

Michigan's Budget and Revenue Trends

Prepared for:
Presidents Council
State Universities of Michigan

October 14, 2009

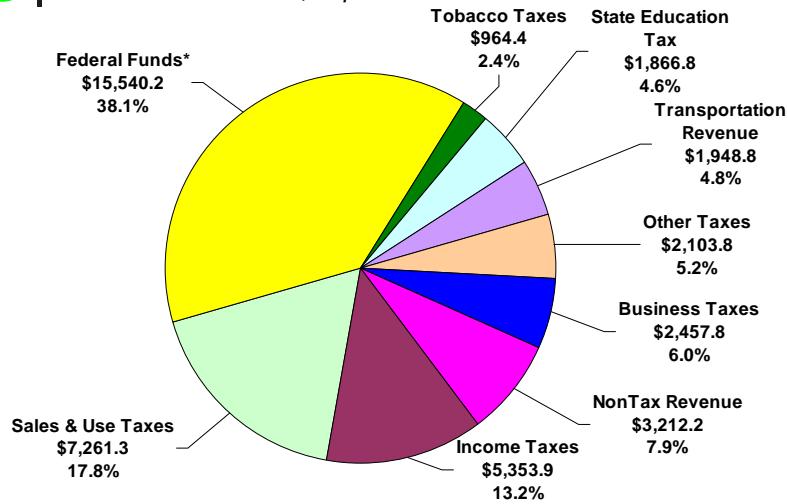


Mitchell E. Bean, Director



State of Michigan Revenue Sources

FY 2009-10 Total = \$40,709.1 million

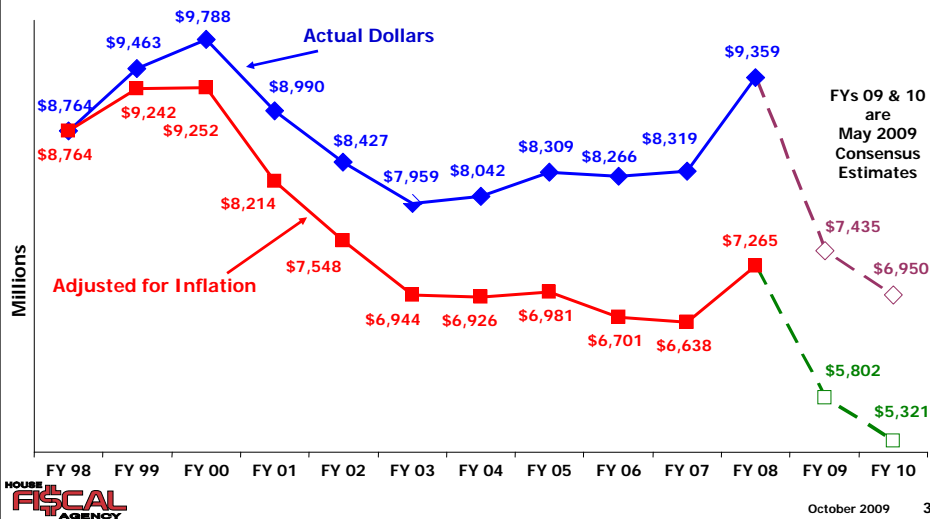


*Federal Funds at Executive Recommendation Without ARRA

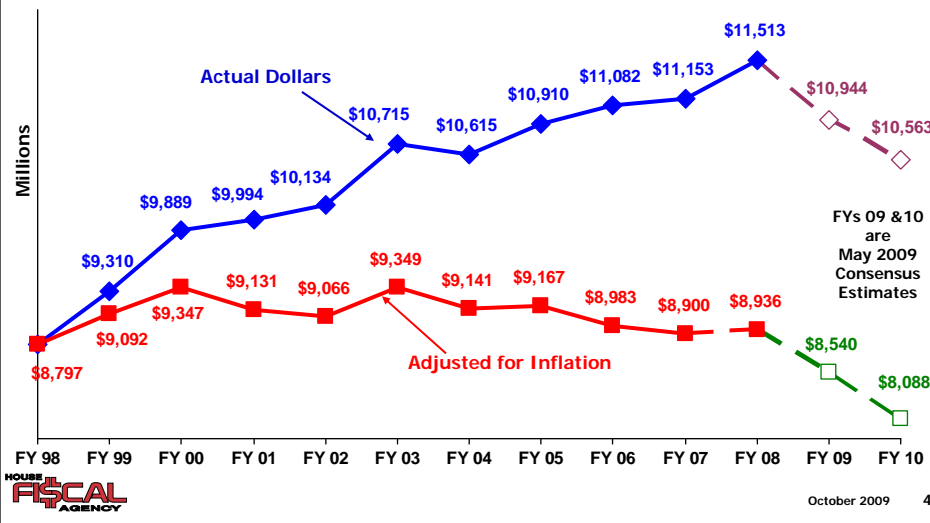
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Inflation Adjusted GF/GP Revenue Down 42.5% Since FY 2000

