

MEMORANDUM



DATE: June 5, 2018
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2018-6

Attached are legislative transfers proposed by the State Budget Office in a letter dated May 30, 2018. Pursuant to section 393 of the Management and Budget Act, a legislative transfer must be approved by a majority of both the House and Senate Appropriations Committees, with identical funding sources and dollar amounts, in order to become effective. This transfer package is scheduled to be considered by the House Appropriations Committee on Wednesday, June 6, 2018.

There are two basic types of legislative transfers, which have different effects on the overall level of appropriations in the state budget.

A **standard legislative transfer** shifts existing spending authorization between line items in a particular budget area, with no net change in total appropriations. Generally, such transfers are proposed when expenditures are higher than originally anticipated in one line item and lower than anticipated in another. These transfers can represent a shift of GF/GP funding between two line items, or merely a shift of spending authorization from same broad category of funding (federal, restricted, etc.) between the line items.

As shown in the attached table, standard transfers in this package total \$2.24 million, which will shift 0.00% of total appropriations within the existing FY 2017-18 year-to-date state budget.


A **contingency fund transfer** increases total line item appropriations in a budget area by moving contingency spending authorization from the boilerplate section of a budget act to a specific line item in order to recognize additional federal, private, local, or state restricted revenue that has become available since the original enactment of the budget. Absent the contingency fund transfer mechanism, this type of budget adjustment would be made through a supplemental appropriation bill.

As shown in the attached table, contingency fund transfers in this package total \$31.70 million, which will increase the FY 2017-18 year-to-date state budget by 0.06%.

If you have questions about the transfers generally, please contact me. If you have questions about an individual transfer, please contact the HFA analyst assigned to that budget area. We can be reached at 373-8080.

Attachment

LEGISLATIVE TRANSFER PACKAGE

 Mary Ann Cleary, Director Viola Bay Wild, Transfer Coordinator Compiled by Tumai Burris, Budget Assistant	Summary Sheet SBO LETTER: 2018-6 May 30, 2018		
Department	Analyst	Page	Total Transfer
Corrections	Robin Risko	1	\$900,000
Health and Human Services	Sue Frey Kevin Koorstra Viola Bay Wild	2-6 7	26,050,000
State	Mike Cnossen	8	1,000,000
State Police	Kent Dell	9-11	800,000
Transportation	William E. Hamilton		5,180,000
Total			\$33,930,000

FY 2017-18 Legislative Transfers: Request 2018-6

Budget	Year-to-Date Total Approps	Standard Transfers (Within Existing Budget)						TOTAL	% of Budget Shifted
		IDG	Federal	Local	Private	Restricted	GF/GP		
Corrections	2,001,919,200						900,000	900,000	0.04%
State Police	715,396,300					800,000		800,000	0.11%
Transportation	4,524,443,000					535,000		535,000	0.01%
TOTAL*	\$56,843,915,800	\$0	\$0	\$0	\$0	\$1,335,000	\$900,000	\$2,235,000	0.00%

*Includes budget areas not affected by transfers

Budget	Year-to-Date Total Approps	Contingency Fund Transfers (Increases Budget)						TOTAL	% Budget Increased
		IDG	Federal	Local	Private	Restricted	GF/GP		
Health and Human Services	25,510,667,400		25,000,000		250,000	800,000		26,050,000	0.10%
State	258,358,500					1,000,000		1,000,000	0.39%
Transportation	4,524,443,000		4,300,000		345,000			4,645,000	0.10%
TOTAL*	\$56,843,915,800	\$0	\$29,300,000	\$0	\$595,000	\$1,800,000	\$0	\$31,695,000	0.06%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **CORRECTIONS**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$900,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **Robin Risko**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/31/18	BALANCE AVAILABLE AS OF 5/31/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 107. CORRECTIONAL FACILITIES						
Earnest C. Brooks Correctional Facility - Muskegon	51,192,500	28,119,551	23,072,949	(300,000)		
Funding source:						
State general fund/general purpose	51,192,500	28,119,551	23,072,949	(300,000)		
SEC. 103. PRISONER REENTRY AND COMMUNITY SUPPORT						
Education program	38,739,100	19,394,396	19,344,704	(300,000)		
Funding source:						
State general fund/general purpose	28,202,400	18,992,127	9,210,273	(300,000)		
Reentry services	15,264,300	9,959,260	5,305,040	(300,000)		
Funding source:						
State general fund/general purpose	15,264,300	9,959,260	5,305,040	(300,000)		
TO: SEC. 105. CORRECTIONAL FACILITIES ADMINISTRATION						
Transportation	25,570,300	17,647,510	7,922,790	900,000		
Funding source:						
State general fund/general purpose	24,999,400	17,578,459	7,420,941	900,000		

