

MEMORANDUM



DATE: November 3, 2015
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2015-8

Attached are legislative transfers proposed by the State Budget Office in a letter dated October 29, 2015. 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, November 4, 2015.

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 \$136.8 million, which will shift 0.25% of total appropriations within the existing FY 2014-15 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 \$172.3 million, which will increase the FY 2014-15 year-to-date state budget by 0.32%.

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: 2015-8 October 29, 2015		
Department	Analyst	Page	Total Transfer
Corrections	Robin Risko	1-2	\$3,575,000
Health and Human Services – Health Services	Sue Frey Kevin Koorstra	3-10	265,778,000
Health and Human Services – Human Services	Viola Bay Wild	11-18	25,937,100
Military and Veterans Affairs	Perry Zielak	19-20	2,000,000
School Aid	Bethany Wicksall Samuel Christensen	21-22	9,397,000
State Police	Paul Holland Kent Dell	23	480,500
Technology, Management and Budget	Perry Zielak	24	2,000,000
Total			\$309,167,600

FY 2014-15 Legislative Transfers: Request 2015-8

Budget	Year-to-Date Total Approps	Standard Transfers (Within Existing Budget)						TOTAL	% of Budget Shifted
		IDG	Federal	Local	Private	Restricted	GF/GP		
Corrections	2,023,221,700						3,575,000	3,575,000	0.18%
Health and Human Services-Health	19,101,921,900		68,530,000				36,120,000	104,650,000	0.55%
Health and Human Services - Human Services	5,702,811,500		9,200,000				7,500,000	16,700,000	0.29%
Military and Veterans Affairs	175,549,000						500,000	500,000	0.28%
School Aid	13,673,960,100					9,397,000		9,397,000	0.07%
Technology, Management, and Budget	1,361,809,900						2,000,000	2,000,000	0.15%
TOTAL*	\$53,968,095,700	\$0	\$77,730,000	\$0	\$0	\$9,397,000	\$49,695,000	\$136,822,000	0.25%

*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-Health	19,101,921,900		161,128,000					161,128,000	0.84%
Health and Human Services - Human Services	5,702,811,500		4,600,000	1,700,000	2,937,100			9,237,100	0.16%
Military and Veterans Affairs	175,549,000		1,500,000					1,500,000	0.85%
State Police	671,280,700					480,500		480,500	0.07%
TOTAL*	\$53,968,095,700	\$0	\$167,228,000	\$1,700,000	\$2,937,100	\$480,500	\$0	\$172,345,600	0.32%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **CORRECTIONS**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$1,690,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Robin Risko**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 104. BUDGET AND OPERATIONS ADMINISTRATION						
Worker's compensation	14,000,000	11,591,858	2,408,142	(1,690,000)		
Funding source:						
State general fund/general purpose	14,000,000	11,591,858	2,408,142	(1,690,000)		
TO: SEC. 106. CORRECTIONAL FACILITIES ADMINISTRATION						
Prison food service	51,558,900	52,541,261	(982,361)	1,690,000		
Funding source:						
State general fund/general purpose	51,333,900	52,472,935	(1,139,035)	1,690,000		

This transfer is needed to support increased per meal costs and meal participation rates. The increase in per meal costs occurred during the transition from Aramark Correctional Services, LLC to Trinity Services Group, Inc. The new contract with Trinity includes a sliding scale for per meal costs, with a higher per meal average if fewer meals are served, in order to offset fixed labor costs. During the July and August transition period, Trinity was compensated based on the number of meals served statewide, but due to not being in all of the facilities, meal counts were lower, which resulted in a higher per meal cost.

Prior to the start of the contract with Aramark, the department determined a baseline meal participation rate using a one-month count of meals served as a percentage of the prison population. Aramark was paid based on the actual number of meals served. Actual meal participation exceeded the projected amount.

Funding is available from the Worker's Compensation line item as a result of lower than anticipated worker's compensation claims submitted by employees. The deployment of tasers in the facilities has resulted in a reduction in workplace injuries.

This transfer is requested as part of FY 2014-15 book closing.