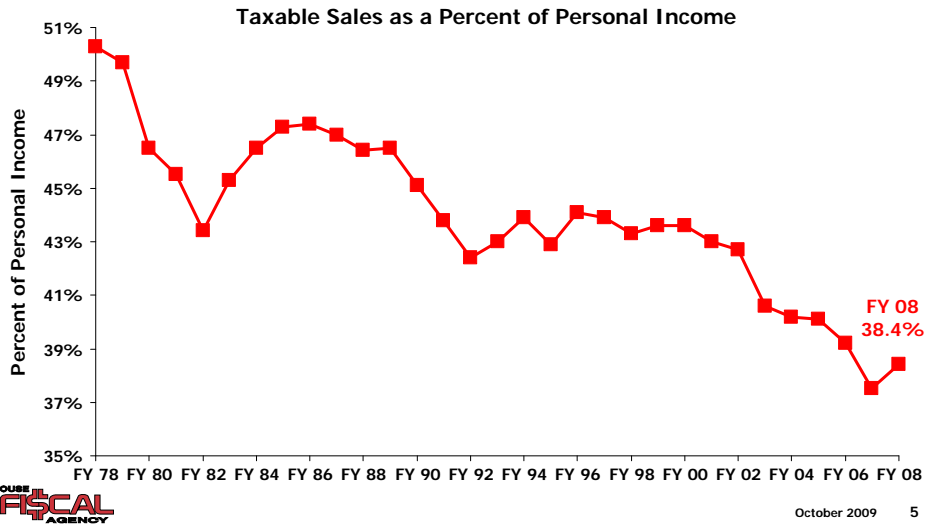


Inflation Adjusted SAF Net Revenue Down 13.5% Since FY 2000

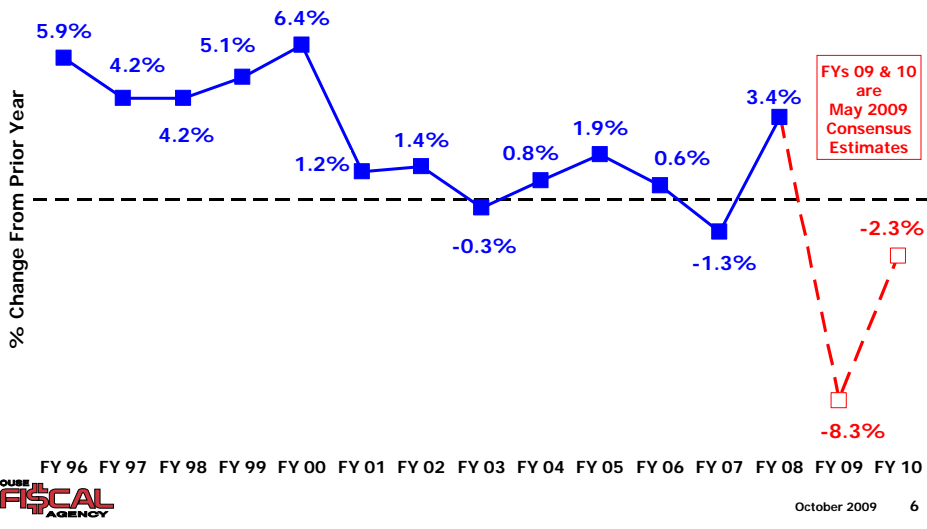




Sales/Use Tax Share Declining

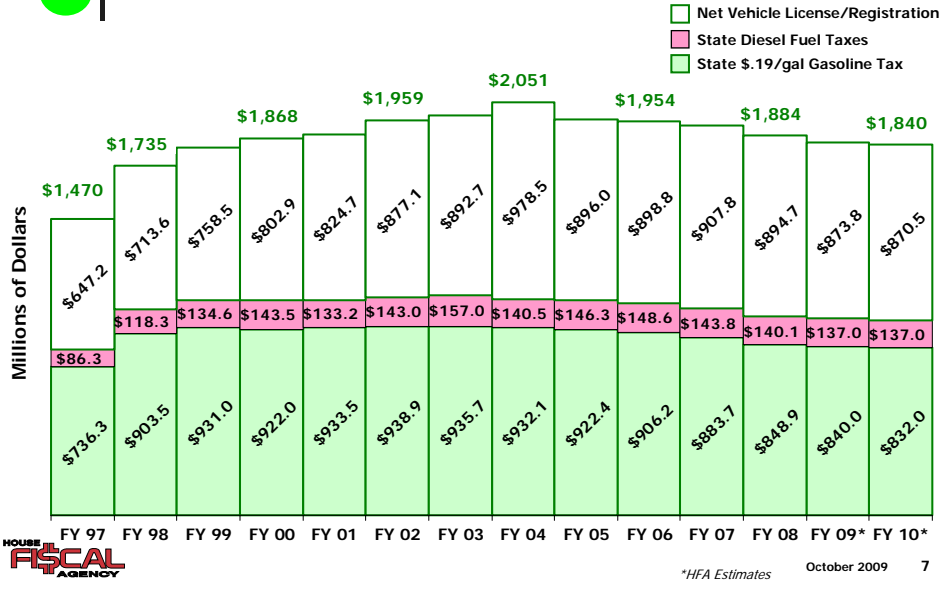


Sales Tax Revenue