This transfer to the Transportation line item is necessary to support increased prisoner transportation costs related to increased movement of prisoners between facilities in order to provide them with access to necessary services and programming. Also, this transfer is necessary to cover increased vehicle lease and mileage costs. Funding is available as a result of vacant FTE positions and savings from the closure of the West Shoreline Correctional Facility. This transfer is requested by August 31, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$800,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **Viola Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/30/18	BALANCE AVAILABLE AS OF 5/30/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 OF 2017 ARTICLE X, SEC. 210(2)						
Contingency funds	37,390,000	NA	NA	(800,000)		
Funding source:						
Total state restricted revenues	37,390,000	NA	NA	(800,000)		
TO: SEC. 105. CHILDREN'S SERVICES AGENCY - CHILD WELFARE						
Children's trust fund	3,327,700	2,347,147	980,553	800,000		
Funding source:						
Children's trust fund	2,091,900	1,739,884	352,016	800,000		

This transfer requests \$800,000 in state restricted contingency fund authorization for the Children's Trust Fund line item to allow for additional expenditures from the balance of the trust fund's cash reserve fund. The additional funding would be used to increase local council and direct service grants. This request will bring the total number of direct service grants to 37 and total spending to nearly \$2.0 million in addition to \$1.0 million in local council contracts. There is available revenue in the trust fund's cash reserves to support the additional spending. Spending authority is available from state restricted contingency fund authorization in accordance with PA 107 of 2017, Article X, section 210 (2). A similar transfer is requested in the FY 2018-19 Executive Recommendation and is requested by July 1, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$100,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **Sue Frey**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/30/18	BALANCE AVAILABLE AS OF 5/30/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 OF 2017 ARTICLE X, SEC. 210(4)						
Contingency funds	60,000,000	NA	NA	(100,000)		
Funding source:						
Total private revenues	60,000,000	NA	NA	(100,000)		
TO: SEC. 116. LOCAL HEALTH AND ADMINISTRATIVE SERVICES						
Cancer prevention and control program	15,064,100	5,933,991	9,130,109	100,000		
Funding source:						
Total private revenues	500,000	250,000	250,000	100,000		

This transfer increases the private funds authorization for the Cancer Prevention and Control Program line item, enabling the Department to expend available private revenues \$100,000 in excess of the current authorization. Increased private funds are available from persons making a contribution for breast cancer screening and treatment through the State of Michigan fund-raising vehicle license plate sales pursuant to Public Acts 107 and 108 of 2013. Donated funds are deposited to Amanda's Fund for Breast Cancer Prevention and Treatment, first established in 2007, and are used to support the Breast and Cervical Cancer Control Program, which provides low income women with breast and cervical cancer screening services, follow up care, and cancer treatment services. Current available revenue from fund-raising license plates is \$209,000. This transfer allows for the expenditure of about half of the balance in the Fund. This transfer is requested by July 1, 2018.

Private contingency fund authorization is available for this transfer.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$20,000,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/30/18	BALANCE AVAILABLE AS OF 5/30/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 OF 2017 ARTICLE X, SEC. 210(1)						
Contingency funds	398,746,400	NA	NA	(20,000,000)		
Funding source:						
Total federal revenues	398,746,400	NA	NA	(20,000,000)		
TO: SEC. 121. MEDICAL SERVICES ADMINISTRATION						
Medical services administration	82,560,400	61,245,243	21,315,157	20,000,000		
Funding source:						
Total other federal revenues	52,784,600	41,623,753	11,160,847	20,000,000		

This transfer requests \$20.0 million in federal contingency authorization for the Medical Services Administration line item. Additional federal authorization is needed for various university partnership agreements. These agreements allow universities to contribute funding to draw down federal matching dollars, which are passed through the state. Spending authority is available from federal contingency funds in accordance with PA 107 of 2017, Article X, Section 210(1).

