

**Kirk A. Profit**

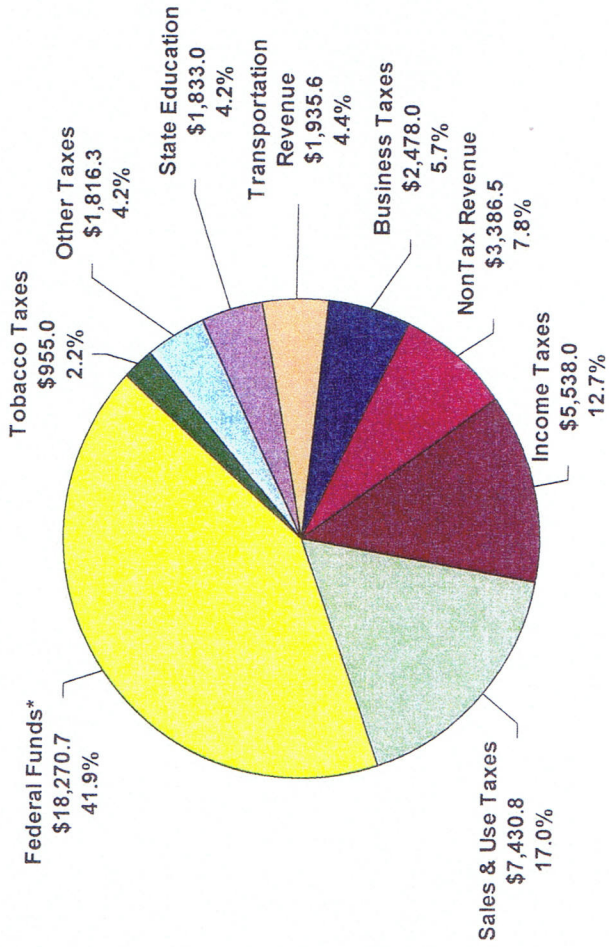
**Ann Arbor City Council**

**December 6, 2010**



# State of Michigan Revenue Sources

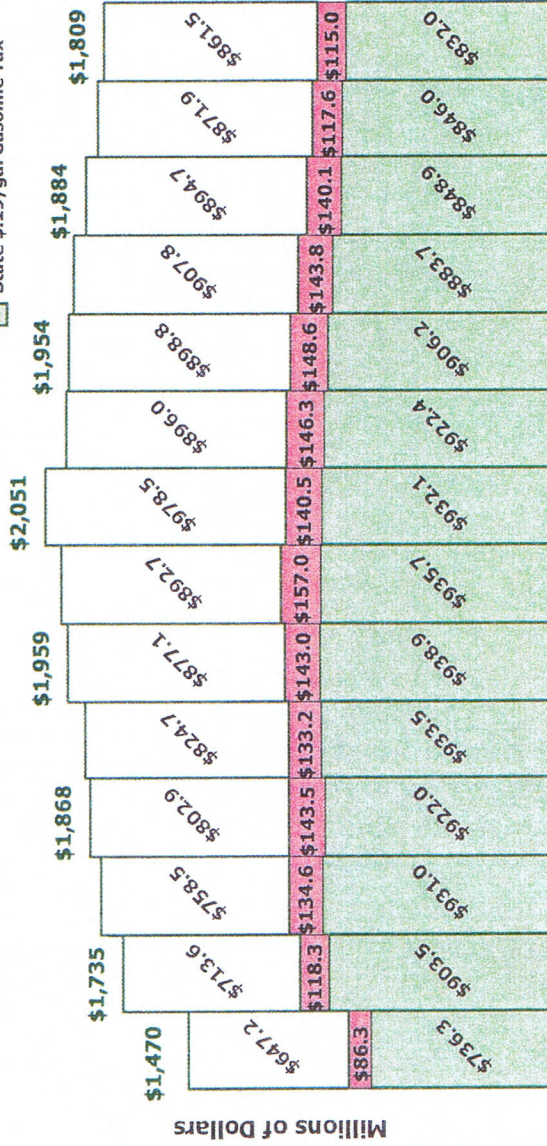
FY 2010-11 Total = \$43,643.9 million





# Transportation Revenue

- Net Vehicle License/Registration
- State Diesel Fuel Taxes
- State \$.19/gal Gasoline Tax