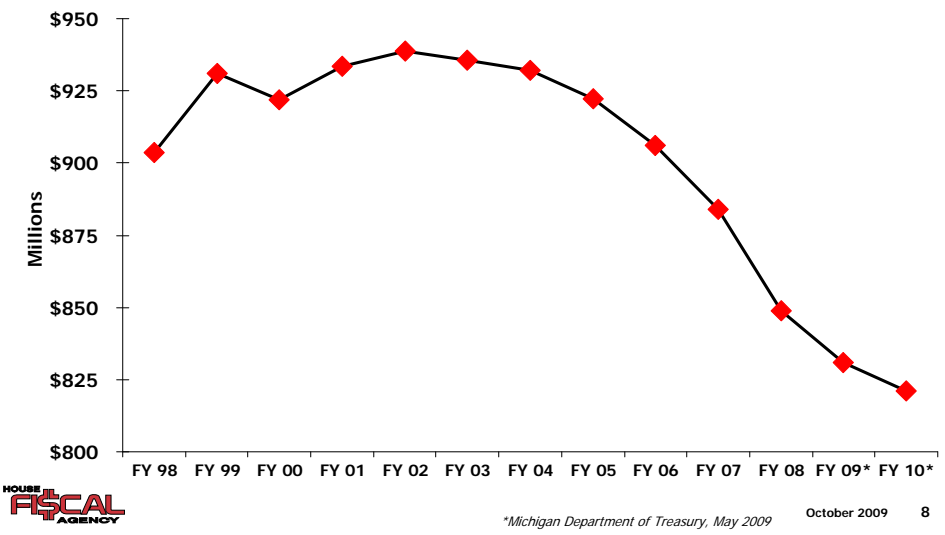




Transportation Revenue

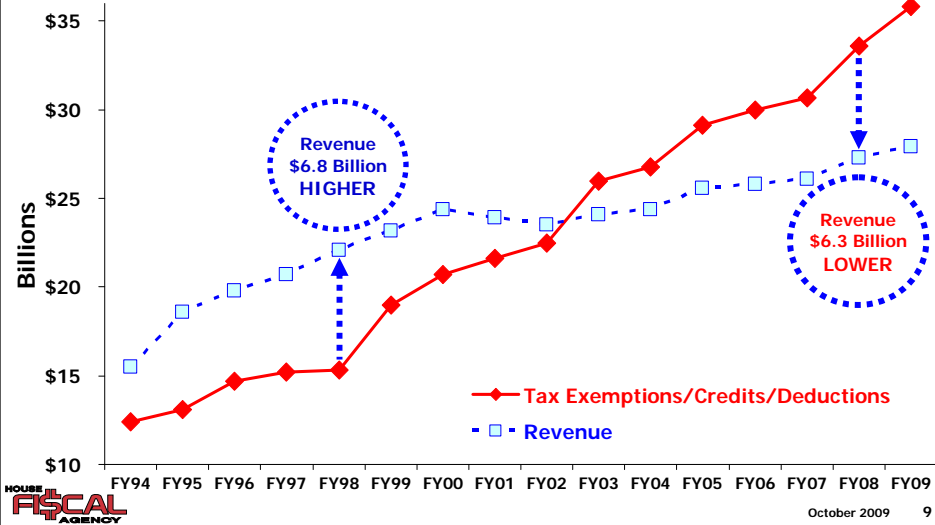


Michigan Gasoline Tax Revenue





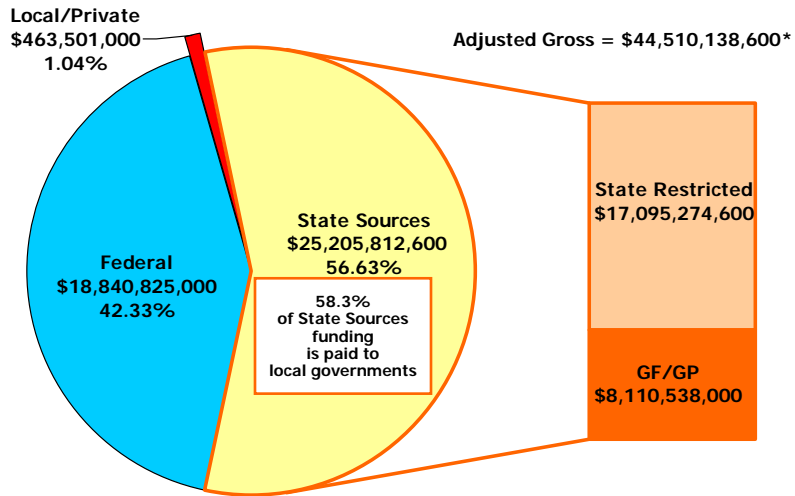
Impact of Tax Exemptions/Credits/Deductions