LEGISLATIVE TRANSFER

BUDGET AREA: **CORRECTIONS**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$1,885,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Robin Risko**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 104. BUDGET AND OPERATIONS ADMINISTRATION						
Worker's compensation	14,000,000	11,591,858	2,408,142	(650,000)		
Funding source:						
State general fund/general purpose	14,000,000	11,591,858	2,408,142	(650,000)		
SEC. 107. HEALTH CARE						
Prisoner health care services	75,180,400	70,315,221	4,865,179	(1,235,000)		
Funding source:						
State general fund/general purpose	75,180,400	70,315,221	4,865,179	(1,235,000)		
TO: SEC. 107. HEALTH CARE						
Vaccination program	691,200	973,690	(282,490)	285,000		
Funding source:						
State general fund/general purpose	691,200	973,690	(282,490)	285,000		
Mental health services and support	58,785,200	57,280,161	1,505,039	400,000		
Funding source:						
State general fund/general purpose	58,785,200	57,280,161	1,505,039	400,000		
Clinical complexes	148,715,800	147,715,839	999,961	1,200,000		
Funding source:						
State general fund/general purpose	148,462,600	147,489,630	972,970	1,200,000		

This transfer is needed to support higher than anticipated vaccine costs and industry-wide price increases for pharmaceuticals. The department has experienced increased costs for tetanus, pneumonia, Hepatitis A, and Hepatitis B vaccines; increased expenditures for antipsychotic and antidepressant medications; and increased costs for HIV treatments as new medications become available.

Funding is available from the Worker's Compensation line item as a result of lower than anticipated worker's compensation claims submitted by employees. The deployment of tasers in the facilities has resulted in a reduction in workplace injuries. Funding is available from the Prisoner Health Care Services line item due to more prisoners qualifying for Medicaid coverage for in-patient procedures. This transfer is requested as part of FY 2014-15 book closing.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES - HEALTH**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$2,850,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/24/15	BALANCE AVAILABLE AS OF 10/24/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 104. BEHAVIORAL HEALTH SERVICES						
Medicaid mental health services	2,318,090,000	2,311,394,293	6,695,707	(2,850,000)		
Funding sources:						
Total federal revenues	1,519,765,500	1,514,889,467	4,876,033	(2,000,000)		
State general fund/general purpose	749,373,700	747,554,038	1,819,662	(850,000)		
TO: SEC. 104. BEHAVIORAL HEALTH SERVICES						
Medicaid substance use disorder services	44,915,800	47,301,059	(2,385,259)	2,850,000		
Funding sources:						
Total federal revenues	29,437,500	31,007,133	(1,569,633)	2,000,000		
State general fund/general purpose	15,478,300	16,293,926	(815,626)	850,000		

This transfer addresses higher than anticipated payments in the Medicaid Substance Use Disorder Services line. Medicaid Mental Health Services authorization is available because of lower than anticipated expenditures in the line. It is not unusual for these line item authorizations to be revised multiple times during a fiscal year to reflect May consensus estimates for Medicaid expenditures and for actual costs. Overall, the Department of Health and Human Services and the State Budget Office estimate that FY 2014-15 Medicaid expenditures will lapse approximately \$100.0 million GF/GP.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES – HEALTH SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$1,412,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Sue Frey**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/24/15	BALANCE AVAILABLE AS OF 10/24/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE IV, SEC. 206(1)						
Contingency funds	196,038,000	NA	NA	(1,412,000)		
Funding source:						
Total federal revenues	196,038,000	NA	NA	(1,412,000)		
TO: SEC. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS						
Local health services	1,137,300	2,062,902	(925,602)	1,412,000		
Funding source:						
Total federal revenues	1,137,300	2,062,902	(925,602)	1,412,000		

This transfer increases the federal funds authorization for the Local Health Services line item, enabling the Department to expend available federal revenues \$1,412,000 in excess of the current authorization. Increased funding is available from the federal Health and Health Services Preventive Block Grant to support the state's local public health accreditation program, and to build state, local, and tribal capacity for meeting nationally established accreditation standards, including performance management and quality improvement. A similar transfer was made to the line item earlier this fiscal year in March 2015.

