13, 2012) .....	\$10,763.6
<u>Other Revenue Adjustments:</u>	
General Fund/General Purpose Grant.....	\$118.6
Federal Ongoing Aid.....	1,653.3
Nontax Revenue Adjustments .....	(8.0)
Subtotal Other Revenue Adjustments.....	<u>\$1,763.9</u>
<b>Total Estimated School Aid Fund Revenue.....</b>	<b>\$13,250.1</b>
<b>Expenditures:</b>	
Initial Ongoing K-12 Appropriations .....	\$12,203.6
K-12 Cost Adjustments (Consensus Estimate, Jan. 2012) .....	63.3
Partially Fund Community Colleges with School Aid Fund .....	195.9
Partially Fund Higher Education with School Aid Fund.....	200.0
<u>One-Time Appropriations:</u>	
Public School Empl. Retirement System (MPSERS) Payments ...	\$155.0
K-12 Best Practices .....	154.0
MPSERS Retirement Obligation Reform Reserve Fund.....	133.0
Partially Restore K-12 Small Class Size Grants .....	<u>13.5</u>
Subtotal One-Time Appropriations.....	\$455.5
Pending Supplemental: H.B. 4445 (As Passed the Senate) .....	12.5
<b>Total Estimated School Aid Fund Expenditures .....</b>	<b>\$13,130.8</b>
<b>Projected Year-End School Aid Fund Balance .....</b>	<b>\$119.3</b>

Source: Senate Fiscal Agency, January 13, 2012



**Table 5**  
**FY 2012-13**  
**SCHOOL AID FUND**  
**REVENUE, EXPENDITURES, AND YEAR-END BALANCE**  
**(Millions of Dollars)**

	<b>January 2012 SFA Estimate</b>
<b>Revenue:</b>	
Beginning Balance.....	\$119.3
Consensus Revenue Estimate (January 13, 2012) .....	\$11,055.0
<b>Other Revenue Adjustments:</b>	
General Fund/General Purpose Grant.....	\$118.6
Federal Ongoing Aid.....	1,653.3
Nontax Revenue Adjustments .....	<u>3.3</u>
Subtotal Other Revenue Adjustments.....	<u>\$1,775.2</u>
<b>Total Estimated School Aid Fund Revenue.....</b>	<b>\$12,949.5</b>
<b>Expenditures:</b>	
FY 2011-12 Total K-12 Appropriations .....	\$12,671.6
K-12 Cost Adjustments for FY 2011-12 (Consensus Est., Jan. 2012)	63.3
FY 2011-12 Total Comm. Colleges/Higher Ed. SAF Appropriations..	395.9
Remove FY 2011-12 One-Time Appropriations.....	(455.5)
Remove Funding for FY 2011-12 Supplemental H.B. 4445.....	(12.5)
K-12 Cost Adjustments for FY 2012-13 .....	(16.3)
<b>Total Estimated School Aid Fund Expenditures .....</b>	<b>\$12,646.5</b>
<b>Projected Year-End School Aid Fund Balance .....</b>	<b>\$303.0</b>

Source: Senate Fiscal Agency, January 13, 2012

## What about the General Fund?

- Based on the January 2012 CREC, the SFA would estimate an FY 2011-12 General Fund carryforward of \$627.9 million, and, again, using SFA estimates of spending adjustments for FY 2012-13, that a continuation budget would result in \$656.9 million of General Fund revenue that would be unallocated by year end.
- See Tables 6 and 7.
- Combining the potentially available General Fund with the available SAF could mean as much as \$959.9 million to be allocated for FY 2012-13 that is not currently appropriated. Again, however, this assumes that one-time spending in both the K-12 budget (the \$100 per-pupil best practices money, the average \$100 per-pupil MPSERS payment, and the \$133 million set aside for MPSERS reforms) and in the General Fund budget would not be continued into FY 2012-13.
- As you are aware, nearly \$400 million in SAF revenue was appropriated in FY 2011-12 and anticipated to be appropriated in FY 2012-13 to support postsecondary budgets. However, with the surplus in the General Fund, could there be a push to reverse this fund transfer? Unknown.
- Many news reports have quoted the Speaker of the House as indicating an interest in keeping MPSERS costs for districts down, and using available revenues for MPSERS costs.