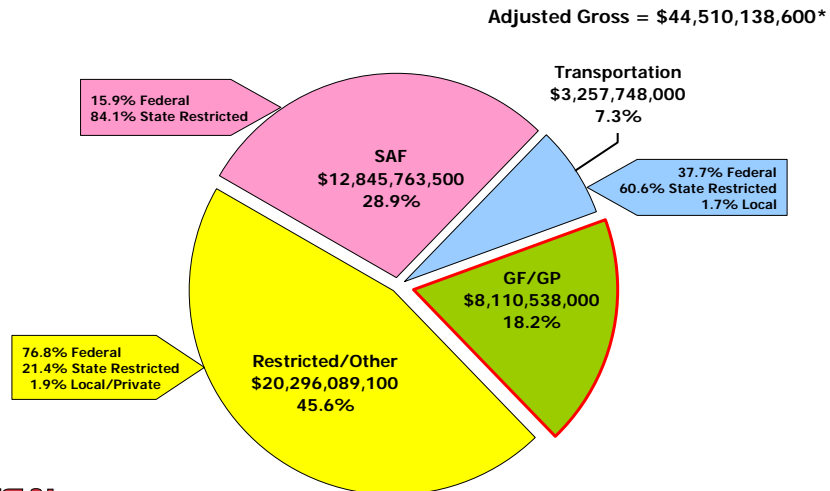
MICHIGAN'S BUDGET



FY 2009-10 Budget Adjusted Gross Funding Sources

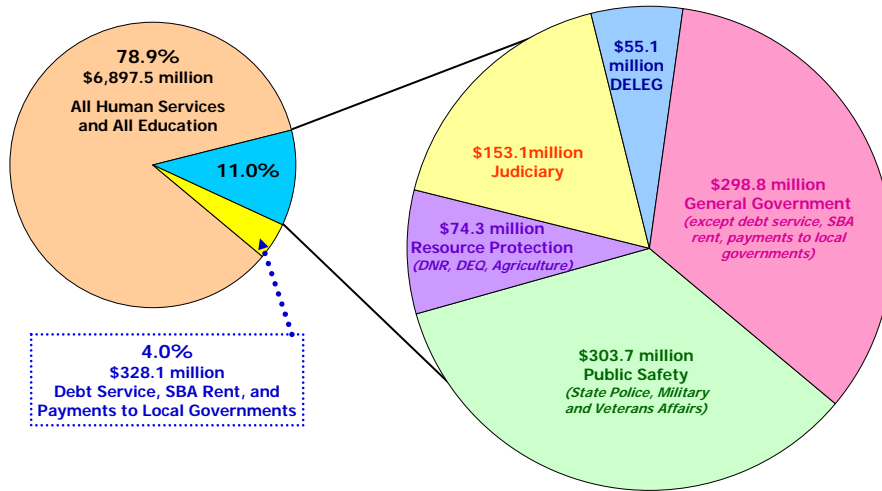


FY 2009-10 Appropriations Funding





FY 2009-10 GF/GP*



*\$8,110.5 million at 10/9/09

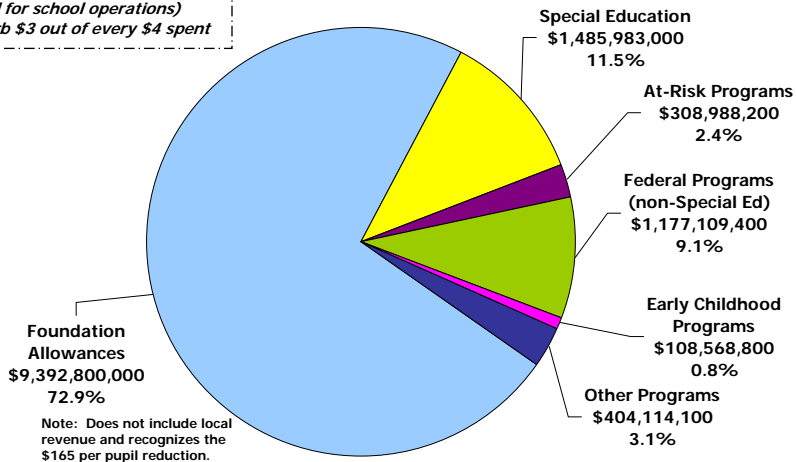
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School Aid Major Spending Categories

FY 2009-10 Total = \$12,877,563,500*

Foundation allowances (used for school operations) absorb \$3 out of every \$4 spent



Note: Does not include local revenue and recognizes the \$165 per pupil reduction.



* Conference report before vetoes

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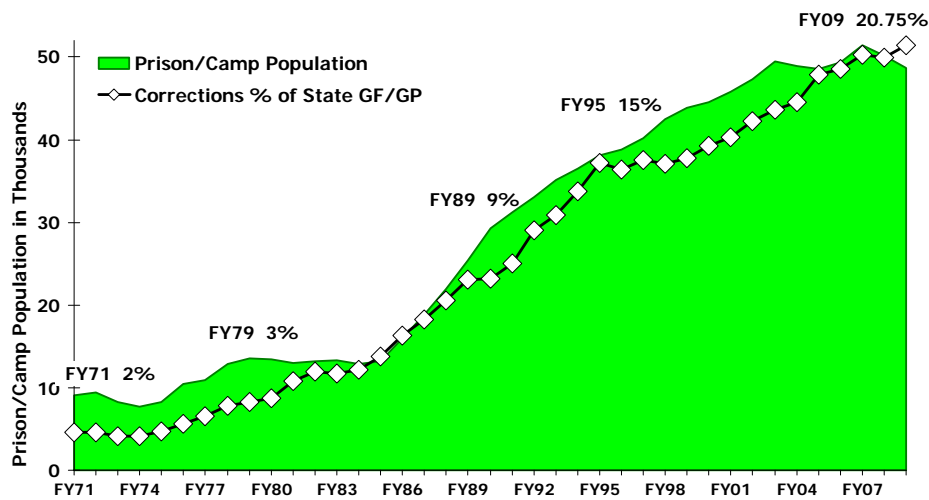


Medicaid Impact on Michigan Budget

- For FY 09, approximately 22.4% of Michigan GF/GP revenue is appropriated by Medicaid
- 1 of 7 Michigan residents were eligible for Medicaid in April 2009
- 42% of births and 70% of nursing home expenditures in Michigan are financed through Medicaid
- Total state and federal Medicaid appropriation is over \$9.9 billion in FY 09
- Since FY 1999-2000
 - 88.4% increase in Medicaid funding
 - 53.0% growth in Medicaid caseload (564,000 cases)