Federal contingency fund authorization is available for this transfer.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES – HEALTH SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$2,216,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Sue Frey**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/24/15	BALANCE AVAILABLE AS OF 10/24/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE IV, SEC. 206(1)						
Contingency funds	196,038,000	NA	NA	(2,216,000)		
Funding source:						
Total federal revenues	196,038,000	NA	NA	(2,216,000)		
TO: SEC. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION						
Chronic disease control and health promotion administration	6,139,900	8,002,300	(1,862,400)	2,216,000		
Funding source:						
Total federal revenues	4,942,800	6,846,536	(1,903,736)	2,216,000		

This transfer increases the federal funds authorization for the Chronic Disease Control and Health Promotion Administration line item, enabling the Department to expend available federal revenues \$2,216,000 in excess of the current authorization. Increased funding is available from the federal Health and Health Services Preventive Block Grant to support chronic disease program projects such as health promotion and disease interventions. A similar transfer was made to the line item earlier this fiscal year in March 2015 from other federal grants. The enacted FY 2015-16 budget includes an increase to this line item from other federal grants.

Federal contingency fund authorization is available for this transfer.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES - HEALTH**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$246,800,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/24/15	BALANCE AVAILABLE AS OF 10/24/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 118. MEDICAL SERVICES						
Hospital services and therapy	1,210,427,800	1,121,657,208	88,770,592	(68,000,000)		
Funding sources:						
Total federal revenues	798,099,900	739,568,693*	58,531,207*	(45,000,000)		
State general fund/general purpose	60,514,300	31,093,976*	29,420,324*	(23,000,000)		
PUBLIC ACT 252 OF 2014, ARTICLE IV, SEC. 206(1)						
Contingency funds	196,038,000	NA	NA	(145,000,000)		
Funding source:						
Total federal revenues	196,038,000	NA	NA	(145,000,000)		
SEC. 118. MEDICAL SERVICES						
Integrated care organizations	124,922,100	51,867,288	73,054,812	(33,800,000)		
Funding sources:						
Total federal revenues	81,873,900	33,993,802*	47,880,098*	(21,530,000)		
State general fund/general purpose	43,048,200	17,873,486*	25,174,714*	(12,270,000)		
TO: SEC. 118. MEDICAL SERVICES						
Home health services	5,716,900	5,986,228	(269,328)	400,000		
Funding sources:						
Total federal revenues	3,746,800	3,923,315*	(176,515)*	265,000		
State general fund/general purpose	1,970,100	2,062,913*	(92,813)*	135,000		

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES - HEALTH**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$246,800,000 (Continued)**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/24/15	BALANCE AVAILABLE AS OF 10/24/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
TO: SEC. 118. MEDICAL SERVICES						
Auxiliary medical services	5,899,500	6,143,318	(243,818)	400,000		
Funding sources:						
Total federal revenues	3,826,200	3,984,331*	(158,131)*	265,000		
State general fund/general purpose	2,073,300	2,158,987*	(85,687)*	135,000		
Long-term care services	1,765,327,200	1,760,451,118	4,876,082	10,000,000		
Funding source:						
Total federal revenues	1,143,976,900	1,152,039,211*	(8,062,311)*	10,000,000		
Autism services	25,000,000	40,141,748	(15,141,748)	18,000,000		
Funding sources:						
Total federal revenues	16,384,900	26,308,741*	(9,923,841)*	12,000,000		
State general fund/general purpose	8,615,100	13,833,007*	(5,217,907)*	6,000,000		
Health plan services	4,739,542,400	4,895,436,814	(155,894,414)	198,000,000		
Funding sources:						
Total federal revenues	3,160,373,500	3,300,981,800*	(140,608,300)*	169,000,000		
State general fund/general purpose	351,047,400	378,633,514*	(27,586,114)*	29,000,000		
Maternal and child health	20,279,500	37,551,831	(17,272,331)	20,000,000		
Funding source:						
Total federal revenues	20,279,500	37,551,831	(17,272,331)	20,000,000		