**Table 6**  
**FY 2011-12**  
**GENERAL FUND/GENERAL PURPOSE**  
**REVENUE, EXPENDITURES, AND YEAR-END BALANCE**  
**(Millions of Dollars)**

	<b>January 2012 SFA Estimate</b>
<b>Revenue:</b>	
Beginning Balance .....	\$568.3
<b>Ongoing Revenue:</b>	
Consensus Revenue Estimate (January 13, 2012) .....	\$9,030.5
Revenue Sharing Payments.....	(300.0)
One-Time Appropriation for Revenue Sharing .....	(30.0)
Shift of Short Term Borrowing Costs to School Aid Fund.....	12.0
Subtotal Ongoing Revenue .....	<u>\$8,712.5</u>
<b>Non-ongoing Revenue:</b>	
Northville Sale (Balloon Payment, Oct. 14, 2011) .....	6.5
Use Tax on Health Maintenance Organizations .....	200.7
<b>Total Estimated GF/GP Revenue.....</b>	<b><u>\$9,488.0</u></b>
<b>Expenditures:</b>	
Initial Ongoing Appropriations .....	\$8,275.2
Auditor General Boilerplate Appropriation .....	0.9
One-Time Appropriations .....	171.6
One-Time Appropriation to Budget Stabilization Fund .....	255.8
Projected Lapse from State Building Authority Bond Sale.....	(19.8)
Employee Concessions .....	(145.0)
Payment for Other Post-Employment Benefits .....	140.0
<b>Enacted Supplementals:</b>	
Public Act 38 of 2011: Tax Plan Implementation .....	1.0
Public Act 267 of 2011-UI Bonding, Mich. Finance Authority ...	1.0
Public Act 275 of 2011-Heating Assistance.....	10.0
Public Act 278 of 2011-Multiple Departments.....	169.4
<b>Total Estimated GF/GP Expenditures .....</b>	<b><u>\$8,860.1</u></b>
<b>Projected Year-End GF/GP Balance.....</b>	<b><u>\$627.9</u></b>

**Source:** Senate Fiscal Agency, January 13, 2012

**Table 7**  
**FY 2012-13**  
**GENERAL FUND/GENERAL PURPOSE**  
**REVENUE, EXPENDITURES, AND YEAR-END BALANCE**  
**(Millions of Dollars)**

	<b>January 2012 SFA Estimate</b>
<b>Revenue:</b>	
Beginning Balance.....	\$627.9
<b>Ongoing Revenue:</b>	
Consensus Revenue Estimate (January 13, 2012) .....	\$9,034.6
Revenue Sharing Payments .....	(300.0)
Shift of Short Term Borrowing Costs to School Aid Fund .....	20.0
<b>Total Estimated GF/GP Revenue .....</b>	<b>\$9,382.5</b>
<b>Expenditures:</b>	
FY 2011-12 Total Appropriations.....	\$8,860.1
Remove FY 2011-12 One-Time Appropriations.....	(438.4)
Remove Health Claims Assessment GF/GP Adjustment.....	(167.3)
Community Health Caseload/Costs .....	200.0
Medicaid Match Rate Increase (66.14% to 66.39%).....	(25.0)
Increase for Debt Service Payments .....	46.2
Estimate of Other Cost Increases (3.0%) .....	250.0
<b>Total Estimated GF/GP Expenditures .....</b>	<b>\$8,725.6</b>
<b>Projected Year-End GF/GP Balance.....</b>	<b>\$656.9</b>

**Source:** Senate Fiscal Agency, January 13, 2012

## Combining the School Aid Fund and General Fund Estimates

Table 8

<b>GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND ESTIMATED YEAR-END BALANCES (Millions of Dollars)</b>			
	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Estimate</b>	<b>FY 2012-13 Estimate</b>
General Fund/General Purpose	\$568.3	\$627.9	\$656.9
School Aid Fund	\$722.6	\$119.3	\$303.0
<b>Total</b>	<b>\$1,290.9</b>	<b>\$747.2</b>	<b>\$959.9</b>

**Source:** Senate Fiscal Agency, January 13, 2012