

HOUSE BILL No. 4414

March 6, 2007, Introduced by Rep. Acciavatti and referred to the Committee on Appropriations.

A bill to amend 1984 PA 431, entitled "The management and budget act," by amending sections 371, 372, 395, and 551 (MCL 18.1371, 18.1372, 18.1395, and 18.1551), sections 371 and 372 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
8 of a state agency shall report **IN WRITING** a violation of this

1 subsection immediately to the director and the chairpersons **AND THE**
2 **MINORITY CHAIRPERSONS** of the senate and house appropriations
3 committees. ~~, together with~~ **WITHIN 5 BUSINESS DAYS, THE DIRECTOR**
4 **SHALL PROVIDE** a statement **IN WRITING** of any action taken to remedy
5 the occurrence.

6 (2) **THE DIRECTOR SHALL IMPOSE CORRECTIVE ACTIONS ON STATE**
7 **AGENCIES THAT VIOLATE SUBSECTION (1). THE CORRECTIVE ACTIONS SHALL**
8 **INCLUDE, BUT ARE NOT LIMITED TO, ALL OF THE FOLLOWING:**

9 (A) **REVOCAION OF THE ABILITY FOR STATE AGENCY STAFF TO**
10 **OVERRIDE SYSTEM CONTROLS THAT PREVENT OVERSPENDING FOR A MINIMUM OF**
11 **18 MONTHS.**

12 (B) **IMPOSITION OF MONTHLY ALLOTMENTS FOR A MINIMUM OF 18**
13 **MONTHS.**

14 (C) **REVOCAION OF HIRING PRIVILEGES WITHOUT STATE BUDGET**
15 **DIRECTOR'S APPROVAL FOR A MINIMUM OF 18 MONTHS.**

16 (D) **REVOCAION OF CONTRACT AND PURCHASING ACTIVITIES WITHOUT**
17 **STATE BUDGET DIRECTOR'S APPROVAL FOR A MINIMUM OF 18 MONTHS.**

18 (3) ~~(2)~~ Within 15 days after a bill appropriating an amount is
19 enacted into law, the amount appropriated shall be divided into
20 allotments by department and by state agency based on periodic
21 requirements to represent a spending plan. The state budget
22 director shall review the allotments. ~~The director shall submit a~~
23 ~~report each quarter to the appropriations committees and the fiscal~~
24 ~~agencies that compares actual expenditures to the allotments per~~
25 ~~appropriation line item made for each department and each state~~
26 ~~agency for that quarter.~~ **NOT LATER THAN JUNE 1 OF EACH YEAR, THE**
27 **DIRECTOR SHALL SUBMIT TO THE CHAIRPERSONS AND MINORITY CHAIRPERSONS**

1 OF THE APPROPRIATIONS COMMITTEES AND THE FISCAL AGENCIES A REPORT
2 THAT PROVIDES ESTIMATES AS TO WHICH APPROPRIATION LINE ITEMS ARE
3 BEING SPENT AT A RATE THAT WOULD EXCEED THE LEVEL OF THE
4 APPROPRIATION FOR THE FISCAL YEAR. THIS REPORT SHALL INCLUDE
5 RECOMMENDATIONS AS TO ACTIONS THAT NEED TO BE TAKEN TO ENSURE THAT
6 ACTUAL EXPENDITURES DO NOT EXCEED THE APPROPRIATION AT THE CLOSE OF
7 THE FISCAL YEAR. When it appears that a spending plan, or sources
8 of financing related to a spending plan, do not provide the level
9 of program service assumed in the appropriation for the fiscal
10 year, the state budget director shall immediately notify the
11 chairpersons and minority chairpersons of the appropriations
12 committees, the chairpersons and minority chairpersons of the
13 appropriate appropriations subcommittees, and the fiscal agencies.

14 Sec. 372. (1) Allotments may be adjusted by the state budget
15 director as requested by a department, subject to the
16 considerations in section ~~371(2)~~—371.

17 (2) A payment which would exceed an allotment balance may be
18 withheld by order of the state budget director. Payments shall not
19 exceed the total periodic allotments for the fiscal year.

20 (3) For open-end appropriations, a continuing allotment may be
21 approved by the state budget director or the state budget director
22 may require the state agency to submit requests for periodic
23 allotments.

24 (4) Allotments may be reduced or adjusted by the state budget
25 director as a result of implementing measures of administrative
26 efficiency, including the abolishment of positions by appointing
27 authorities. An action taken under this section shall be reported

1 to the appropriations committees and the fiscal agencies within 15
2 days after the action is taken.

3 (5) The state budget director may issue directives for the
4 allotment of appropriations.

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

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

26 (3) When federal matching formulas are adjusted to increase
27 the federal share of the costs of a program, spending of any state

1 matching appropriation shall be reduced accordingly. Within 15 days
2 after receipt of a notice of such a change, the state agency shall
3 notify the state budget director. ~~The additional federal funds~~
4 ~~available under these conditions are appropriated for the program~~
5 ~~intended.~~ **THE STATE BUDGET DIRECTOR SHALL WITHIN 15 DAYS MAKE A**
6 **RECOMMENDATION TO THE SENATE AND HOUSE APPROPRIATIONS COMMITTEES**
7 **AND THE FISCAL AGENCIES TO ADJUST EXISTING APPROPRIATIONS TO**
8 **IMPLEMENT THE CHANGE IN THE FEDERAL MATCHING RATE.**

9 (4) When federal matching formulas are adjusted to reduce the
10 federal share of the costs of a program, the affected state agency
11 shall notify the department. After receipt of the notice of such a
12 change the state budget director shall take appropriate corrective
13 action. For purposes of this subsection, a transfer to increase the
14 state matching appropriations shall not be permitted under section
15 393(1).

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

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

22 Sec. 551. (1) The governor shall inquire into the
23 administration of this act.

24 (2) The governor may remove or suspend any appointive public
25 officer **OR OTHER STATE EMPLOYEE WITHIN THE EXECUTIVE BRANCH** for
26 violations of this act.

27 (3) The governor may remove or suspend any elective public

1 officer for violation of this act which constitutes gross neglect
2 of duty, corrupt conduct in office, misfeasance, or malfeasance.

3 (4) This section does not apply to any public officer of the
4 legislature or judicial branch of government.

5 (5) The governor shall report the reasons for any removal or
6 suspension to the legislature.