This transfer addresses higher than anticipated payments in Home Health Services, Auxiliary Medical Services, Long Term Care Services, Autism Services, Health Plan Services, and Maternal and Child Health Services line items. Hospital Services and Therapy and Integrated Care Organization authorization is available because of lower than anticipated expenditures in those line items. With the exception of the Maternal and Child Health Line, it is not unusual for these line item authorizations to be revised multiple times during a fiscal year to reflect May consensus estimates for Medicaid expenditures and for actual costs. Overall, the Department of Health and Human Services (DHHS) and the State Budget Office estimate that FY 2014-15 Medicaid expenditures will lapse approximately \$100.0 million GF/GP.

(Continued on next page)

The Autism Services line item requires additional authorization for a few reasons. First, the number of people receiving services is continuing to grow. Second, since this is a new Medicaid benefit, DHHS provides payments to Prepaid Inpatient Health Plans (PIHPs) on an interim, estimated cost basis. The PIHPs then submit cost settlements at the end of the year to be reimbursed for their actual costs. The cost settlements for the FY 2014-15 Autism Services line item total \$20.4 million.

The Health Plan Services line item requires additional authorization for a few reasons. First, preliminary accrual projections for this line were too low. Second there was uncertainty around the timing of payments that caused DHHS and the State Budget Office to forecast the line item to only need \$4.74 billion instead of \$4.9 billion.

Maternal and Child Health Services line item requires additional authorization to address a backlog of prior year payments to local public health departments. The payment process has been revised in order to avoid future delays in sending payments out.

*Year-to-date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES – HEALTH SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$11,000,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Sue Frey**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/24/15	BALANCE AVAILABLE AS OF 10/24/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE IV, SEC. 206(1)						
Contingency funds	196,038,000	NA	NA	(11,000,000)		
Funding source:						
Total federal revenues	196,038,000	NA	NA	(11,000,000)		
TO: SEC. 119. INFORMATION TECHNOLOGY						
Michigan Medicaid information system	82,201,000	97,837,487	(15,636,387)	11,000,000		
Funding source:						
Total federal revenues	54,621,000	78,122,833	(23,501,833)	11,000,000		

This transfer increases the federal funds authorization for the Michigan Medicaid Information System (MMIS) line item, enabling the Department to expend available federal revenues \$11,000,000 in excess of the current authorization. Increased funding is available from the Centers for Medicare and Medicaid Services (CMS) for enhanced funding for the state's MMIS system. The funding supports costs for the first year of a 4 year project to migrate the state's MMIS, also known as CHAMPS, to a cloud-based information system, enabling on-demand network access to Medicaid computing resources (e.g., networks, servers, storage, applications, and services) which can be rapidly provisioned and released with minimal management effort or service provider interaction. An Implementation Advanced Planning Document submitted by the Department was approved by CMS for this project. The projected completion date for this project is January 2018.

Federal contingency fund authorization is available for this transfer.

Note that there are two transfers requested for this line item (see next page).

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES – HEALTH SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$1,500,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Sue Frey**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/24/15	BALANCE AVAILABLE AS OF 10/24/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE IV, SEC. 206(1)						
Contingency funds	196,038,000	NA	NA	(1,500,000)		
Funding source:						
Total federal revenues	196,038,000	NA	NA	(1,500,000)		
TO: SEC. 119. INFORMATION TECHNOLOGY						
Michigan Medicaid information system	82,201,100	97,837,487	(15,636,387)	1,500,000		
Funding source:						
Total federal revenues	54,621,000	78,122,833	(23,501,833)	1,500,000		

This transfer increases the federal funds authorization for the Michigan Medicaid Information System line item, enabling the Department to expend available federal revenues \$1,500,000 in excess of the current authorization. Increased federal Medicaid funding has been received as match for state expenditures for SIGMA readiness activities associated with the Michigan Medicaid Information System, also known as CHAMPS. SIGMA is the replacement IT system for the state's current MAIN financial system.

