

THE MANAGEMENT AND BUDGET ACT (EXCERPT)
Act 431 of 1984
Article 3

18.1301 Meanings of words and phrases.

Sec. 301.

For purposes of this article, the words and phrases defined in sections 302 to 305 have the meanings ascribed to them in those sections.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1302 Definitions; A.

Sec. 302.

(1) "Adjusted personal income" means the total personal income of this state, less transfer payments, adjusted for inflation. The adjustment for inflation shall be determined by reducing the total personal income of this state less transfer payments for a calendar year by the average of the Detroit consumer price index for the same calendar year.

(2) "Allocation of state financial resources" means the decision process to place priorities on services by proposing and appropriating money by law for state government services.

(3) "Allotment schedule" means the estimated periodic expenditures and obligations of appropriations constituting a spending plan.

(4) "Annual growth rate" means the percentage change in adjusted personal income for the current calendar year as compared to adjusted personal income for the calendar year immediately preceding the current calendar year. The annual growth rate shall be rounded off to the nearest 0.1%.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 2018, Act 613, Eff. Mar. 29, 2019

Popular Name: Act 431

Popular Name: DMB

18.1303 Definitions; D to P.

Sec. 303.

(1) "Detroit consumer price index" means the most comprehensive index of consumer prices available for the Detroit area from the bureau of labor statistics of the United States department of labor or its successor.

(2) "Open-end appropriation" means an annual appropriation without a specific sum, for a state budget purpose.

(3) "Personal income" means as defined by the bureau of economic analysis of the United States department of commerce or its successor.

(4) "Program" means the activities and financial resources applied to a public policy intention as approved by the legislature.

(5) "Proportion" means the proportion of total state spending from state sources paid to all units of local government in a fiscal year, and shall be calculated by dividing a fiscal year's state spending from state sources paid to units of local government by total state spending from state sources for the same fiscal period.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999

Popular Name: Act 431

Popular Name: DMB

18.1304 Definitions; S.

Sec. 304.

- (1) "State budget" means a financial program to deliver state government services.
- (2) "State operating fund" means a state fund entity established by law to provide direct financial support for services delivered to the public pursuant to the state budget.
- (3) "State spending paid to units of local government" means the sum of total state spending from state sources paid to a unit of local government. State spending paid to a unit of local government does not include a payment made pursuant to a contract or agreement entered into or made for the provision of a service for the state or to state property, and loans made by the state to a unit of local government.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1305 Definitions; T, U.

Sec. 305.

- (1) "Total state spending" means the sum of state operating fund expenditures, not including transfers between funds.
- (2) "Total state spending from state sources" means the sum of state operating fund expenditures not including transfers between funds, federal aid, and restricted local and private sources of financing.
- (3) "Transfer payments" means as defined by the bureau of economic analysis of the United States department of commerce or its successor.
- (4) "Unit of local government" means unit of local government as defined in section 115(5).

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999

Popular Name: Act 431

Popular Name: DMB

18.1321 Office of state budget director; creation; appointment of director; exemption from classified service; term; director as director of department.

Sec. 321.

The office of state budget director is hereby created. The state budget director shall be appointed by the governor, be exempt from the classified state civil service, and shall serve at the pleasure of the governor. The state budget director may concurrently serve as the director of the department.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1323 Executive budget function; executive budget proposal; limitation on proposed appropriations.

Sec. 323.

The governor shall establish and maintain an executive budget function through a state budget director. The governor shall develop and present to the legislature an executive budget proposal for the following fiscal period. The executive budget proposal shall include proposed appropriations for state program services and estimated or proposed revenue and resources for all state operating funds. Proposed appropriations shall not exceed the estimated financing in a state operating fund. The executive budget function shall include the management and execution of the state budget which is enacted into law to deliver intended services within actual levels of financing in the state operating funds.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1331 Information; assistance.

Sec. 331.

The chief executive officer of a state agency, institution of higher education, or community college shall promptly furnish any information requested by the state budget director and shall provide necessary assistance in implementing this act.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1332 Comprehensive state information relative to programs, financing, priorities, management, and performance; investigations; examinations.

Sec. 332.

The state budget director shall obtain from state agencies and develop comprehensive state information relative to programs, financing, priorities, management, and performance. The state budget director may investigate the activities or examine the records of state agencies to ascertain facts in the administration of this act.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1333 Witnesses; oaths; examinations; compelling production of records; enforcement of orders and subpoenas.

Sec. 333.

Pursuant to this act, the state budget director may compel attendance and testimony of witnesses, administer oaths, and examine persons as necessary and compel the production of records. Orders and subpoenas issued by the state budget director, in pursuance of the authority vested by this section, may be enforced upon the application to the circuit court for proceedings in contempt of that court as provided by law.

History: 1984, Act 431, Eff. Mar. 29, 1985
Popular Name: Act 431
Popular Name: DMB

18.1341 Executive state budget; evaluations; review.

Sec. 341.

The state budget director shall plan and prepare a comprehensive executive state budget and execute, manage, and control the state budget which is enacted into law. The state budget director shall provide for the evaluation of state programs, planning and evaluation of allocation of state financial resources to programs and activities, and concurrently evaluate administrative management and performance in accordance with approved public policy. The state budget director shall review for cost, program impact, and departmental organization.

History: 1984, Act 431, Eff. Mar. 29, 1985
Popular Name: Act 431
Popular Name: DMB

18.1342 Economic analysis, revenue estimating, and monitoring activity.

Sec. 342.

The state budget director or state treasurer shall establish and maintain an economic analysis, revenue estimating, and monitoring activity. The activity shall include the preparation of current estimates of all revenue by source for state operating funds for the initial executive budget proposal to the legislature and thereafter through final closing of the state's accounts.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999
Compiler's Notes: For transfer of powers and duties relating to economic analysis and revenue estimating activities of the State Budget Director in the Office of Revenue and Tax Analysis, Department of Management and Budget, to the State Treasurer as head of the Department of Treasury, see E.R.O. No. 1991-1, compiled at MCL 12.151 of the Michigan Compiled Laws.
Popular Name: Act 431
Popular Name: DMB

18.1343 Statistical studies; population estimates and projections.

Sec. 343.

