



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 925 (as introduced 11-28-07)  
Sponsor: Senator Ron Jelinek  
Committee: Appropriations

Date Completed: 11-28-07

**CONTENT**

Senate Bill 925 would amend Section 395 of the Management and Budget Act to provide for a technical change in how Federal, State restricted, local or private funding is accounted for in the State's accounting system. The change would delete the word "received" and replace it with "earned". This change would allow for the budgetary accounting of these funds in a manner consistent with past practice in the State. Previously, these funds have been available to provide spending authorization when they were earned, but not yet received. This change is necessary because amendments to Section 395 of the Management and Budget Act, enacted as part of Public Act 2 of 2007, inadvertently changed the word "earned" to "received". This change was made as part of the amendments to the Management and Budget Act dealing with departmental overexpenditures that occurred at the close of fiscal year (FY) 2005-06.

MCL 18.1395

**FISCAL IMPACT**

The passage of Senate Bill 925 would allow for consistent budgetary accounting for Federal, State restricted, local and private funds during FY 2006-07 as they have been in past fiscal years. Failure to pass this legislation may force the State to change the budgetary accounting of these funds to conform with the new statutory requirements. Such a change in the budgetary accounting of these funds will result in the loss of a sizeable amount of Federal spending authorization that otherwise would be available to fund FY 2006-07 expenditures.

Fiscal Analyst: Gary Olson

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