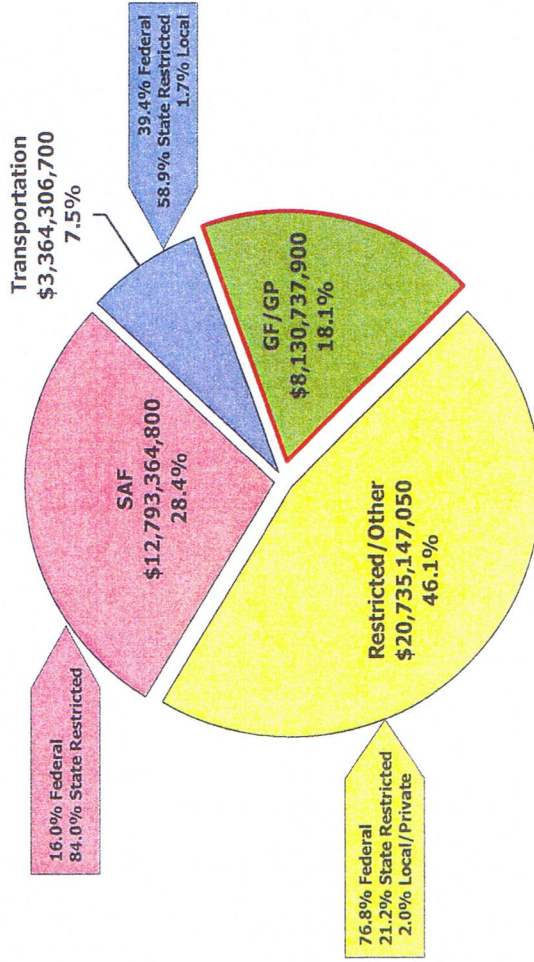






# FY 2009-10 Appropriations Funding

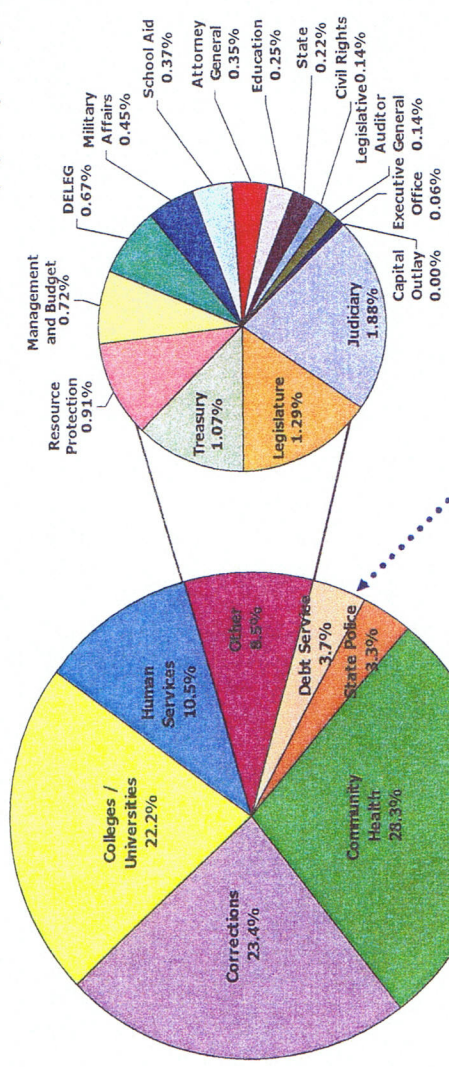
Adjusted Gross = \$45,023,556,450





# FY 2009-10 GF/GP

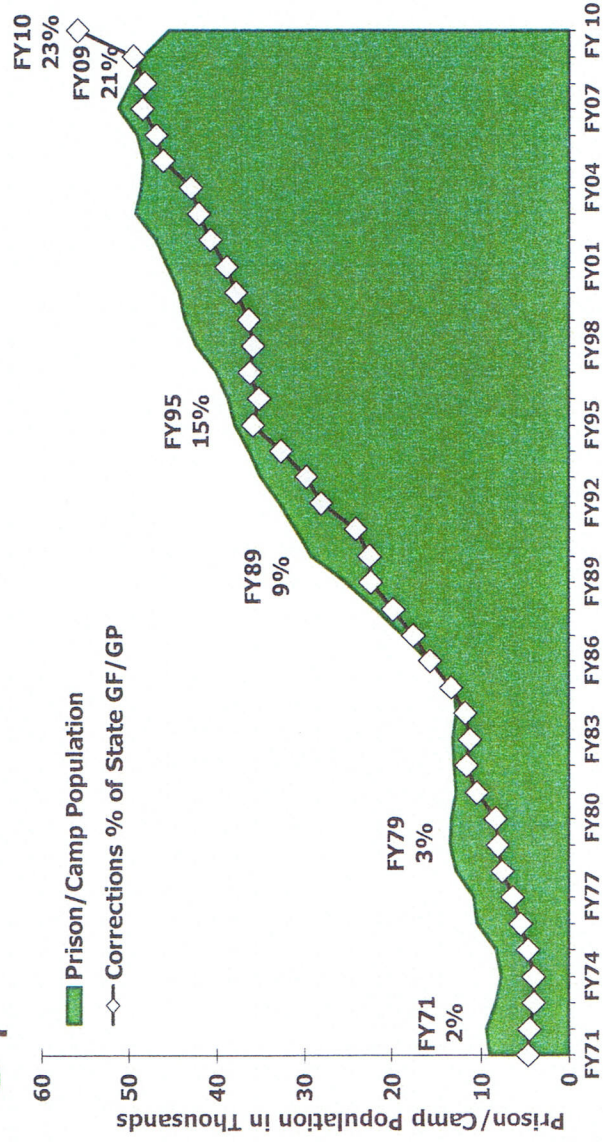
FY 2009-10 Total = \$8,130,737,900



**3.7%**  
**\$300 million**  
**Debt Service and SBA Rent**



# Corrections Budget Increases

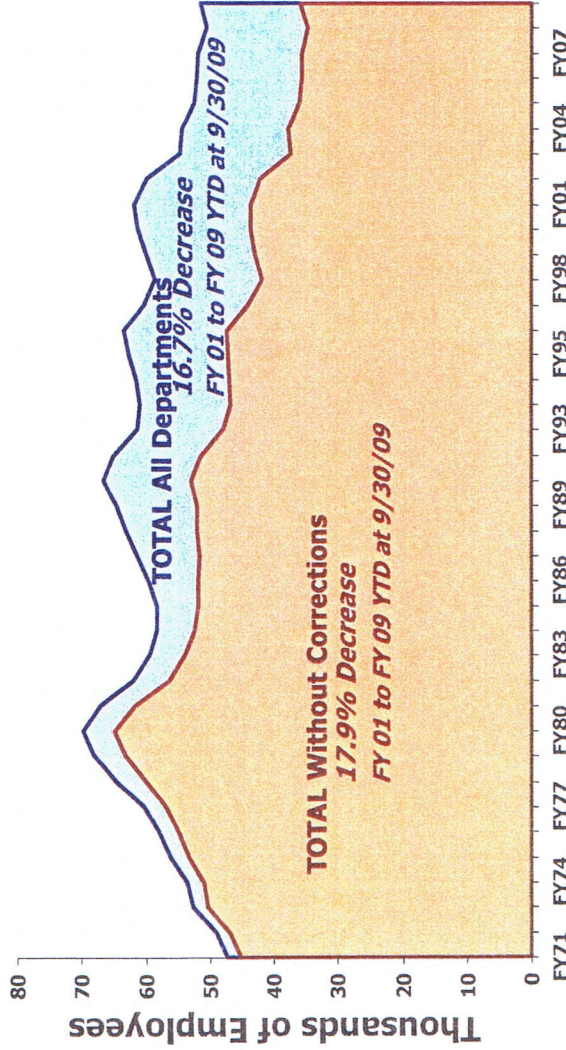


Fiscal Year 2008-09 includes GF/GP reductions due to appropriation of federal ARRA funds.  
Fiscal Year 2009-10 includes the impact of gubernatorial vetoes of negative line items in the MDOC budget.