The bureau of labor market and strategic initiatives shall conduct statistical studies and make estimates and projections of population relative to size and distribution.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 2018, Act 389, Imd. Eff. Dec. 19, 2018
Popular Name: Act 431
Popular Name: DMB

18.1344 Annual proposals; review of auditor general's audits; state debt; costs of capital outlay projects.

Sec. 344.

(1) The state budget director shall develop annual proposals for departmental program activities and the associated estimated costs and sources of financing. The proposals shall reflect current departmental program activities relative to impact on state policy goals, and new and augmented program activities in response to changing priorities. The proposals shall reflect the evaluations and analyses of state programs and activities prescribed in this act.

(2) The state budget director shall review the auditor general's audits of state agencies as a basis for making recommendations in departmental program expenditure proposals.

(3) The state budget director shall annually determine the amounts required for interest and principal of state debt and the estimated costs of capital outlay projects to provide facilities for state program services.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999

Popular Name: Act 431

Popular Name: DMB

18.1345 State mandated programs; costs; recommendations.

Sec. 345.

Recommendations for appropriations in a departmental budget proposal shall include costs incurred by units of local government to implement state mandated programs as provided by law.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1347 Hearings; attendance.

Sec. 347.

Before presenting final budget proposals to the governor, the state budget director may hold departmental hearings at which officials of the department may be heard on the proposals. The chief executive officer of a department, or member of a board or commission, or their representatives shall attend the hearings if requested by the state budget director. A governor-elect shall be invited to attend and participate in the departmental hearings.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1348 Executive budget submitted to legislature; recommendations for expenditures; additional and new sources of revenue; considerations in balancing budget of each state operating fund.

Sec. 348.

The executive budget submitted to the legislature shall represent financing for all state agency programs provided by the resources of state operating funds. Recommendations for expenditures from each state operating fund shall not exceed the estimated beginning balance of such fund plus the fund's estimated revenue. Additional and new sources of revenue may be proposed in the executive budget to meet the proposed expenditures. In balancing the budget of each state operating fund, the state budget director shall consider proposed open-end appropriations and tax and spending limitations as provided by law.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431
Popular Name: DMB

18.1349 Proportion of total state spending from state sources paid to units of local government; compliance of budgets with state constitution.

Sec. 349.

In accordance with the provision of section 30 of article IX of the state constitution of 1963 , the proportion of total state spending from state sources paid to all units of local government shall not be less than the proportion in effect in fiscal year 1978-1979. The executive budget submitted to the legislature and the budget enacted by the legislature shall be in compliance with section 30 of article IX of the state constitution of 1963.

History: 1984, Act 431, Eff. Mar. 29, 1985
Popular Name: Act 431
Popular Name: DMB

18.1350 State spending paid to units of local government; refunds or other repayments.

Sec. 350.

(1) If state government assumes the financing and administration of a function, after December 22, 1978, which was previously performed by a unit of local government, the state payments for the function shall be counted as state spending paid to units of local government.

(2) Refunds or other repayments of prior year revenues shall not be considered in the determination of total state spending.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999
Popular Name: Act 431
Popular Name: DMB

18.1350a Additional definitions.

Sec. 350a.

As used in sections 26 to 28 of article IX of the state constitution of 1963:

(a) "Personal income of Michigan" for a calendar year means total annual personal income as officially reported by the United States department of commerce, bureau of economic analysis, or its successor, in August of the year following the calendar year for which the report is made. Revision of the total annual personal income figure as reported by the bureau of economic analysis after August of the year following the calendar year for which the report is made shall not cause personal income of Michigan as defined to be revised.

(b) "Total state revenues" means the combined increases in net current assets of the general fund and special revenue funds, except for component units included within the special revenue group for reporting purposes only. For fiscal years beginning after September 30, 1986, total state revenues shall be computed on the basis of generally accepted accounting principles as defined in this act. However, total state revenues shall not include the following:

(i) Financing sources which have previously been counted as revenue, for the purposes of section 26 of article IX of the state constitution of 1963 such as, beginning fund balance, expenditure refunds, and residual-equity and operating transfers from within the group of funds.

(ii) Current assets generated from transactions involving fixed assets and long-term obligations in which total net assets do not increase.

(iii) Revenues which are not available for normal public functions of the general fund and special revenue funds.

- (iv) Federal aid.
 - (v) Taxes imposed for the payment of principal and interest on voter-approved bonds and loans to school districts authorized under section 16 of article IX of the state constitution of 1963.
 - (vi) Tax credits based on actual tax liabilities or the imputed tax components of rental payments, but not including the amount of any credits not related to actual tax liabilities.
 - (vii) Refunds or payments of revenues recognized in a prior period.
 - (viii) The effects of restatements of beginning balances required by changes in generally accepted accounting principles.
- (c) The calculation of total state revenues required by section 350b(3) shall not be adjusted after the filing of the report required by June 30, 1989, unless future changes in generally accepted accounting principles would substantially distort the comparability of the base year and the current and future years. In no event shall intervening years be recalculated.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999

Popular Name: Act 431

Popular Name: DMB

18.1350b Prohibited taxes; revenue limit; report.

Sec. 350b.

(1) Effective with the 1979-80 state fiscal year, and for each state fiscal year thereafter, the legislature shall not impose taxes of any kind which would result in total state revenues exceeding the revenue limit established in subsection (2).

(2) The revenue limit shall be equal to the product of the ratio of total state revenues in the 1978-79 state fiscal year divided by the personal income of Michigan in calendar year 1977 computed by rounding the quotient to 4 decimal places, multiplied by the personal income of Michigan in either the prior calendar year or the average of personal income of Michigan in the previous 3 calendar years, whichever is greater.