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$150,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/30/18	BALANCE AVAILABLE AS OF 5/30/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 OF 2017 ARTICLE X, SEC. 210(4)						
Contingency funds	60,000,000	NA	NA	(150,000)		
Funding source:						
Total private revenues	60,000,000	NA	NA	(150,000)		
TO: SEC. 121. MEDICAL SERVICES ADMINISTRATION						
Medical services administration	82,560,400	61,245,243	21,315,157	150,000		
Funding source:						
Total private revenues	101,300	36	101,264	150,000		

This transfer requests \$150,000 in private contingency authorization for the Medical Services Administration line item. Additional private authorization is needed to fully expend a grant from the Health Endowment Fund. The grant supports an analysis of Medicaid long term care services and supports. Spending authority is available from private contingency funds in accordance with PA 107 of 2017, Article X, Section 210(4).

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$5,000,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/30/18	BALANCE AVAILABLE AS OF 5/30/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 OF 2017 ARTICLE X, SEC. 210(1)						
Contingency funds	398,746,400	NA	NA	(5,000,000)		
Funding source:						
Total federal revenues	398,746,400	NA	NA	(5,000,000)		
TO: SEC. 122. MEDICAL SERVICES						
School-based services	109,937,200	63,963,588	45,973,612	5,000,000		
Funding source:						
Total other federal revenues	109,937,200	63,963,588	45,973,612	5,000,000		

This transfer requests \$5.0 million in federal contingency authorization for the School-Based Services line item to align authorization with anticipated expenditures. Higher than anticipated settlement payments are projected to push expenditures above the current authorization. Funds are utilized by local school districts to provide speech, hearing, counseling, and other health screening services for Medicaid eligible students. Spending authority is available from federal contingency funds in accordance with PA 107 of 2017, Article X, Section 210(1).

LEGISLATIVE TRANSFER

BUDGET AREA: STATE
 FISCAL YEAR: 2017-18
 TRANSFER AMOUNT: \$1,000,000

S.B.O. LETTER: 5/30/18
 S.B.O. REQUEST: 2018-6
 ANALYST: Michael Cnossen

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/1/18	BALANCE AVAILABLE AS OF 6/1/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 OF 2017 ARTICLE VIII SEC. 701(2)						
Contingency funds	7,500,000	NA	NA	(1,000,000)		
Funding source:						
Total state restricted revenues	7,500,000	NA	NA	(1,000,000)		
TO: SEC. 106. (4) CUSTOMER DELIVERY SERVICES						
Credit and debit assessment services	8,000,000	4,553,483	3,446,517	1,000,000		
Funding source:						
Credit and debit assessment service fees	8,000,000	4,553,483	3,446,517	1,000,000		

This request transfers \$1.0 million in authorization from state restricted contingency funds to Credit and Debit Assessment Services line item to cover additional costs associated with increased debit and credit card usages from the program. Funding is available from state restricted contingency funds in accordance with PA 107 of 2017, Article VIII, Section 701(2). This transfer is needed to meet current obligations to credit card processors. This transfer is requested by June 30, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$800,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **Kent Dell**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/4/18	BALANCE AVAILABLE AS OF 6/4/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 106. SPECIALIZED SERVICES						
Commercial vehicle regulation	2,226,200	700,200	1,526,000	(800,000)		
Funding source:						
Other state restricted revenues	2,222,000	700,200	1,521,800	(800,000)		
TO: SEC. 106. SPECIALIZED SERVICES						
Commercial vehicle enforcement	28,721,700	15,410,700	13,311,000	800,000		
Funding source:						
Other state restricted revenues	6,064,400	3,833,400	2,231,000	800,000		

This request transfers motor carrier fees authorization from the Commercial Vehicle Regulation line item to the Commercial Vehicle Enforcement line item. This transfer supports the 23rd Motor Carrier Officer recruit school, which is scheduled to begin in August. Authorization is available in the Commercial Vehicle Regulation line item due to lower than anticipated expenditures resulting from operational efficiencies from the consolidation of the commercial vehicle regulation activities of the Michigan Public Service Commission with the Department of State Police under Executive Order 2015-10.

