

SUBSTITUTE FOR
SENATE BILL NO. 139

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending sections 367b, 371, 384, 386, and 423 (MCL 18.1367b,
18.1371, 18.1384, 18.1386, and 18.1423), section 367b as amended by
2007 PA 183, section 371 as amended by 2007 PA 2, and sections 384
and 386 as amended by 1999 PA 8.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 367b. (1) A revenue estimating conference shall be held
2 in the second week of January and in the ~~last~~**THIRD** week in May of
3 each year, and as otherwise provided in this act.

4 (2) The principals of the conference shall be the state budget
5 director or the state treasurer, the director of the senate fiscal
6 agency, and the director of the house fiscal agency, or their
7 respective designees.

(3) The conference shall establish an official economic forecast of major variables of the national and state economies. The conference shall also establish a forecast of anticipated state revenues as the conference determines including the following:

(a) State income tax collections.

(b) State sales tax collections.

(c) ~~Single business tax collections.~~ **PRISON POPULATION AND CORRECTION EXPENDITURES.**

(d) Michigan business tax collections.

(e) Total general fund/general purpose revenues.

(f) Lottery transfers to the school aid fund.

(g) Total school aid fund revenues.

(h) Annual percentage growth in the basic foundation allowance provided for in the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, **INCLUDING PUPIL MEMBERSHIP FACTOR.**

(i) Compliance with the state revenue limit established by section 26 of article IX of the state constitution of 1963.

(j) Pay-ins or pay-outs required under the countercyclical budget and economic stabilization fund.

(K) MEDICAID EXPENDITURES.

(L) HUMAN SERVICE CASELOADS AND EXPENDITURES.

(4) The conference's official forecast of economic and revenue variables shall be determined by consensus among the principals.

(5) The forecasts required by this section shall be for the fiscal year in which the conference is being held **AND THE ENSUING FISCAL YEAR** and, **TO THE EXTENT POSSIBLE**, the **NEXT 3** ensuing fiscal ~~year.~~ **YEARS.**

1 (6) The official conference forecast shall be based upon the
2 assumption that the current law and current administrative
3 procedures will remain in effect for the forecast period.

4 Sec. 371. (1) An employee of a state agency shall not make or
5 authorize an expenditure or incur an obligation that results in the
6 agency exceeding the gross appropriation level of an appropriation
7 line item made to that agency by the legislature. The chief
8 executive officer and the chief financial officer of a state agency
9 are responsible for any action taken by a state agency that results
10 in exceeding an appropriation. The chief executive officer of a
11 state agency shall report a violation of this subsection
12 immediately to the director and the chairpersons of the senate and
13 house appropriations committees, together with a statement of any
14 action taken to remedy the occurrence.

15 (2) Within 15 days after a bill appropriating an amount is
16 enacted into law, the amount appropriated shall be divided into
17 allotments by department and by state agency based on periodic
18 requirements to represent a spending plan. The state budget
19 director shall review the allotments. Not later than June 1 of each
20 year, the director shall submit to the chairpersons of the
21 appropriations committees and the fiscal agencies **A COPY OF THE**
22 **SPENDING PLAN FOR EACH STATE DEPARTMENT AND** a report that provides
23 estimates as to which departments are spending at a rate that would
24 exceed the level of the appropriation for the fiscal year. This
25 report shall include recommendations as to actions that need to be
26 taken to ensure that actual expenditures do not exceed the
27 appropriation at the close of the fiscal year. When it appears that

1 a spending plan, or sources of financing related to a spending
2 plan, do not provide the level of program service assumed in the
3 appropriation for the fiscal year, the state budget director shall
4 immediately notify the chairpersons and minority chairpersons of
5 the appropriations committees, the chairpersons and minority
6 chairpersons of the appropriate appropriations subcommittees, and
7 the fiscal agencies.

8 Sec. 384. (1) A state agency which applies for federal
9 financial assistance shall notify the department **AND THE**
10 **CHAIRPERSONS AND MINORITY VICE-CHAIRPERSONS OF THE APPROPRIATIONS**
11 **COMMITTEES** within 10 days after the application is sent. The
12 notification to apply for federal financial assistance shall be on
13 a form prescribed by, and contain information requested by, the
14 department. Within 10 days after the state agency receives notice
15 that its application for federal financial assistance is awarded,
16 rejected, revised, or deferred, the state agency shall provide
17 notice of the award, rejection, revision, or deferment of the
18 application to the department **AND TO THE CHAIRPERSONS AND MINORITY**
19 **VICE-CHAIRPERSONS OF THE APPROPRIATIONS COMMITTEES.**

20 (2) Within 30 days after a state agency receives notice that a
21 federal grant has been awarded to the state for which organizations
22 or units of local government are eligible to apply, the state
23 agency administering the federal grant program shall report to the
24 legislature and the fiscal agencies the availability of the grant
25 funds and the proposed plan for allocating the grant funds to the
26 organizations or units of local government. A state agency shall
27 not commit any federal grant funds before this notification to the

1 legislature has occurred and a subsequent appropriation of the
2 funds is made by the legislature.

3 (3) Before December 1 and June 1 of each year, each principal
4 department shall report to the appropriations committees, the
5 fiscal agencies, and the department estimates on the extent to
6 which federal revenues appropriated have been realized and are
7 expected for the remainder of the fiscal year. The report shall
8 detail the estimate by program or grant, and catalog of federal
9 domestic assistance account.

10 Sec. 386. (1) The state budget director shall prepare monthly
11 financial reports.

12 (2) Within ~~45~~30 days after the end of each month, the state
13 budget director shall transmit copies of the monthly financial
14 report to all the appropriations committee members and the fiscal
15 agencies. The monthly financial report due by December ~~15~~1 shall
16 be the first monthly financial report to include statements
17 concerning the fiscal year which began on October 1.

18 (3) Each monthly financial report shall contain the following
19 information:

20 (a) A statement of actual monthly and year-to-date revenue
21 collections for the general fund/general purpose revenues, school
22 aid fund revenues, and the tax collections dedicated to the
23 transportation funds; including a comparison with prior year
24 amounts, statutory estimates, and the most recent estimates from
25 the executive branch.

26 (b) A statement of estimated year-end appropriations lapses
27 and overexpenditures for the state general fund by principal

1 department.

2 (c) A statement projecting the ending state general fund and
3 state school aid fund balances for the fiscal year in progress.

4 (d) A summary of current economic events relevant to the
5 Michigan economy, and a discussion of any economic forecast or
6 current knowledge of revenue collections or expenditure patterns
7 that is the basis for a change in any revenue estimate or
8 expenditure projection.

9 (e) A statement of estimated and actual total state revenues
10 compared to the revenue limit provided for in section 26 of article
11 IX of the state constitution of 1963.

12 (f) A statement of the estimated fiscal year-end balance of
13 state payments to units of local government pursuant to section 30
14 of article IX of the state constitution of 1963.

15 (g) Any other information considered necessary by the state
16 budget director or jointly requested by the chairpersons of the
17 appropriations committees.

18 (h) A statement of year-to-date balances for the following
19 funds:

20 (i) The countercyclical budget and economic stabilization fund
21 or its successor.

22 ~~—— (ii) The renaissance fund or its successor.~~

23 (ii) ~~(iii)~~ The natural resources trust fund or its successor.

24 Sec. 423. The director **AND THE CHAIRPERSONS AND MINORITY VICE-**
25 **CHAIRPERSONS OF THE APPROPRIATIONS COMMITTEES** may examine, or cause
26 to be examined, the books, accounts, documents, systems, and
27 financial affairs of each state agency for the purpose of

- 1 determining compliance with directives.