(3) The department shall submit to the legislature, the fiscal agencies, and the auditor general not later than June 30, 1989 a report which shall calculate in detail the base revenue limit as established in subsection (2). This report shall become effective 90 days after submission to the legislature unless disapproved by a concurrent resolution approved by a majority of the members elected and serving in each house by a record roll call vote. If this report takes effect, the calculation of the base revenue limit contained in the report shall be used for the purposes of subsection (2).

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988

Popular Name: Act 431

Popular Name: DMB

18.1350c Prohibited expenditures; amount withdrawn from countercyclical budget and economic stabilization fund considered surplus.

Sec. 350c.

(1) Expenditures of state government which exceed the sum of the following amounts shall not be incurred in any fiscal year:

- (i) The revenue limit established in section 350b.
- (ii) A surplus from a previous year.
- (iii) Federal aid.
- (iv) Taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under section 15 of article IX of the state constitution of 1963 .
- (v) Loans to school districts authorized under section 16 of article IX of the state constitution of 1963.
- (vi) The dollar amount of an emergency established pursuant to section 27 of article IX of the state constitution of 1963.

(vii) Other amounts excluded from the calculation of the revenue limit under the definition established in section 350a.

(2) For the purposes of this section, an amount withdrawn from the countercyclical budget and economic stabilization fund created pursuant to section 351 shall be considered a surplus.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988

Popular Name: Act 431

Popular Name: DMB

18.1350d Revenues required to be refunded; procedures.

Sec. 350d.

(1) The procedures enumerated in this section shall be followed when revenues are required to be refunded pursuant to section 26 of article IX of the state constitution of 1963.

(2) For any fiscal year in which total state revenues exceed the revenue limit as provided in section 26 of article IX of the state constitution of 1963 by 1% or more, the revenues in excess of the revenue limit shall be refunded in accordance with 1941 PA 122, MCL 205.1 to 205.31, for the taxpayer's tax year beginning in the fiscal year for which it is determined that the revenue limit has been exceeded.

(3) A refund shall not be required if total state revenues exceed the revenue limit by less than 1%.

(4) If total state revenues exceed the revenue limit by less than 1%, the governor shall recommend to the legislature that the excess be appropriated to the countercyclical budget and economic stabilization fund, or its successor.

(5) A refund required pursuant to this section shall be refunded during the fiscal year beginning on the October 1 following the filing of the report required by section 350e which determines that the limit was exceeded in the prior fiscal year for which the report was filed.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 2007, Act 183, Imd. Eff. Dec. 21, 2007

Popular Name: Act 431

Popular Name: DMB

18.1350e Report.

Sec. 350e.

The department shall annually prepare a report which summarizes in detail the state's compliance with the revenue limit established in section 350b. The report shall be submitted to the auditor general for review and comment not later than May 31 of each year, and shall be published by submission to the legislature not later than June 30 of each year.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999

Popular Name: Act 431

Popular Name: DMB

18.1351 Countercyclical budget and economic stabilization fund; creation; purpose; definitions.

Sec. 351.

(1) A countercyclical budget and economic stabilization fund is created to assist in stabilizing revenue and employment during periods of economic recession and high unemployment.

(2) As used in this section and sections 352 to 359, "fund" means the countercyclical budget and economic

stabilization fund.

(3) As used in section 352, "current calendar year" means the year that ends December 31 in which the determination of the transfer into or out of the fund is being made.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1352 Transfer of funds based on annual growth rate; formula.

Sec. 352.

(1) When the annual growth rate is more than 2%, the percentage excess over 2% shall be multiplied by the total state general fund-general purpose revenue for the fiscal year ending in the current calendar year to determine the amount to be transferred to the fund from the state general fund in the fiscal year beginning in the current calendar year.

(2) Except as otherwise provided in section 358, the legislature shall not appropriate money from the fund for a fiscal year when the annual growth rate for the calendar year in which that fiscal year ends is estimated to be greater than 0% at the most recent consensus revenue estimating conference. When the annual growth rate is estimated to be less than 0% at the most recent consensus revenue estimating conference, the legislature may appropriate by law for the fiscal year ending in the current calendar year no more than 25% of the prior fiscal year ending balance in the fund as reported in the comprehensive annual financial report. However, if the annual growth rate is estimated to be less than 0% in consecutive calendar years, for each of the fiscal years ending in those calendar years, the legislature may appropriate by law no more than 25% of the available fund balance at the beginning of the first fiscal year ending in the first calendar year that had an annual growth rate less than 0%.

(3) The legislature shall provide for transfers into or out of the fund through an appropriations act.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1985, Act 96, Imd. Eff. July 18, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1991, Act 29, Eff. Mar. 30, 1992 ;-- Am. 1991, Act 72, Imd. Eff. July 11, 1991 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2018, Act 613, Eff. Mar. 29, 2019

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1353 Repealed. 2018, Act 613, Eff. Mar. 29, 2019.

Compiler's Notes: The repealed section pertained to appropriations allowed from the budget and economic stabilization fund if unemployment rate was higher than 8.0%.

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1353a, 18.1353b Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's Notes: The repealed sections pertained to appropriation from fund and appropriation for civilian conservation corps endowment fund.

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1353c Repealed. 2007, Act 145, Imd. Eff. Dec. 1, 2007.

Compiler's Notes: The repealed section pertained to appropriation of amounts to pay certain court settlements and purchase certain mineral rights.

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1353d Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's Notes: The repealed section pertained to appropriation to state transportation department.

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1353e, 18.1353f Repealed. 2007, Act 145, Imd. Eff. Dec. 1, 2007.

Compiler's Notes: The repealed sections pertained to appropriation and transfer of funds to state school aid fund and to state water pollution control revolving fund.

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1354 Executive budget and appropriations bill; estimate of transfer into or out of fund; installments.

Sec. 354.

(1) The executive budget for each fiscal year shall contain an estimate of the required transfer into the fund or the amount of funds recommended to be appropriated out of the fund required under section 352. The executive budget for each fiscal year shall not contain an estimate for a transfer out of the fund unless the annual growth rate is estimated to be less than 0% in that fiscal year.