Federal contingency fund authorization is available for this transfer.

Note that there are two transfers requested for this line item (see previous page).

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES –HUMAN SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$4,600,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE X, SEC. 284(1)						
Contingency funds	200,000,000	NA	NA	(4,600,000)		
Funding source:						
Total federal revenues	200,000,000	NA	NA	(4,600,000)		
TO: SEC. 105. ADULT AND FAMILY SERVICES						
Nutrition education	23,038,000	27,492,482	(4,454,482)	4,600,000		
Funding source:						
Total federal revenues	23,038,000	27,492,482	(4,454,482)	4,600,000		

This contingency fund transfer requests additional federal funding authorization in the Nutrition Education line item to recognize higher than appropriated federal revenues in support of nutrition education. The Nutrition Education line item funds educational activities to help improve the eating and lifestyle behaviors for the citizens that are eligible for Michigan's Food Assistance Program which is funded by Federal Supplemental Nutrition Assistance Program (SNAP) funding. This line item was reduced by approximately \$7.0 million from the previous year, FY 2013-14. Michigan contracts with two implementing agencies to provide services; additional funding is needed to fund the increased educational services that are being provided.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES –HUMAN SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$1,700,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE X, SEC. 284(3)						
Contingency funds	20,000,000	NA	NA	(1,700,000)		
Funding source:						
Total local revenues	20,000,000	NA	NA	(1,700,000)		
TO: SEC. 107. CHILD WELFARE SERVICES						
Foster care payments	192,938,500	186,243,051	6,695,449	1,700,000		
Funding source:						
Total local revenues	13,974,300	13,489,357*	484,943*	1,700,000		

This contingency fund transfer increases the local funds authorization for the Foster Care Payments line item by \$1.7 million, enabling the Department to expend additional funding for local county chargeback revenues that the Department received in excess of current authorization.

The Foster Care Payments line item supports payments to foster care families, private child caring institutions, and private care placing agencies for DHHS-supervised children who are state or court wards. Counties must reimburse the state for 50% of out-of-home costs for state ward board and care cases; that local chargeback revenue is part of the funding of the Foster Care Payments line item.

*Year-to-Date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES –HUMAN SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$2,937,100**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE X, SEC. 284(4)						
Contingency funds	20,000,000	NA	NA	(2,937,100)		
Funding source:						
Total private revenues	20,000,000	NA	NA	(2,937,100)		
TO: SEC. 112. PUBLIC ASSISTANCE						
Low-income home energy assistance program	174,951,600	136,651,847	38,299,753	2,937,100		
Funding source:						
Total private revenues	0	0	0	2,937,100		

This contingency fund transfer would provide authorization to spend private funding in the Low-Income Home Energy Assistance Program (LIHEAP) line item. Currently, the line item is only funded by \$175.0 million federal LIHEAP funding. The additional \$2.9 million private funding is available from a consent and settlement agreement with the DTE Gas Company for activities the company engaged in from September 2001 through March 2006. The DTE Gas Company has agreed to pay fines and penalties for violating Federal Energy Regulatory Commission regulation section 284.8(h)(2).

The Federal Energy Regulatory Commission issued the Order Approving Stipulation and Consent Agreement on May 31, 2013 which required that part of those fines were to be paid to the (previous) Michigan Department of Human Services for the purpose of energy assistance to low-income residents. This funding will be used to finance crisis assistance expenditures.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES –HUMAN SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$9,500,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 102. EXECUTIVE OPERATIONS						
Salaries and wages	17,469,700	16,570,792	898,908	(700,000)		
Funding source:						
State general fund/general purpose	6,224,300	5,904,027*	320,273*	(700,000)		
Unclassified salaries	724,600	212,112	512,488	(300,000)		
Funding source:						
State general fund/general purpose	437,200	127,981*	309,219*	(300,000)		
SEC. 105. ADULT AND FAMILY SERVICES						
Office of program policy	3,652,900	2,849,458	803,442	(500,000)		
Funding source:						
State general fund/general purpose	1,933,700	1,508,390*	425,310*	(500,000)		
SEC. 107. CHILD WELFARE SERVICES						
Children's services administration	6,756,900	6,217,948	538,952	(500,000)		
Funding source:						
State general fund/general purpose	3,847,000	3,540,151*	306,849*	(500,000)		
Child welfare institute	7,792,900	6,520,418	1,272,482	(700,000)		
Funding source:						
State general fund/general purpose	2,811,000	2,351,999*	459,001*	(700,000)		
Adoption subsidies	229,703,700	226,907,673	2,796,027	(2,000,000)		
Funding source:						
State general fund/general purpose	76,240,400	75,312,377*	928,023*	(2,000,000)		