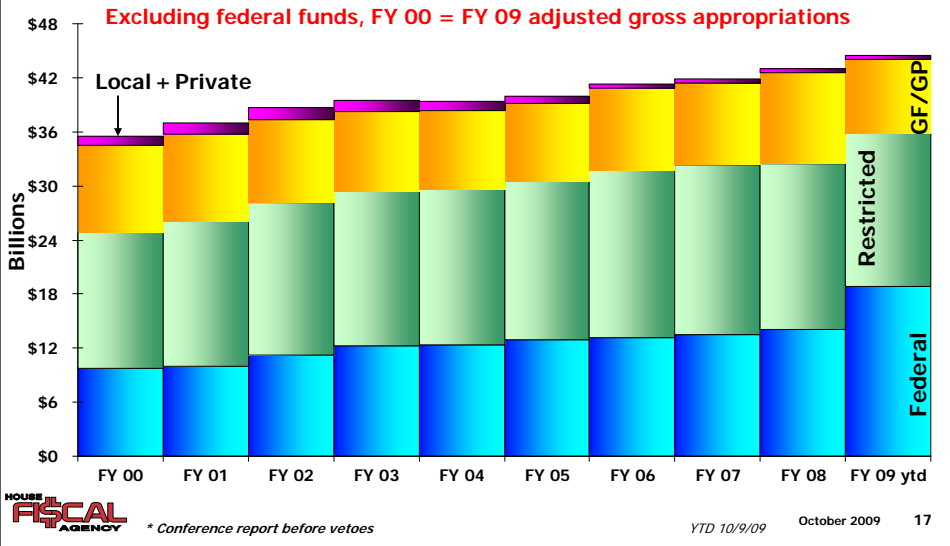


Corrections Budget Increases

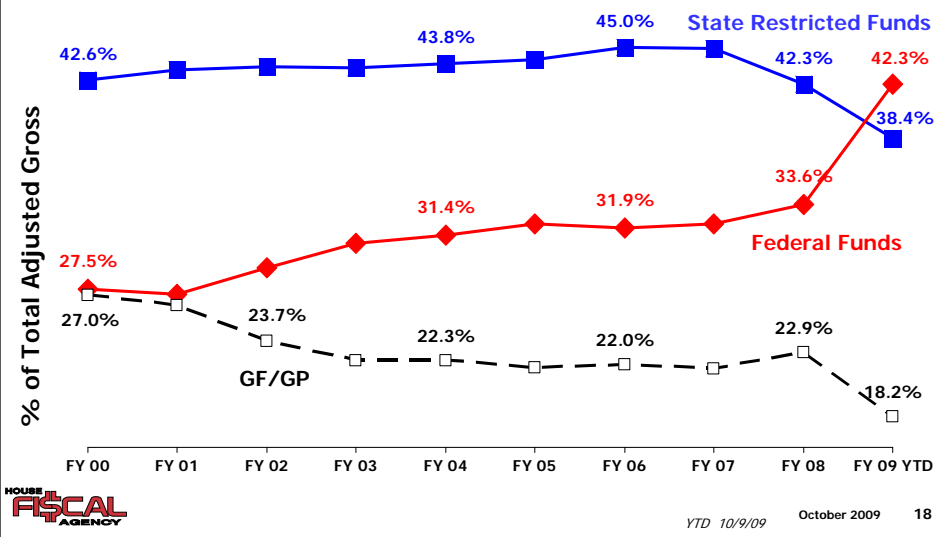




Adjusted Gross Appropriations by Fund Source

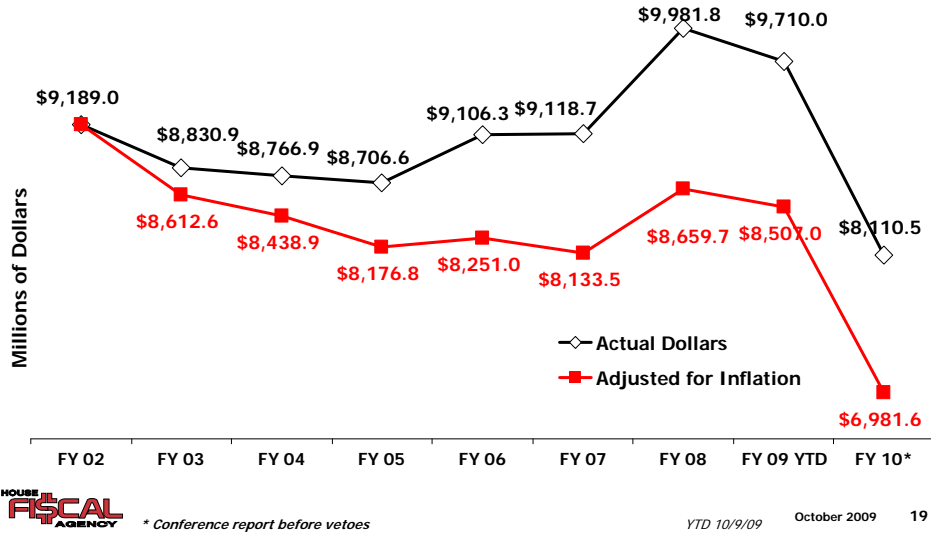


% Change in Source of Adjusted Gross Appropriations

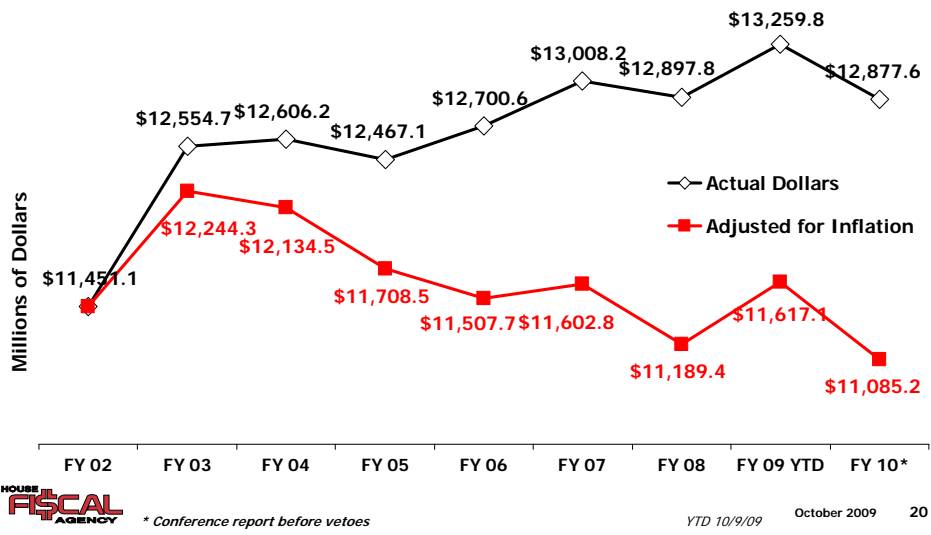




GF/GP Appropriations

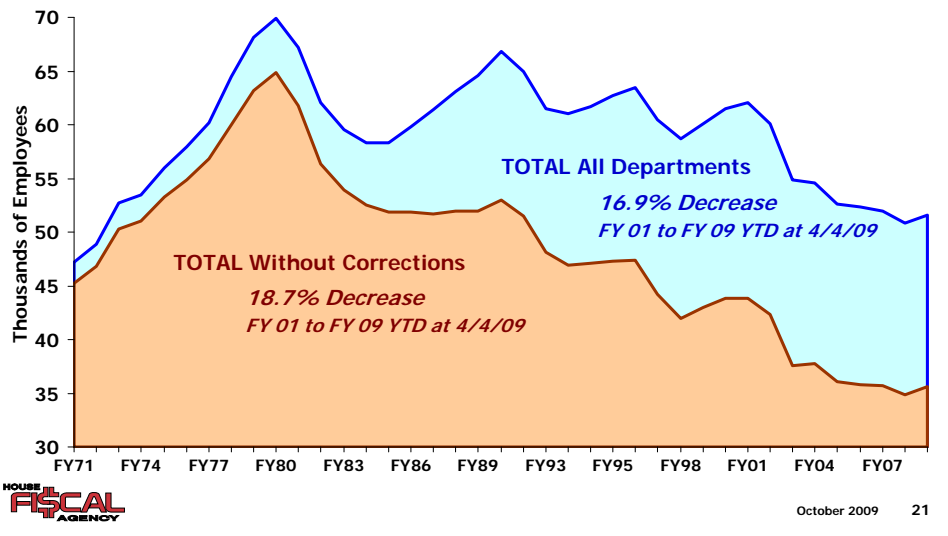


School Aid Budget Adjusted Gross Appropriations





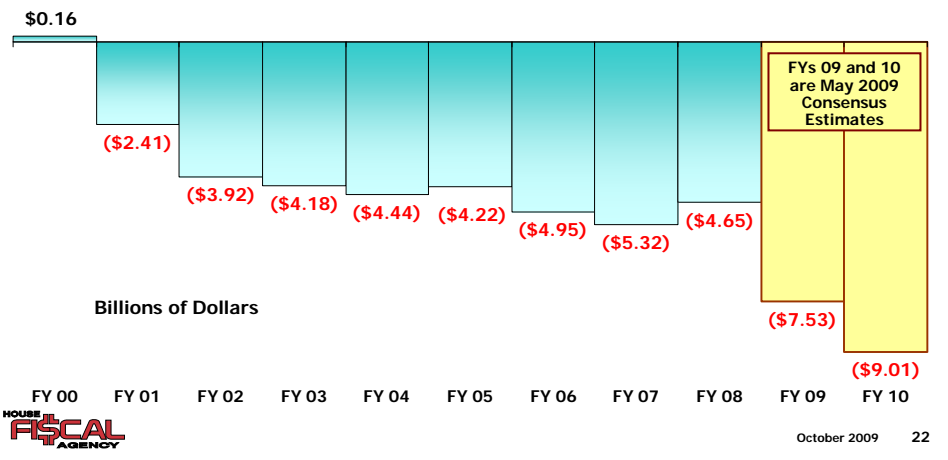