(2) The legislature shall include the final amount of the transfer into the fund or the amount of funds appropriated out of the fund required under section 352 in the appropriations bill which contains the revenue estimate required by section 31 of article IV of the state constitution of 1963.

(3) A transfer into the fund shall be made in equal monthly installments throughout the fiscal year. A transfer out of the fund may be made as needed during the fiscal year.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1994, Act 107, Eff. Mar. 30, 1995 ;-- Am. 1994, Act 108, Imd. Eff. Apr. 26, 1994 ;-- Am. 1995, Act 159, Imd. Eff. Sept. 25, 1995 ;-- Am. 1995, Act 286, Imd. Eff. Jan. 9, 1996 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2018, Act 613, Eff. Mar. 29, 2019

Compiler's Notes: The last sentence of subsection (4), as amended by Act 159 of 1995, was vetoed by the governor on September 25, 1995. In subsection (6), as amended by Act 159 of 1995, the line item "Highland Park Community College.....95,656," was vetoed by the governor on September 25, 1995.

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1354a Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's Notes: The repealed section pertained to appropriation and transfer of certain excess balances.

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1355 Adjustment of transfer into or out of fund; condition; adjustment of appropriation from fund.

Sec. 355.

(1) The transfer into or out of the fund as provided in section 352 for each fiscal year beginning after September 30, 1978, may be adjusted in light of revision in the annual growth rate for the calendar year upon which that transfer was made. If an adjustment is made, it shall be implemented by an appropriation bill enacted into law.

(2) For a transfer into the fund, the adjustment, if made, shall be directly proportional to an increase or decrease in the annual growth rate.

(3) The basis for an adjustment under this section shall be a change in the personal income level for that calendar year as determined by the bureau of economic analysis of the United States Department of Commerce or its successor in the last report it makes before April 30 of the fiscal year in which that calendar year ended. The adjustment, if made, shall be effective on June 1 of the fiscal year in which the transfer is made.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1991, Act 72, Imd. Eff. July 11, 1991 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2018, Act 613, Eff. Mar. 29, 2019

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1356 Balance in fund; rebate of excess.

Sec. 356.

The balance in the fund shall not exceed 15% of the combined level of general fund-general purpose and school aid fund revenues. If the balance in the fund at the end of a fiscal year exceeds 15% of the actual state general fund-general purpose and school aid fund revenues for that fiscal year, the excess shall be rebated to taxpayers on the individual income tax returns filed following the close of that fiscal year according to a schedule to be established by law.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2018, Act 613, Eff. Mar. 29, 2019

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1357 Shortfall in state general fund - general purpose revenue.

Sec. 357.

In each fiscal year in which a transfer to the fund takes place, if the state general fund-general purpose revenue falls short of the level upon which a balanced state general fund budget was adopted for that year and the shortfall

cannot be attributed to a statutory change in the tax rate, the tax base, fee schedules, or any other change in the revenue sources by which the general fund estimate was made, an amount not to exceed the amount deposited into the fund for that fiscal year may, by majority vote of the members elected to and serving in each house, be appropriated from the fund to raise state general fund-general purpose revenue to the level originally anticipated.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1358 Emergency appropriation from fund; conditions; additional transfer.

Sec. 358.

(1) Except as otherwise provided in this section, the legislature may make an emergency appropriation from the fund subject to all of the following conditions:

(a) The maximum appropriation from the fund for budget stabilization as provided in section 352(2) has already been made for the current fiscal year.

(b) The legislature has approved the emergency appropriations bill by a 2/3 majority vote of the members elected to and serving in each house.

(c) The emergency appropriations bill becomes law.

(2) The additional transfer from the fund may be made only for the current fiscal year.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 2000, Act 189, Imd. Eff. June 20, 2000 ;-- Am. 2002, Act 504, Imd. Eff. July 19, 2002 ;-- Am. 2014, Act 188, Imd. Eff. June 20, 2014 ;-- Am. 2018, Act 613, Eff. Mar. 29, 2019

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1359 Combining amounts in fund and in state treasury for purposes of cash management; investment earnings; separate accounting; crediting transfer to fund.

Sec. 359.

Amounts in the fund may be combined by the state treasurer with other amounts in the state treasury for purposes of cash management. The earnings from investment of the fund shall accrue to the fund. The fund shall be accounted for separately from other funds of the state. A transfer to the fund shall be credited toward the fund balance at the start of the fiscal year in which the transfer takes place subject to later revision according to section 355 in the same fiscal year.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1360 Michigan infrastructure fund; creation; deposit; investment; interest and earnings; money at close of fiscal year; administration of fund for auditing purposes; expenditure.

Sec. 360.

(1) The Michigan infrastructure fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the Michigan infrastructure fund. The state treasurer shall direct the investment of the Michigan infrastructure fund. The state treasurer shall credit to the Michigan infrastructure fund interest and earnings from Michigan infrastructure fund investments.

(3) Money in the Michigan infrastructure fund at the close of the fiscal year shall remain in the Michigan infrastructure fund and shall not lapse to the general fund.

(4) The department shall be the administrator of the Michigan infrastructure fund for auditing purposes.

(5) Money shall be expended from the Michigan infrastructure fund, upon appropriation, only to offset future infrastructure expenses as provided by law.

History: Add. 2016, Act 223, Imd. Eff. June 23, 2016

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1360a Expenditure of money; limitation.

Sec. 360a.

Money in the Michigan infrastructure fund shall be expended only as provided in an appropriation act.

History: Add. 2016, Act 223, Imd. Eff. June 23, 2016

Popular Name: Act 431

Popular Name: DMB

Popular Name: Rainy Day Fund

18.1361 Submission of tax credit, deduction, and expenditure report.

Sec. 361.