*Year-to-Date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES –HUMAN SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$9,500,000 (Continued)**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 107. CHILD WELFARE SERVICES						
Peer coaches	3,147,300	2,614,374	532,926	(300,000)		
Funding source:						
State general fund/general purpose	1,168,700	970,806*	197,894*	(300,000)		
SEC. 108. JUVENILE JUSTICE SERVICES						
W. J. Maxey training school	9,924,500	8,822,671	1,101,829	(1,000,000)		
Funding source:						
State general fund/general purpose	4,014,400	3,568,717*	445,683*	(1,000,000)		
Juvenile justice administration and maintenance	3,951,500	3,603,344	348,156	(200,000)		
Funding source:						
State general fund/general purpose	3,422,400	3,120,862*	301,538*	(200,000)		
SEC. 109. LOCAL OFFICE STAFF AND OPERATIONS						
Field staff, salaries and wages	292,433,300	284,926,726	7,506,574	(1,300,000)		
Funding source:						
State general fund/general purpose	127,753,800	124,474,442*	3,279,358*	(1,300,000)		
Field staff, salaries and wages	292,433,300	284,926,726	7,506,574	(2,000,000)		
Funding source:						
Social security act, temporary assistance for needy families	55,701,700	54,271,873*	1,429,827*	(2,000,000)		

*Year-to-Date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES –HUMAN SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$9,500,000 (Continued)**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
TO: SEC. 107. CHILD WELFARE SERVICES						
Adoption subsidies	229,703,700	226,907,673	2,796,027	2,000,000		
Funding source:						
Social security act, temporary assistance for needy families	51,309,900	50,685,339*	624,561*	2,000,000		
SEC. 115. BUDGETARY SAVINGS						
Staffing reductions	(7,500,000)	0	(7,500,000)	7,500,000		
Funding source:						
State general fund/general purpose	(7,500,000)	0	(7,500,000)	7,500,000		

Sec. 275(1) PA 252 of 2014, Article X, requires the Department to offset the negative \$7.5 million GF/GP Staffing Reductions line through FTE reductions. The requested transfers move associated spending authorization from those line items where salaries and wages were appropriated for the impacted positions to the Staffing Reductions line item. As part of this transfer request, TANF funds are used to offset GF/GP funds within the Adoption Subsidies line item in order to realize budgetary savings.

*Year-to-Date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES –HUMAN SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$3,200,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 110. DISABILITY DETERMINATION SERVICES						
Disability determination operations	107,284,100	85,659,389	21,624,711	(3,200,000)		
Funding source:						
Total federal revenues	105,097,400	83,913,451*	21,183,949*	(3,200,000)		
TO: SEC. 111. CENTRAL SUPPORT ACCOUNTS						
Rent	41,006,400	41,175,238	(168,838)	3,200,000		
Funding source:						
Total federal revenues	9,202,600	9,240,490*	(37,890)*	3,200,000		

This transfer would increase the other federal funding authorization for the Rent line item by \$3.2 million, enabling the Department to expend available other federal funding in excess of current authorization. The Department implemented a new public assistance cost allocation plan in FY 2014-15 which created the need for additional other federal funding in this line item. This transfer would adjust the financing of the line item to align with the new cost allocation plan.

Federal authorization from the Disability Determination Operations line item is available because new additional federal funding for the Workload Integrity Hiring Program that was added to the program in FY 2014-15 was not fully expended for hiring new FTEs. In addition, there were personnel cost savings because 51.0 FTEs either retired or left the program unit during the year.