Average Number of Classified State Employees

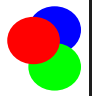


Constitutional Revenue Limit

Average growth of Michigan personal income = 1.5% per year from 2000 through 2010

Average growth of Michigan revenue = 0.79% per year from 2000 through 2010





CURRENT ISSUES



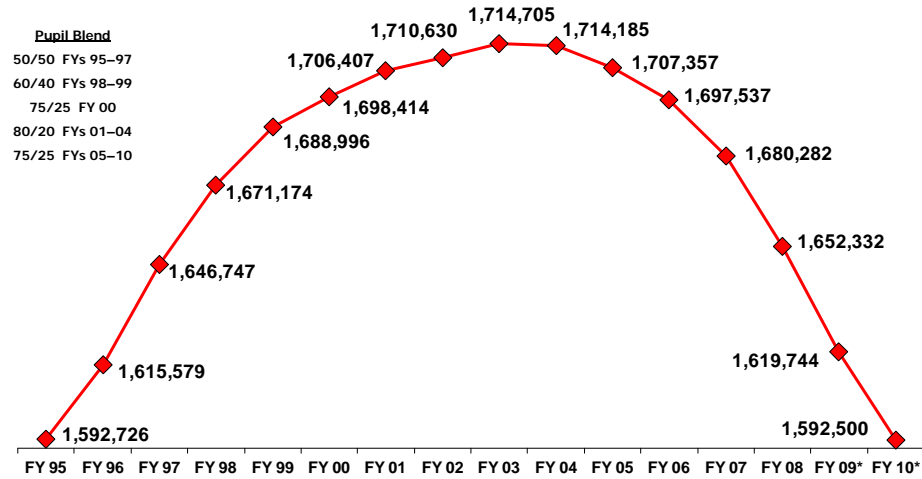
Major School Aid Issues

- Funding levels
- Declining enrollment
- Future issues:
 - Retirement costs
 - Infrastructure financing
 - Local property taxes