The tax credit, deduction, and exemption report as provided by 1979 PA 72, MCL 21.271 to 21.296, shall be submitted with the annual budget message by the governor to the legislature pursuant to 1979 PA 72, MCL 21.271 to 21.296.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 2003, Act 68, Imd. Eff. July 22, 2003

Popular Name: Act 431

Popular Name: DMB

18.1362, 18.1362a Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's Notes: The repealed sections pertained to refundable income tax credits.

Popular Name: Act 431

Popular Name: DMB

18.1363 Transmittal of budget to members of legislature and fiscal agencies; line-item appropriation detail; computer software application; 2-year budget report; required contents; strategic plan; 5 years; contents.

Sec. 363.

(1) Within 30 days after the legislature convenes in regular session, except in a year in which a newly elected governor is inaugurated into office when 60 days shall be allowed, the governor shall transmit to each member of the legislature and the fiscal agencies the budget in detail as provided in this act, accompanied by such explanations and recommendations relative to the budget as the governor considers necessary. At the time the budget is transmitted to the legislature, the state budget director shall transmit line-item appropriation detail to the fiscal agencies using a computer software application that is compatible with the budget tracking computer systems used by the respective fiscal agencies.

(2) The budget transmitted by the governor to the legislature shall be for the upcoming fiscal year and the following fiscal year. At a minimum, the budgets shall consist of all of the following:

- (a) Estimates of anticipated revenues by state funds.
- (b) Line-item details of proposed expenditures unrolled to show specific programs.
- (c) Estimates of the year-end unrestricted fund balances for state funds.
- (d) Any additional budget detail required by this act.

(3) Beginning for the 2020-2021 fiscal year, by the deadline established in subsection (1) for the governor to submit a budget to the legislature, the governor shall also present a strategic plan for this state.

(4) The strategic plan shall be published on the state's website.

(5) The strategic plan shall start with the upcoming fiscal year and shall cover the next 5 fiscal years. The strategic plan can be a revised version of a previous strategic plan or a new strategic plan.

(6) The strategic plan shall include the mission, vision, goals, strategies, and performance measures for each state department, including measures of the department's inputs, outputs, and output measures. The department's balanced scorecard can serve as the department's output measures.

(7) At the governor's discretion, the strategic plan may include inputs, outputs, and output measures for state agencies, bureaus, and divisions within a state department.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1993, Act 2, Imd. Eff. Feb. 16, 1993 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2018, Act 389, Imd. Eff. Dec. 19, 2018

Popular Name: Act 431

Popular Name: DMB

18.1365 Appropriation bills; passed and presented on or before July 1.

Sec. 365.

Beginning July 1, 2021, the legislature shall pass and present general appropriation bills for the upcoming fiscal year to the governor on or before July 1.

History: Add. 2019, Act 160, Imd. Eff. Dec. 20, 2019 ;-- Am. 2020, Act 122, Imd. Eff. July 1, 2020

Popular Name: Act 431

Popular Name: DMB

18.1366 Financing and maintenance of state agency subject to act.

Sec. 366.

Each state agency is subject to this act and shall be financed and maintained by specific appropriations by the legislature from the operating funds of the state, as such funds may be dedicated by law, pursuant to the submission of the state budget.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1367 Transmittal of executive budget bills to members of legislature and fiscal agencies; contents of executive budget bill and enacted budget bill.

Sec. 367.

(1) Concurrent with transmitting the state budget to the legislature, the governor shall submit to the legislature and the fiscal agencies for the upcoming fiscal year and the following fiscal year executive budget bills containing itemized statements of estimated state spending to be paid to local units of government; annual required employer contributions toward total unfunded retiree health care and pension legacy costs as determined by the state's consulting actuary for each department and the legislative branch and the judicial branch; individual line item amounts, including the number of FTE positions to be funded by each individual line item amount, for the proposed expenditures; and any necessary bills for additional revenue to provide financing for the proposed expenditures.

(2) One executive budget bill and 1 enacted budget bill shall contain all of the following:

(a) The estimated revenue for each state operating fund in sufficient detail to provide for comparison with actual revenue.

(b) Summary totals for each state operating fund to reflect that recommended expenditures for each fund are within proposed and estimated resources.

(c) A statement of estimated state spending to be paid to units of local government, total state spending from state sources of financing, and the state-local proportion derived from that data.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2016, Act 221, Eff. Mar. 29, 2017 ;-- Am. 2018, Act 389, Imd. Eff. Dec. 19, 2018

Popular Name: Act 431

Popular Name: DMB

18.1367a "Conference" and "principal" defined.

Sec. 367a.

As used in this section and sections 367b to 367f:

(a) "Conference" means the revenue estimating conference established by this act.

(b) "Principal" means a person designated in section 367b to be a principal of the conference.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991

Compiler's Notes: Former MCL 18.1367a, which pertained to definitions, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular Name: Act 431

Popular Name: DMB

18.1367b Revenue estimating conference; principals; forecasts.

Sec. 367b.

(1) A revenue estimating conference shall be held in the second week of January and in the third week in May of each year, and as otherwise provided in this act.

(2) The principals of the conference are 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.

(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) Corporate income tax collections.
 - (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 target foundation allowance provided for in the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1897l. In establishing this forecast in January and May of 2020, the conference shall take into account the change in terminology from "basic foundation allowance" to "target foundation allowance" that occurred in the amendments made to section 20 of the state school aid act of 1979, 1979 PA 94, MCL 388.1620, for the 2019-2020 fiscal year.
 - (i) Compliance with the state revenue limit established by section 26 of article IX of the state constitution of 1963.
 - (j) Pay-ins or maximum allowable pay-outs under the countercyclical budget and economic stabilization fund.
- (4) The conference shall determine its official forecast of economic and revenue variables by consensus among the principals.
- (5) The conference shall make forecasts under this section for the fiscal year in which the conference is being held and the next 2 ensuing fiscal years. The conference shall also forecast general fund/general purpose revenue trend line projections and school aid fund revenue trend line projections for the next 2 ensuing fiscal years.
- (6) The May revenue estimating conference shall establish expenditure forecasts for Medicaid expenditures and for human services caseloads and expenditures for the fiscal year in which the conference is being held and the next 2 ensuing fiscal years.
- (7) The conference shall make official conference forecasts of revenues and expenditures based upon the assumption that the current law and current administrative procedures will remain in effect for the forecast period.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2007, Act 183, Imd. Eff. Dec. 21, 2007 ;-- Am. 2011, Act 47, Imd. Eff. May 27, 2011 ;-- Am. 2018, Act 613, Eff. Mar. 29, 2019 ;-- Am. 2020, Act 157, Imd. Eff. Sept. 17, 2020

Compiler's Notes: Former MCL 18.1367b, which pertained to revenue estimating conference, principals, and forecasts, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular Name: Act 431

Popular Name: DMB

18.1367c Requests by conference for assistance and data.