LEGISLATIVE TRANSFER

BUDGET AREA: **TRANSPORTATION**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$535,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **William E. Hamilton**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/1/18	BALANCE AVAILABLE AS OF 6/1/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 115. INTERCITY PASSENGER AND FREIGHT						
Intercity services	8,060,000	857,512	7,202,488	(535,000)		
Funding source:						
Comprehensive transportation fund	3,300,000	429,890	2,870,110	(535,000)		
TO: SEC. 116. PUBLIC TRANSPORTATION DEVELOPMENT						
Service initiatives	3,389,200	699,217	2,689,983	535,000		
Funding source:						
Comprehensive transportation fund	1,414,200	311,910	1,102,290	535,000		

This transfer shifts \$535,000 in Comprehensive Transportation Fund spending authority from Intercity Services to Service Initiatives. These funds were originally intended to be used towards the demolition of the Detroit Intercity Bus Station facility. However, an in-depth assessment of the facility determined that the facility has 5-7 years of remaining useful life allowing for its demolition to be deferred. Therefore, MDOT requests that the funds be transferred to the Service Initiative line item where they will be used to extend a cooperative project between MDOT and the state's two transit associations to evaluate and implement transit operations best practices (safety, training, level of service, etc.), including measures of the overall condition of the statewide transit system in Michigan. This effort includes a contract with Michigan State University to survey the transit agencies regarding specific operating functions, as well as rider surveys. The department indicates that these surveys will also feed into an economic benefit analysis model for the state. This transfer is requested by July 31, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **TRANSPORTATION**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$1,045,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **William E. Hamilton**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/1/18	BALANCE AVAILABLE AS OF 6/1/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 OF 2017 ARTICLE XVII, SEC. 210(1)						
Contingency funds	200,000,000	NA	NA	(700,000)		
Funding sources:						
Total federal revenues	200,000,000	NA	NA	(700,000)		
PUBLIC ACT 107 OF 2017 ARTICLE XVII, SEC. 210(4)						
Contingency funds	1,000,000	NA	NA	(345,000)		
Funding sources:						
Total private revenues	1,000,000	NA	NA	(345,000)		
TO: SEC. 115. INTERCITY PASSENGER AND FREIGHT						
Intercity services	8,060,000	857,512	7,202,488	1,045,000		
Funding sources:						
Federal aid, transportation programs	4,500,000	486,931	4,013,069	700,000		
Private funds	0	0	0	345,000		

This transfer adds \$700,000 in federal contingency fund authorization and \$345,000 in private contingency fund authorization to the Intercity Services line item. The additional spending authority will allow for the replacement of a motor coach that was destroyed in a fire on February 22, 2018 near Paw Paw (no injuries resulted from this incident). The additional private authorization sought in this transfer reflects insurance funds collected by Indian Trails, Inc. that will be used to match \$1,725,000 in federal funds, which is a combination of the \$700,000 in federal authority contained in this request and \$1,025,000 in existing federal authorization within the Intercity Services line-item. Spending authority for this transfer is available from PA 107 of 2017, Article XVII, Section 210(1 and 4). This transfer is requested by July 31, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **TRANSPORTATION**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$3,600,000**

S.B.O. LETTER: **5/30/18**
 S.B.O. REQUEST: **2018-6**
 ANALYST: **William E. Hamilton**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/1/18	BALANCE AVAILABLE AS OF 6/1/18	GOV'S REC. 5/30/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 OF 2017 ARTICLE XVII, SEC. 210(1)						
Contingency funds	200,000,000	NA	NA	(3,600,000)		
Funding source:						
Total federal revenues	200,000,000	NA	NA	(3,600,000)		
TO: SEC. 116. PUBLIC TRANSPORTATION DEVELOPMENT						
Transit capital	59,403,500	*	*	3,600,000		
Funding source:						
Federal aid, transportation programs	15,300,000	*	*	3,600,000		

This transfer adds \$3.6 million in federal contingency authorization to the Transit Capital line item, reflecting the recent award of a discretionary Bus and Bus Facilities grant from the Federal Transit Administration (FTA). A total of \$400,000 of this award will support the expansion of the Harbor Transit Multi-Modal Transit System Operations Center in Grand Haven, with the remainder supporting the purchase of new transit vehicles for other local agencies. The state match for the grant is \$900,000 and will be paid using existing state authority in the Transit Capital line item. Spending authority for this transfer is available from PA 107 of 2017, Article XVII, Section 210(1). This transfer is requested by September 30, 2018.

*Expenditure and encumbrance information not available at this time.