SENATE BILL No. 139

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February 15, 2011, Introduced by Senator KAHN and referred to the Committee on Appropriations.

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:

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

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

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(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 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.**

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

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

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

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

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

(2) Within 30 days after a state agency receives notice that a federal grant has been awarded to the state for which organizations or units of local government are eligible to apply, the state agency administering the federal grant program shall report to the legislature and the fiscal agencies the availability of the grant funds and the proposed plan for allocating the grant funds to the organizations or units of local government. A state agency shall not commit any federal grant funds before this notification to the legislature has occurred and a subsequent appropriation of the funds is made by the legislature.

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(*ii*) The renaissance fund or its successor.~~

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

Sec. 423. The director **AND THE CHAIRPERSONS OF THE APPROPRIATIONS COMMITTEES** may examine, or cause to be examined, the books, accounts, documents, systems, and financial affairs of each state agency for the purpose of determining compliance with directives.