Sec. 367c.

The conference may request and shall receive from all public officers, departments, agencies, and authorities of the state the assistance and data needed to enable it to fulfill its duties.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991

Compiler's Notes: Former MCL 18.1367c, which pertained to revenue forecast as revenue estimate, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular Name: Act 431

Popular Name: DMB

18.1367d Conference procedures.

Sec. 367d.

(1) The procedures of the conference shall be decided by the principals, except that any final action establishing an official forecast shall be taken only with the unanimous decision of all of the principals, and a conference shall complete its work within a period of not more than 5 days unless extended by consensus of the principals.

(2) All sessions and meetings of a conference shall be open to the public.

(3) A principal may invite persons to make a presentation or offer testimony to the conference.

(4) A principal shall preside over conference sessions, convene conference sessions, and specify topics to be included on the conference agenda. The responsibility of presiding over sessions of the conference shall be rotated annually among the principals. The principals shall elect the initial chairperson and thereafter the position of chairperson shall rotate among the principals each year.

(5) The chairperson presiding over a conference is also responsible for setting the conference date and preparing and distributing the necessary workpapers before the conference. The workpapers shall include comparisons between alternative information where a comparison is warranted.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991

Compiler's Notes: Former MCL 18.1367d, which pertained to request for assistance and data from state officers and agencies, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular Name: Act 431

Popular Name: DMB

18.1367e Publication of economic and revenue forecasts.

Sec. 367e.

The conference shall publish the economic and revenue forecasts established by the conference.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991

Compiler's Notes: Former MCL 18.1367e, which pertained to conference procedures, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular Name: Act 431

Popular Name: DMB

18.1367f Convening conference upon request of principal.

Sec. 367f.

Upon the written request of a principal, a conference shall be convened by the chairperson.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999

Compiler's Notes: Former MCL 18.1367f, which pertained to publication of economic and revenue forecasts, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular Name: Act 431

Popular Name: DMB

18.1367g Repealed. 1991, Act 72, Imd. Eff. July 11, 1991.

Compiler's Notes: The repealed section pertained to convening conference at request of principal.

Popular Name: Act 431

Popular Name: DMB

18.1368 Monitoring passage of budget bills; assisting governor in explanation of recommendations; revisions to recommendations and estimates; veto recommendations.

Sec. 368.

The state budget director shall monitor passage of budget bills and assist the governor in the explanation to the legislature of recommendations contained in the state budget proposal. As it may be necessary, the state budget director shall prepare revisions to recommendations and estimates during consideration of the state budget by the legislature. The state budget director may develop recommendations to the governor for veto of items in a budget bill as passed by the legislature.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1369 Item or items vetoed by governor; funding from other source.

Sec. 369.

A distinct item or items vetoed by the governor that are not subsequently overridden by the legislature shall not be funded from any other source without a new specific appropriation.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988

Popular Name: Act 431

Popular Name: DMB

18.1371 Expenditure or obligation exceeding gross appropriation level prohibited; responsibility for exceeding appropriation; report of violation and statement of action taken; division of appropriation into allotments; spending plan; review of allotments; report; remedies to maintain level of program service.

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 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.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2007, Act 2, Imd. Eff. Mar. 19, 2007

Popular Name: Act 431

Popular Name: DMB

18.1372 Adjustment of allotments; withholding payment; limitation on payments; open-end appropriations; reduction or adjustment of allotments; report of action taken; directives for allotment of appropriations.

Sec. 372.

(1) Allotments may be adjusted by the state budget director as requested by a department, subject to the considerations in section 371(2).

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

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

(4) Allotments may be reduced or adjusted by the state budget director as a result of implementing measures of administrative efficiency, including the abolishment of positions by appointing authorities. An action taken under this section shall be reported to the appropriations committees and the fiscal agencies within 15 days after the action is taken.

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

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999

Popular Name: Act 431

Popular Name: DMB

18.1373 Classification of line item in spending categories; spending plan; submission to state budget office; review; approval; resubmission of revised spending plan; submission to legislative committees; posting on public website; adjustments; definitions.

Sec. 373.

(1) Beginning fiscal year 2013-2014, each reporting unit shall classify each line item in the enacted budget in 1 of the following spending categories: core services, support services, or work projects. Each reporting unit shall prepare a spending plan for each line item in the most recently enacted budget.

(2) A spending plan under this section shall do all of the following:

(a) Summarize the line items by appropriation unit.

(b) Not exceed the gross appropriation for the line item in the enacted budget. A spending plan may propose a lesser amount if the federal or state revenues are anticipated to be less than the amount appropriated.

(c) Identify the budget requirements for each core service, support service, and work project to, at a minimum, the following expense categories:

(i) State employee wages.

(ii) State employee benefits including insurances, retirement, and other postemployment benefits.

(iii) Facilities, including rent, building occupancy charges, and utilities.

(iv) Direct payments to clients.

(v) Medical payments on behalf of clients.

(vi) Educational expenses on behalf of clients or students.

(vii) Materials and equipment, other contracts, and all other costs.

(d) Identify revenue sources and amounts for each appropriation unit.