*Year-to-Date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES –HUMAN SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$4,000,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 105. ADULT AND FAMILY SERVICES						
Michigan rehabilitation services	149,289,700	89,644,730	59,644,970	(4,000,000)		
Funding source:						
Capped federal revenues	110,882,400	66,582,107*	44,300,293*	(4,000,000)		
TO: SEC. 107. CHILD WELFARE SERVICES						
Adoption support services	28,396,600	23,181,677	5,214,923	4,000,000		
Funding source:						
Capped federal revenues	728,500	594,714*	133,786*	4,000,000		

This transfer would increase the capped federal funding authorization for the Adoption Support Services line item by \$4.0 million, enabling the Department to expend available capped federal Title IV-B funding in excess of current authorization. Title IV-B funding must be used for family support and family preservation services.

The Department implemented a new cost allocation plan in FY 2014-15 which created the need for additional capped federal Title IV-B funding in this line item. The line item is not experiencing a gross deficit; this transfer would adjust the financing of this line item to align with the new cost allocation plan.

Capped federal funding authorization is available from the Michigan Rehabilitation Services (MRS) line item due to unearned federal revenues in FY 2014-15; the amount of GF/GP funding that was appropriated was insufficient to use as match in order to receive all the federal Title I funding award.

*Year-to-Date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$500,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Perry Zielak**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 103. MICHIGAN VETERANS AFFAIRS AGENCY						
Michigan veterans affairs agency	16,059,300	12,565,032	3,494,268	(500,000)		
Funding source:						
State general fund/general purpose	10,857,600	10,259,084	598,516	(500,000)		
TO: SEC. 103. MICHIGAN VETERANS AFFAIRS AGENCY						
Veterans' homes	69,277,500	66,818,320	2,459,180	500,000		
Funding source:						
State general fund/general purpose	22,893,000	22,624,761	268,239	500,000		

This transfer is requested to offset a restricted revenue shortfall in the Veterans' Home line item due to declining member census at the Grand Rapids Home for Veterans. GF/GP fund authorization is available in the Michigan Veterans Affairs Agency administration line due to vacancies and efficiencies identified within the Michigan Veterans Affairs Agency. This transfer is needed as part of FY 2014-15 book closing.

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$1,500,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Perry Zielak**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE XIV, SEC. 206(1)						
Contingency funds	8,963,600	NA	NA	(1,500,000)		
Funding source:						
Total federal revenues	8,963,600	NA	NA	(1,500,000)		
TO: SEC. 102. MILITARY						
Departmental and national guard operations	68,942,100	55,499,286	13,442,814	1,500,000		
Funding source:						
Total federal revenues	20,944,100	15,885,352	5,058,748	1,500,000		

This transfer is requested to align authorization with higher than anticipated federal DOD-DOA-NGB revenues to support headquarters and armories operations. Additional revenue was made available to Michigan by the Department of Defense in September to support armories operating utility expenditures, including armory utilities, armory network services, and carpet and furniture replacement. Authorization is available from federal contingency revenues in accordance with PA 252 of 2014, Article XIV, section 206(1). This transfer is needed as part of FY 2014-15 book closing.

LEGISLATIVE TRANSFER

BUDGET AREA: **SCHOOL AID**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$9,397,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYSTS: **Bethany Wicksall/Samuel Christensen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/24/15	BALANCE AVAILABLE AS OF 10/24/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 22b. DISCRETIONARY PAYMENT	3,440,000,000	3,404,823,097	35,176,903	(7,102,000)		
Funding source: School Aid fund	3,431,985,300	3,396,808,397	35,176,903	(7,102,000)		
SEC. 53a. SPECIAL EDUCATION COURT PLACED PUPILS	10,500,000	9,297,274	1,202,726	(1,000,000)		
Funding source: School Aid fund	10,500,000	9,297,274	1,202,726	(1,000,000)		
SEC. 51a(3). SPECIAL EDUCATION HOLD HARMLESS	1,000,000	263,184	736,816	(600,000)		
Funding source: School Aid fund	1,000,000	263,184	736,816	(600,000)		
SEC. 51a(6). SPECIAL EDUCATION RULE CHANGES	2,200,000	1,704,108	495,892	(495,000)		
Funding source: School Aid fund	2,200,000	1,704,108	495,892	(495,000)		
SEC. 11g. DURANT NON-PLAINTIFF SETTLEMENT DEBT SERVICE	39,500,000	39,299,973	200,027	(200,000)		
Funding source: School Aid fund	39,500,000	39,299,973	200,027	(200,000)		

