

MEMORANDUM



**DATE:** November 4, 2013  
**TO:** Members of the House Appropriations Committee  
**FROM:** Mary Ann Cleary, Director *MAC*  
**RE:** Legislative Transfer Package 2014-2

Attached are legislative transfers proposed by the State Budget Office in a letter dated October 24, 2013. 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 13, 2013.

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 \$25.0 million, which will shift 0.05% of total appropriations within the existing FY 2013-14 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, there are no contingency fund transfers in this package.*

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 Margaret Alston, Transfer Coordinator Compiled by Tumai Burris, Budget Assistant	<b>Summary Sheet</b>  SBO LETTER: 2014-2 October 24, 2013		
Department	Analyst	Page	Total Transfer
School Aid	Bethany Wicksall Karen Shapiro	1	\$25,000,000
<b>Total</b>			<b>\$25,000,000</b>

**FY 2013-14 Legislative Transfers: Request 2014-2**

<b>Budget</b>	<b>Year-to-Date Total Approps</b>	<b>Standard Transfers (Within Existing Budget)</b>						<b>TOTAL</b>	<b>% of Budget Shifted</b>
		<b>IDG</b>	<b>Federal</b>	<b>Local</b>	<b>Private</b>	<b>Restricted</b>	<b>GF/GP</b>		
School Aid	13,366,703,600					25,000,000	25,000,000	0.19%	
<b>TOTAL*</b>	<b>\$51,050,790,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000,000</b>	<b>\$25,000,000</b>	<b>0.05%</b>	

\*Including budget areas not affected by transfers.

## LEGISLATIVE TRANSFER

BUDGET AREA: **SCHOOL AID**  
 FISCAL YEAR: **2013-14**  
 TRANSFER AMOUNT: **\$25,000,000**

S.B.O. LETTER: **10/24/13**  
 S.B.O. REQUEST: **2014-2**  
 ANALYSTS: **Bethany Wicksall/Karen Shapiro**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/28/13	BALANCE AVAILABLE AS OF 10/28/13	GOV'S REC. 10/25/13	HOUSE ACTION	SENATE ACTION
<b>FROM: SEC. 32d. GREAT START READINESS RESERVE FUND</b>	25,000,000	0	25,000,000	(25,000,000)		
Funding source: State school aid fund	25,000,000	0	25,000,000	(25,000,000)		
<b>TO: SEC. 32d. GREAT START READINESS PROGRAM</b>	149,575,000	15,841,313	133,733,687	25,000,000		
Funding source: State school aid fund	149,275,000	15,841,313	133,433,687	25,000,000		

This transfer would shift funds which were set aside in the Great Start Readiness Reserve Fund to the Great Start Readiness Program line pursuant to PA 60 of 2013, Section 32d(14), which requires a legislative transfer no later than January 31, 2014.

The total FY 2013-14 appropriation of \$174.3 million (including both the \$149.6 million for the program line and the \$25.0 million reserve fund line) was an increase of \$65.0 million from the FY 2012-13 funding level. The additional \$65.0 million supported both an increase in the per diem as well as an increase of nearly 16,000 half-day preschool placements, bringing the total number of funded half-day placements to approximately 48,000. Legislative intent in creating the reserve fund was to set aside \$25.0 million of the \$65.0 million increase until MDE could verify that intermediate school districts (ISDs) would be able to fill the additional half-day slots.

The number of half-day slots initially requested by ISDs prior to the start of the school year totaled 53,800, exceeding the funded level by 5,800 half-day placements. MDE anticipates feedback from ISDs regarding whether they were able to fill their initial placement allocations by late November or early December. Currently statute requires that if there are unused slots after the first round of funding, they are redistributed to ISDs that have more eligible children than allocated slots.