(3) Each reporting unit shall submit its spending plan to the state budget office each year within 60 days after enactment of the budget. The state budget office shall define expense categories, design a standardized spending plan reporting format, and make the reporting form available for use by each reporting unit.

(4) Within 30 days after the state budget office receives the spending plans from the reporting units, the director of the state budget office shall either review and approve each spending plan or, if the director requests changes, return the spending plan to the reporting unit with a description of requested changes. The reporting unit shall resubmit a revised spending plan that addresses the requested changes within 2 weeks. The state budget director shall submit each approved spending plan to the appropriate appropriations subcommittees and the senate and house fiscal agencies in a spreadsheet-compatible format, and post it on the department's public website.

(5) For the fiscal year 2014-2015 and each subsequent fiscal year, the legislature intends that the state budget director and the senate and house appropriations committees work to identify suitable adjustments to the annual state budget process to utilize the information contained in the spending plans produced under this section.

(6) As used in this section:

(a) "Appropriation unit" means a numbered section in a budget bill that includes a related group of discrete line-item appropriations representing the structure of an organization or its major programs, the sum of which line-item appropriations equals the total appropriation for the appropriation unit and the sum of the appropriation unit total equals the total appropriation for the organization.

(b) "Core service" means an activity that provides measurable value to beneficiaries such as citizens, businesses, and units of local government.

(c) "Reporting unit" means a state agency, excluding a public body corporate and politic, to which an appropriation is made. However, a public body corporate and politic shall post annually on its website substantially the same spending and revenue data described in subsection (2)(c) and (d).

(d) "Schedule of programs" means a listing of the programs within a budget that are funded from a specific line item.

(e) "Support service" means an activity, such as information technology, accounting, human resources, legal, and other support functions that are required to support the ongoing delivery of core services.

(f) "Work project" means that term as defined in section 404 and that meets the criteria in section 451a(1).

History: Add. 2012, Act 536, Imd. Eff. Jan. 2, 2013 ;-- Am. 2018, Act 389, Imd. Eff. Dec. 19, 2018

18.1381 New or expanded programs.

Sec. 381.

A state agency shall not establish a new program or expand a current program, from any source of funds, above the level approved in the enacted budget. Proposals for new or expanded programs shall be documented as required and submitted by a state agency to the state budget director for recommendation to the legislature.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1382 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's Notes: The repealed section pertained to recommendation for supplemental appropriation.

Popular Name: Act 431

Popular Name: DMB

18.1384 Application for federal financial assistance; notification; form; contents; notice of award, rejection, revision, or deferment of application; report of availability and proposed allocation of grant funds; condition to commitment of grant funds; report.

Sec. 384.

(1) A state agency which applies for federal financial assistance shall notify the department 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.

(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.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999

Popular Name: Act 431

Popular Name: DMB

18.1385 Procurement, development, and maintenance of information technology services for department of health and human services; require.

Sec. 385.

By October 1, 2022, the department shall assume responsibility for the procurement, development, and maintenance of all information technology services of the department of health and human services. The department of health and human services shall start phasing and transferring the procurement, development, and maintenance of all new information technology services to the department.

History: Add. 2020, Act 179, Imd. Eff. Oct. 8, 2020

Popular Name: Act 431

Popular Name: DMB

18.1386 Monthly financial reports; preparation; transmittal; contents.

Sec. 386.

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

(2) Within 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 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 natural resources trust fund or its successor.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2011, Act 47, Imd. Eff. May 27, 2011

Popular Name: Act 431

Popular Name: DMB

18.1388 Monitoring and projecting state spending paid to units of local government; remedial actions.

Sec. 388.

State spending to units of local government shall be continually monitored and projected by the state budget director. If projections indicate that state spending to units of local government will not meet the proportion required by law, the state budget director shall recommend to the governor, and the governor shall propose remedial actions to the legislature.

History: 1984, Act 431, Eff. Mar. 29, 1985

Popular Name: Act 431

Popular Name: DMB

18.1389 Withholding of payment to municipality; purpose; report; "municipality" defined.

Sec. 389.

(1) The department or the department of treasury may withhold all or part of any payment that a municipality is entitled to receive under a budget act to the extent the withholdings are a component part of a plan, developed and implemented under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, for financing an outstanding obligation upon which the municipality defaulted. Amounts withheld shall be used to pay, on behalf of the municipality, unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding obligation upon which the municipality defaulted.

(2) Within 30 days after any amount is withheld from any municipality pursuant to this section, the department withholding the payment shall report in writing the name of the municipality and the amount that is being withheld from that municipality to the appropriations committees and the fiscal agencies.

(3) For purposes of this section, "municipality" means that term as defined in section 103 of the revised municipal finance act, 2001 PA 34, MCL 141.2103.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 2002, Act 188, Imd. Eff. Apr. 24, 2002

Popular Name: Act 431

Popular Name: DMB

18.1391 Actual revenues falling below revenue estimates; review of appropriations; recommending reduction of expenditures; review of recommendations; order containing reductions; notice; meeting; approval or disapproval of order; implementation of order; filing order and resolutions; special lapse accounts.

Sec. 391.

(1) When it appears to the governor, based upon written information received by the governor from the budget director and the department of treasury, that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based, the estimates being as determined by the legislature in

accordance with section 31 of article IV of the state constitution of 1963, the governor shall order the director to review all appropriations made by the legislature, except those made for the legislative and judicial branches of government or from funds constitutionally dedicated to specific purposes.

(2) Based upon needs, the director shall recommend to the governor a reduction of expenditures authorized by the appropriations, either direct or open-ended, for that fiscal year. The governor shall review the recommendations of the director and shall prepare an order containing reductions in expenditures authorized so that actual revenues for the fiscal period will be sufficient to equal the expenditures. The governor shall give not less than 5 days' written notice to the members of the appropriations committees specifying a time and place for a joint meeting of the governor and the appropriations committees, at which the governor shall present to the appropriations committees the governor's recommendations and copies of the governor's proposed order.

