

# SENATE BILL No. 184

February 7, 2007, Introduced by Senators JELINEK, CROPSEY, HARDIMAN and GARCIA and referred to the Committee on Appropriations.

A bill to amend 1984 PA 431, entitled "The management and budget act," by amending sections 371 and 395 (MCL 18.1371 and 18.1395), section 371 as amended by 1999 PA 8 and section 395 as amended by 1988 PA 504.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 371. (1) An employee of a state agency shall not make or  
2 authorize an expenditure or incur an obligation that results in the  
3 agency exceeding the gross appropriation level of an appropriation  
4 line item made to that agency by the legislature. The chief  
5 executive officer and the chief financial officer of a state agency  
6 are responsible for any action taken by a state agency ~~which~~**THAT**  
7 results in exceeding an appropriation. The chief executive officer

Senate Bill No. 184 as amended March 8, 2007

1 of a state agency shall report a violation of this subsection  
2 immediately to the director and the chairpersons of the senate and  
3 house appropriations committees, together with a statement of any  
4 action taken to remedy the occurrence.

5 (2) Within 15 days after a bill appropriating an amount is  
6 enacted into law, the amount appropriated shall be divided into  
7 allotments by department and by state agency based on periodic  
8 requirements to represent a spending plan. The state budget  
9 director shall review the allotments. ~~The director shall submit a~~  
10 ~~report each quarter to the appropriations committees and the fiscal~~  
11 ~~agencies that compares actual expenditures to the allotments per~~  
12 ~~appropriation line item made for each department and each state~~  
13 ~~agency for that quarter. NOT LATER THAN JUNE 1 OF EACH YEAR, THE~~  
14 ~~DIRECTOR SHALL SUBMIT TO THE CHAIRPERSONS OF THE APPROPRIATIONS~~  
15 ~~COMMITTEES AND THE FISCAL AGENCIES A REPORT THAT PROVIDES ESTIMATES~~  
16 ~~AS TO WHICH [DEPARTMENTS ARE SPENDING] AT A RATE THAT~~  
17 ~~WOULD EXCEED THE LEVEL OF THE APPROPRIATION FOR THE FISCAL YEAR.~~  
18 ~~THIS REPORT SHALL INCLUDE RECOMMENDATIONS AS TO ACTIONS THAT NEED~~  
19 ~~TO BE TAKEN TO ENSURE THAT ACTUAL EXPENDITURES DO NOT EXCEED THE~~  
20 ~~APPROPRIATION AT THE CLOSE OF THE FISCAL YEAR.~~ When it appears that  
21 a spending plan, or sources of financing related to a spending  
22 plan, do not provide the level of program service assumed in the  
23 appropriation for the fiscal year, the state budget director shall  
24 immediately notify the chairpersons and minority chairpersons of  
25 the appropriations committees, the chairpersons and minority  
26 chairpersons of the appropriate appropriations subcommittees, and  
27 the fiscal agencies.

1           Sec. 395. (1) ~~Appropriations in a budget act from restricted~~  
2 ~~sources of financing authorize spending only the amount of~~  
3 ~~financing earned, up to the amount appropriated.~~ **APPROPRIATION LINE**  
4 **ITEMS IN A BUDGET ACT FINANCED FROM FEDERAL, STATE RESTRICTED,**  
5 **LOCAL, OR PRIVATE FUNDING AUTHORIZE SPENDING ONLY FOR THE AMOUNT OF**  
6 **THE FUNDS ACTUALLY RECEIVED UP TO THE AMOUNT APPROPRIATED. WHEN AN**  
7 **APPROPRIATION LINE ITEM THAT IS FINANCED FROM FEDERAL, STATE**  
8 **RESTRICTED, LOCAL, OR PRIVATE FUNDING SOURCES IS RECEIVING FUNDS**  
9 **LESS THAN THE APPROPRIATED AMOUNT, THE DEPARTMENT SHALL REDUCE THE**  
10 **OVERALL LEVEL OF EXPENDITURES FROM THE APPROPRIATION LINE ITEM TO**  
11 **REFLECT THE ESTIMATED FUNDING SHORTFALL. IN AN APPROPRIATION LINE**  
12 **ITEM FINANCED BY MULTIPLE FUND SOURCES, ANY STATE GENERAL**  
13 **FUND/GENERAL PURPOSE APPROPRIATION SHALL BE USED ONLY AFTER THE**  
14 **FEDERAL, STATE RESTRICTED, LOCAL, OR PRIVATE FUNDS HAVE BEEN**  
15 **EXPENDED.**

16           (2) Except as otherwise provided in this section, spending of  
17 state matching money in an appropriation shall be maintained in the  
18 proportion appropriated. When federal money is earned in an amount  
19 less than appropriated and the matching requirements have not been  
20 reduced, spending of any state matching appropriation shall be  
21 reduced accordingly.

22           (3) When federal matching formulas are adjusted to increase  
23 the federal share of the costs of a program, spending of any state  
24 matching appropriation shall be reduced accordingly. Within 15 days  
25 after receipt of a notice of such a change, the state agency shall  
26 notify the state budget director. ~~The additional federal funds~~  
27 ~~available under these conditions are appropriated for the program~~

Senate Bill 184 as amended February 13, 2007

1 ~~intended.~~ THE STATE BUDGET DIRECTOR SHALL <<WITHIN 15 DAYS>> MAKE A  
2 RECOMMENDATION TO THE SENATE AND HOUSE APPROPRIATIONS COMMITTEES  
3 AND THE FISCAL AGENCIES TO ADJUST EXISTING APPROPRIATIONS TO  
4 IMPLEMENT THE CHANGE IN THE FEDERAL MATCHING RATE.

5 (4) When federal matching formulas are adjusted to reduce the  
6 federal share of the costs of a program, the affected state agency  
7 shall notify the department. After receipt of the notice of such a  
8 change the state budget director shall take appropriate corrective  
9 action. For purposes of this subsection, a transfer to increase the  
10 state matching appropriations shall not be permitted under section  
11 393(1).

12 ~~—— (5) In an appropriation financed by multiple sources, any~~  
13 ~~state general fund general purpose appropriations shall be used~~  
14 ~~only after the restricted funds available have been expended.~~

15 ~~—— (6) Transfers between operating funds for financing shall be~~  
16 ~~expended in the proportion appropriated and unused funds at the end~~  
17 ~~of the fiscal year shall lapse to the fund from which appropriated.~~