

# SENATE BILL No. 925

November 28, 2007, Introduced by Senator JELINEK and referred to the Committee on Appropriations.

A bill to amend 1984 PA 431, entitled  
"The management and budget act,"  
by amending section 395 (MCL 18.1395), as amended by 2007 PA 2.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 395. (1) Appropriation line items in a budget act  
2       financed from federal, state restricted, local, or private funding  
3       authorize spending only for the amount of the funds actually  
4       ~~received~~**EARNED** up to the amount appropriated. When an  
5       appropriation line item that is financed from federal, state  
6       restricted, local, or private funding sources is ~~receiving~~**EARNING**  
7       funds less than the appropriated amount, the department shall  
8       reduce the overall level of expenditures from the appropriation  
9       line item to reflect the estimated funding shortfall. In an

1 appropriation line item financed by multiple fund sources, any  
2 state general fund/general purpose appropriation shall be used only  
3 after the federal, state restricted, local, or private funds have  
4 been expended.

5 (2) Except as otherwise provided in this section, spending of  
6 state matching money in an appropriation shall be maintained in the  
7 proportion appropriated. When federal money is earned in an amount  
8 less than appropriated and the matching requirements have not been  
9 reduced, spending of any state matching appropriation shall be  
10 reduced accordingly.

11 (3) When federal matching formulas are adjusted to increase  
12 the federal share of the costs of a program, spending of any state  
13 matching appropriation shall be reduced accordingly. Within 15 days  
14 after receipt of a notice of such a change, the state agency shall  
15 notify the state budget director. The state budget director shall  
16 within 15 days make a recommendation to the senate and house  
17 appropriations committees and the fiscal agencies to adjust  
18 existing appropriations to implement the change in the federal  
19 matching rate.

20 (4) When federal matching formulas are adjusted to reduce the  
21 federal share of the costs of a program, the affected state agency  
22 shall notify the department. After receipt of the notice of such a  
23 change the state budget director shall take appropriate corrective  
24 action. For purposes of this subsection, a transfer to increase the  
25 state matching appropriations shall not be permitted under section  
26 393(1).