(3) Not later than 10 days after the submission of the order to the appropriations committees, each appropriation committee by vote of a majority of its members elected and serving shall approve or disapprove the order. Expenditures authorized by appropriations shall not be reduced unless approved by both appropriations committees. Upon approval by both appropriations committees, the director shall implement the order.

(4) If either appropriation committee disapproves the order, the order is without force and effect. Not later than 30 days after a proposed order is disapproved, the governor may give reasonable written notice of the time and place of a further joint meeting of the appropriations committees, at which time the governor shall submit another order reducing expenditures authorized by appropriations. Within 10 days after the receipt of that order by the appropriations committees, each appropriations committee, by a majority of its members elected and serving, shall approve or disapprove the order. Upon approval by both appropriations committees, the director shall implement the order.

(5) After the approval by both appropriations committees pursuant to subsection (3) or (4), a copy of the order of the governor and resolutions of both appropriations committees approving it shall be filed with the secretary of state and the order shall become effective.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988

Popular Name: Act 431

Popular Name: DMB

18.1392 Reduction of line item appropriations in subsequent legislation.

Sec. 392.

This act shall not be construed to prohibit the legislature from reducing line item appropriations in budget acts in subsequent legislation.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988

Popular Name: Act 431

Popular Name: DMB

18.1393 Administrative transfers of appropriations within department; purpose; notice; prohibited adjustments; approval or disapproval.

Sec. 393.

(1) Administrative transfers of appropriations within any department to adjust for current cost and price variations from the enacted budget items, or to adjust amounts between federal sources of financing for a specific appropriation line item, or to adjust amounts between restricted sources of financing for a specific appropriation line item, or to pay court judgments, including court approved consent judgments, or to pay all settlements and claims may be made by the state budget director not less than 30 days after notifying each member of the senate and house appropriations committees. Administrative transfers shall not include adjustments that have policy implications or that have the effect of creating, expanding, or reducing programs within that department. Those transfers may be disapproved by either appropriations committee within the 30 days and, if disapproved within that time, shall not be effective.

(2) A transfer of appropriations within any department other than an administrative transfer pursuant to subsection (1) shall not be made by the state budget director unless approved by both the senate and house appropriations committees. If the state budget director does not approve transfers adopted by both the senate and house appropriations committees under this subsection, the state budget director shall notify each member of both the senate and house appropriations committees of his or her action within 15 days after the senate and house appropriations committees' final approval.

(3) A transfer approved by the appropriations committees shall not be effective unless it is identical in terms of funding sources and dollar amounts.

(4) A transfer approved pursuant to this section shall constitute authorization to transfer the amount recommended and approved. However, the amount shall be reduced by the state budget director to be within the current unobligated amount of the appropriation.

(5) Capital outlay appropriations may be transferred from a state agency, community college, or institution of higher education to provide necessary funds for the completion of an authorized capital outlay project. Operating appropriations shall not be transferred into an existing capital outlay account.

(6) Transfers shall not be authorized under any of the following circumstances:

(a) To create a new line-item appropriation or to create a new state program.

(b) To or from an operating appropriation line-item that did not appear in the fiscal year appropriation bills for which the transfer is being made.

(c) To or from a work project as designated under section 451a.

(d) Between state governmental funds.

(7) Transfers of appropriations for financing sources shall be made concurrently with related transfers of appropriations for line expenditure items.

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999 ;-- Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012

Popular Name: Act 431

Popular Name: DMB

18.1395 Financing from federal, state restricted, local, or private funding; financing by multiple fund sources; spending of state matching money; reductions; notice; adjustments; corrective action; prohibited transfer.

Sec. 395.

(1) Appropriation line items in a budget act financed from federal, state restricted, local, or private funding authorize spending only for the amount of the funds actually earned up to the amount appropriated. When an appropriation line item that is financed from federal, state restricted, local, or private funding sources is earning funds less than the appropriated amount, the department shall reduce the overall level of expenditures from the appropriation line item to reflect the estimated funding shortfall. In an appropriation line item financed by multiple fund sources, any state general fund/general purpose appropriation shall be used only after the federal, state restricted, local, or private funds have been expended.

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

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

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

History: 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 2007, Act 2, Imd. Eff. Mar. 19, 2007 ;-- Am. 2007, Act 169, Imd. Eff. Dec. 21, 2007

Popular Name: Act 431

Popular Name: DMB

18.1396 Paying or recording certain expenditures from appropriations; notice of certain settlements or consent judgments; report.

Sec. 396.

(1) From the appropriations contained in a budget act, a state agency shall pay or record expenditures for the following:

- (a) Court judgments, including court approved consent judgments; all settlements, awards, and claims.
- (b) Writeoffs of accounts receivable recorded in a prior year.

(2) The attorney general shall notify the senate and house appropriations committees, the speaker of the house, the senate majority leader, and the fiscal agencies within 14 days after entering into a settlement or consent judgment which would result in a state obligation that exceeds \$200,000.00. The notice shall include a summary of the facts of the case and the reason or reasons that the settlement or consent judgment would be in the best interests of the state.

(3) Before December 1 of each year, each principal department shall transmit to the appropriations committees and fiscal agencies a written report which includes all of the following:

- (a) The total dollar amount of final judgments and settlements against the principal department for the most recent completed fiscal year.
- (b) Each source of funding and item appropriating money in a budget act, which source and item is used to pay the judgments and settlements pursuant to subdivision (a).
- (c) The total dollar amount of final judgments and settlements received in the most recent completed fiscal year pursuant to legal actions by the principal department.
- (d) Each revenue account in which money was credited pursuant to subdivision (c).
- (e) An estimate of the total dollar amount and a description of the facts involved in each court action currently pending against the department for the most recently completed fiscal year.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999

Popular Name: Act 431

Popular Name: DMB

18.1397 Repealed. 2018, Act 613, Eff. Mar. 29, 2019.

Compiler's Notes: The repealed section pertained to supplemental appropriations for fiscal year 2001-2002.

Popular Name: Act 431

Popular Name: DMB