LEGISLATIVE TRANSFER

BUDGET AREA: **SCHOOL AID**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$9,397,000 (Continued)**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYSTS: **Bethany Wicksall/Samuel Christensen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/24/15	BALANCE AVAILABLE AS OF 10/24/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
TO: SEC. 51a(2). SPECIAL EDUCATION FOUNDATIONS	248,100,000	240,860,438	7,239,562	9,000,000		
Funding source: School Aid fund	248,100,000	240,860,438	7,239,562	9,000,000		
SEC. 11m. CASH FLOW BORROWING COSTS	0	0	0	397,000		
Funding source: School Aid fund	0	0	0	397,000		

This transfer request would utilize funds remaining in several special education accounts, the discretionary payment of foundation allowances, and the Non-Plaintiff Durant Settlement Debt Service to fully fund estimated Special Education Foundations. The additional authorization is needed due to higher than estimated actual special education cost data reported by local and intermediate school districts subsequent to the last budget adjustment. Also, cash flow interfund borrowing costs, which were reduced to \$0 in a mid-year supplemental (HB 4115), are slightly higher than estimated for the May 2015 Consensus Revenue Estimating Conference.

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$480,500**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYSTS: **Paul Holland/Kent Dell**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE XVI, SEC. 206(2)						
Contingency funds	3,500,000	NA	NA	(480,500)		
Funding source:						
Total state restricted revenues	3,500,000	NA	NA	(480,500)		
TO: SEC. 105. SPECIALIZED SERVICES						
Specialized services	24,277,300	24,626,193	(348,893)	480,500		
Funding source:						
State restricted revenues - reimbursed services	638,700	1,144,792	(506,092)	480,500		

This contingency transfer would authorize the department to expend reimbursements received for services provided for 9-1-1 dispatch services to Otsego County. Beginning in July 2014 the department began providing 9-1-1 dispatch services to the county pursuant to a multi-year contract intended to realize cost savings to the county. A similar contingency transfer was approved during FY 2013-14 (LTR 2014-6) as well as an increase of \$500,000 in authorization included within the department's budget for FY 2014-15.

LEGISLATIVE TRANSFER

BUDGET AREA: **TECHNOLOGY, MANAGEMENT AND BUDGET**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$2,000,000**

S.B.O. LETTER: **10/29/15**
 S.B.O. REQUEST: **2015-8**
 ANALYST: **Perry Zielak**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/30/15	BALANCE AVAILABLE AS OF 10/30/15	GOV'S REC. 10/29/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 107(10) ONE-TIME BASIS ONLY APPROPRIATIONS						
Office of urban initiatives	4,000,000	1,172,366	2,827,634	(2,000,000)		
Funding source:						
State general fund/general purpose	4,000,000	1,172,366	2,827,634	(2,000,000)		
TO: SEC. 107(10) ONE-TIME BASIS ONLY APPROPRIATIONS						
Litigation fund	2,000,000	1,875,007	124,993	2,000,000		
Funding source:						
State general fund/general purpose	2,000,000	1,875,007	124,993	2,000,000		

This transfer provides support for major litigation involving the Governor and Attorney General in their official capacity, and for securing outside legal advice, as identified by the Attorney General, on major statewide issues not unique to a single agency. Funds are available for transfer from the Office of Urban Initiatives due to vacancy and other savings. This transfer is needed as part of FY 2014-15 book closing and supports a FY 2014-15 non-statutory work project for the Litigation Fund.