# Average Number of Classified State Employees

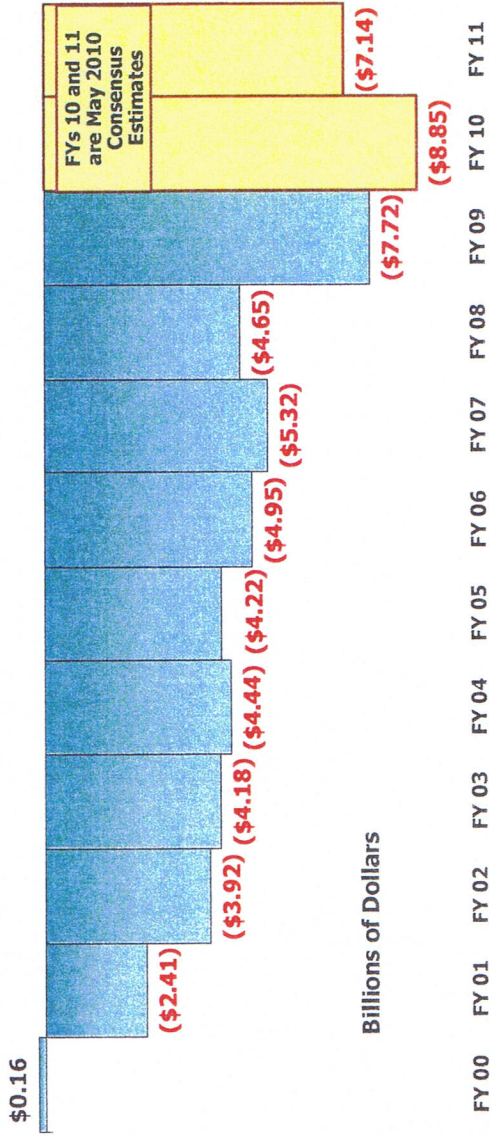




# Constitutional Revenue Limit

Average growth of Michigan personal income = 1.7% per year from 2000 through 2011

Average decline of Michigan revenue = 0.5% per year from 2000 through 2011



Billions of Dollars

FY 00 FY 01 FY 02 FY 03 FY 04 FY 05 FY 06 FY 07 FY 08 FY 09 FY 10 FY 11





## Summary

- This year, the GF/GP and SAF budgets are probably OK
- In FY 2011, the GF shortfall is about \$1.3 billion and the SAF shortfall is about \$415 million
- In FY 2012, the GF shortfall about 1.4 billion
- Transportation revenue shortfalls could lead to loss \$2.0 billion federal transportation funds by 2014
- Revenue is about \$7.1 billion below the Headlee limit in FY 2011
- The state economy has contracted about 3.5% since 2000 — due primarily to the restructuring of the auto industry
- Real GF/GP revenue is down 42% since FY 2000
- Real SAF revenue is down 12% since FY2000 — and 6.6% since first year of Proposal A
- A 3.5% contraction in the state economy doesn't fully explain revenue declines
- The structure of the state tax code is a real problem