Total Membership Pupil Counts

Pupil Blend
 50/50 FYs 95-97
 60/40 FYs 98-99
 75/25 FY 00
 80/20 FYs 01-04
 75/25 FYs 05-10

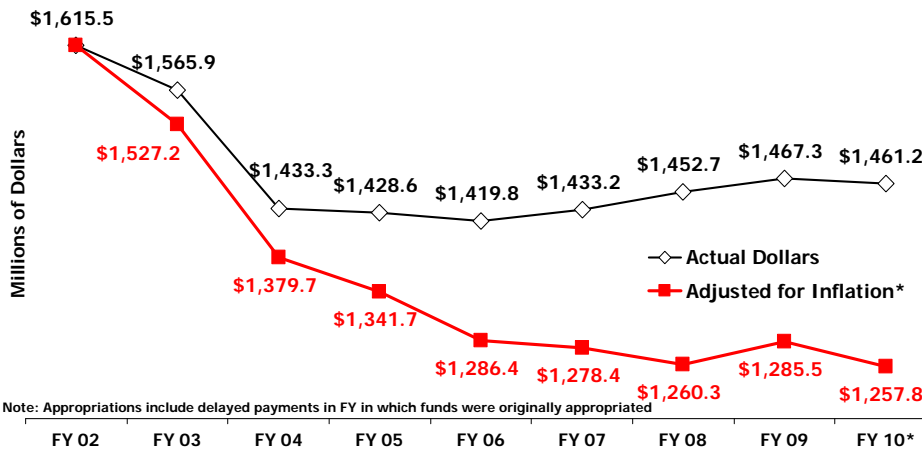


*FY 09 Unaudited Count; FY 10 May 2009 Consensus Estimate

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Total Appropriations for State University Operations



Note: Appropriations include delayed payments in FY in which funds were originally appropriated



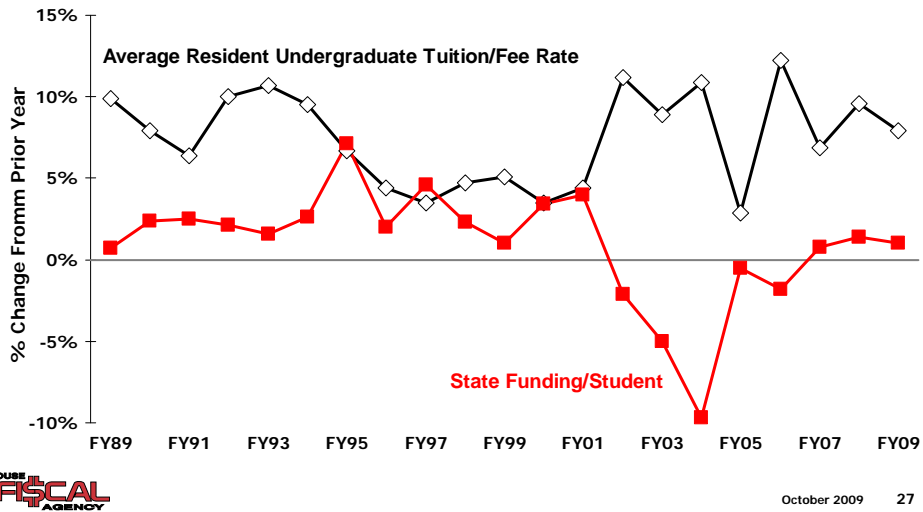
* Conference report before vetoes

YTD 10/9/09

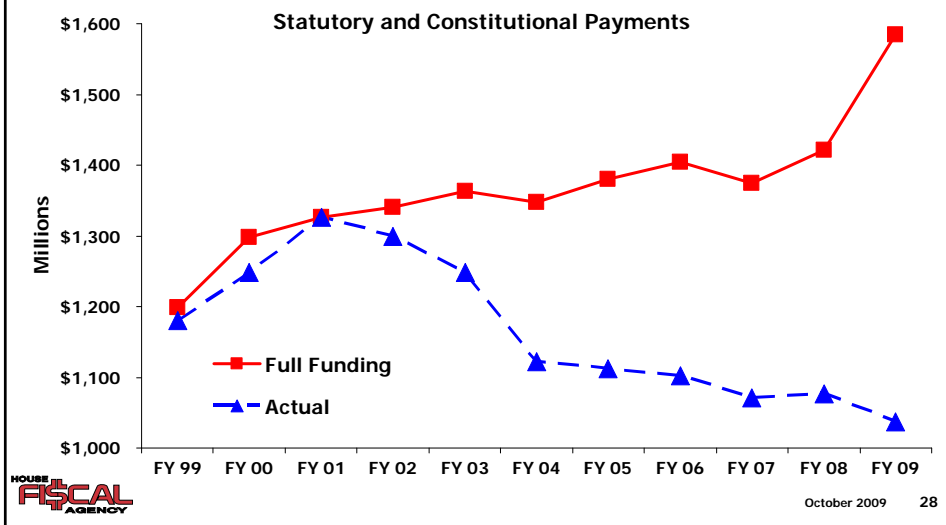
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State University Tuition Rates and State Funding

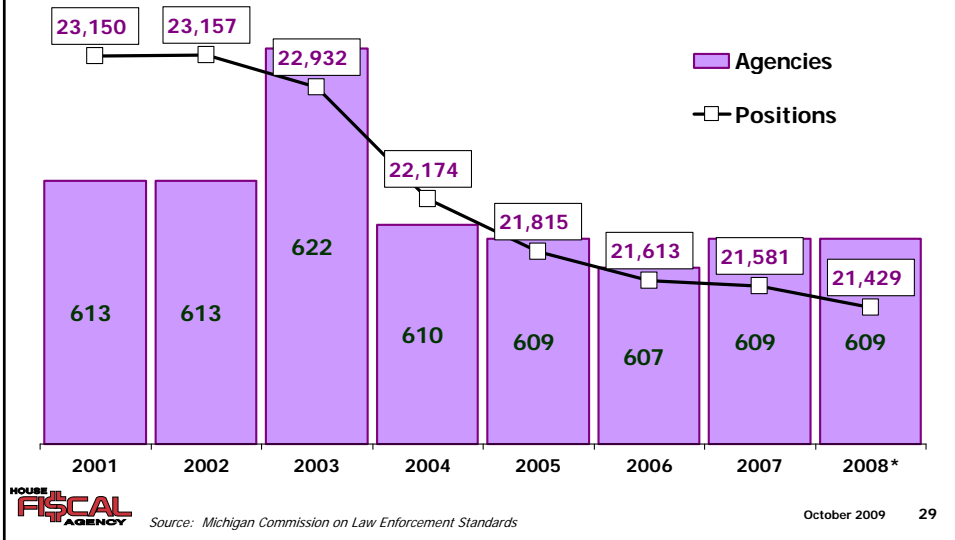


Revenue Sharing Payments to Cities, Villages, and Townships

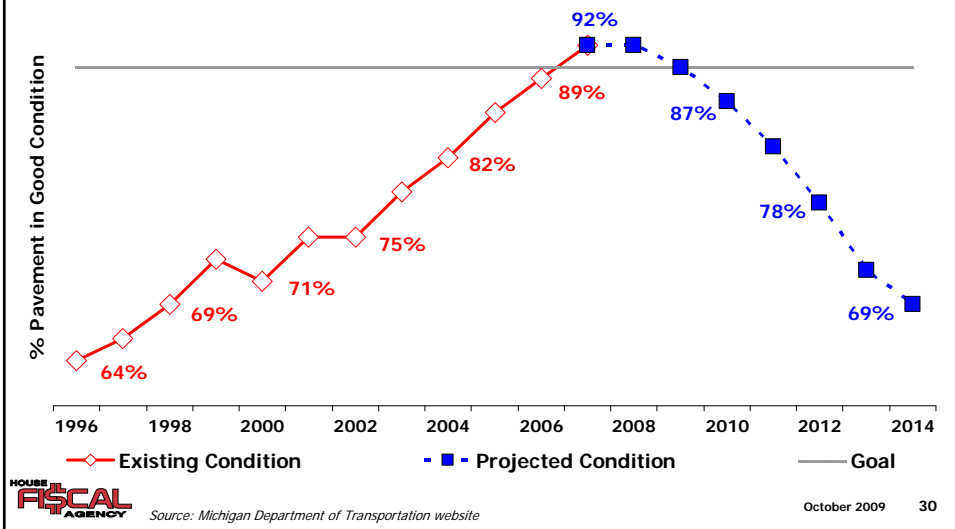




Law Enforcement

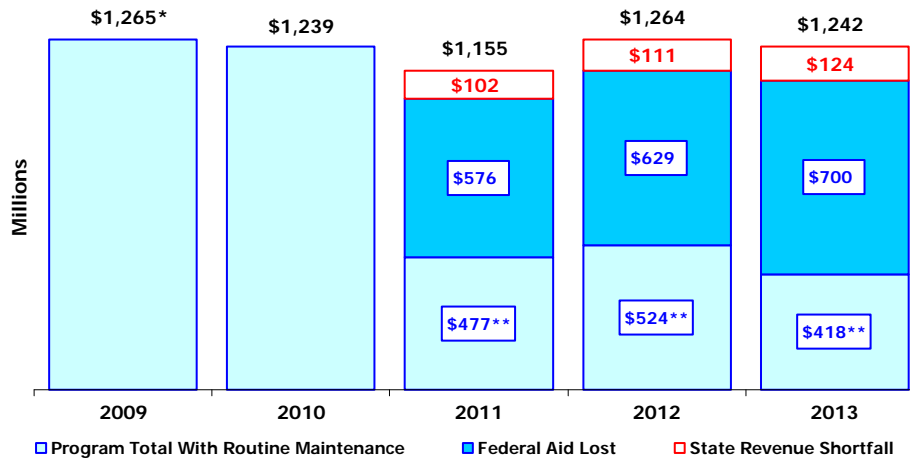


Statewide Pavement Condition Combined Freeway and Non-Freeway





Reduced State Revenue May Lead to Loss of Federal Aid



***Resulting Program Amount (with declining state revenue and inability to match available federal aid)*

Source: Michigan Department of Transportation website

*2009 Announced Highway and Maintenance Capital Program

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HOUSE FISCAL AGENCY

www.house.mi.gov/hfa