

MEMORANDUM



DATE: June 6, 2016
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2016-6

Attached are legislative transfers proposed by the State Budget Office in a letter dated May 24, 2016. 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 Tuesday, June 7, 2016.

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 \$29.2 million, which will shift 0.05% of total appropriations within the existing FY 2015-16 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 \$3.37 million, which will increase the FY 2015-16 year-to-date state budget by 0.01%.

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

 <p>Mary Ann Cleary, Director Viola Bay Wild, Transfer Coordinator Compiled by Tumai Burris, Budget Assistant</p>	<p>Summary Sheet</p> <p>SBO LETTER: 2016-6 May 24, 2016</p>		
Department	Analyst	Page	Total Transfer
Corrections	Robin R. Risko	1-2	\$281,300
Health and Human Services	Sue Frey Kevin Koorstra Viola Bay Wild	3-4	31,645,600
Military and Veterans Affairs	Kent Dell	5-6	650,000
Total			\$32,576,900

FY 2015-16 Legislative Transfers: Request 2016-6

Budget	Year-to-Date Total Approps	Standard Transfers (Within Existing Budget)						TOTAL	% of Budget Shifted
		IDG	Federal	Local	Private	Restricted	GF/GP		
Health and Human Services	\$25,137,449,000		\$14,600,200				\$14,600,200	\$29,200,400	0.12%
TOTAL*	\$54,651,574,100	\$0	\$14,600,200	\$0	\$0	\$0	\$14,600,200	\$29,200,400	0.05%

*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		
Corrections	\$1,962,226,000		\$281,300				\$281,300		0.01%
Health and Human Services	25,137,449,000		2,445,200				2,445,200		0.01%
Military and Veterans Affairs	168,953,700		650,000				650,000		0.38%
TOTAL*	\$54,651,574,100	\$0	\$3,376,500	\$0	\$0	\$0	\$0	3,376,500	0.01%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **CORRECTIONS**
 FISCAL YEAR: **2015-16**
 TRANSFER AMOUNT: **\$114,200**

S.B.O. LETTER: **5/24/16**
 S.B.O. REQUEST: **2016-6**
 ANALYST: **Robin Risko**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/28/16	BALANCE AVAILABLE AS OF 5/28/16	GOV'S REC. 5/24/16	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 84 OF 2015, ARTICLE V, SEC. 223(1)						
Contingency funds	10,000,000	NA	NA	(114,200)		
Funding source:						
Federal revenues and reimbursements	10,000,000	NA	NA	(114,200)		
TO: SEC. 107. HEALTH CARE						
Substance abuse testing and treatment services	21,791,300	10,247,082	11,544,218	14,200		
Funding source:						
DOJ, Office of Justice Programs, RSAT	185,400	161,872	23,528	14,200		
SEC. 103. PRISONER REENTRY AND COMMUNITY SUPPORT						
Prisoner reentry federal grants	250,000	8,998	241,002	100,000		
Funding source:						
DOJ, prisoner reintegration	250,000	8,998	241,002	100,000		

This transfer authorizes the department to receive federal grant funding made available from the U.S. Department of Justice. The funding will be used to support substance abuse testing and treatment services for prisoners, parolees, and probationers, and reentry programming for prisoners. Federal contingency fund authorization is available as provided in accordance with Public Act 84 of 2015, Article V, Section 223(1). Completion of this transfer is requested during the third quarter of the fiscal year.

LEGISLATIVE TRANSFER

BUDGET AREA: **CORRECTIONS**
 FISCAL YEAR: **2015-16**
 TRANSFER AMOUNT: **\$167,100**

S.B.O. LETTER: **5/24/16**
 S.B.O. REQUEST: **2016-6**
 ANALYST: **Robin Risko**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/28/16	BALANCE AVAILABLE AS OF 5/28/16	GOV'S REC. 5/24/16	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 84 OF 2015, ARTICLE V, SEC. 223(1)						
Contingency funds	10,000,000	NA	NA	(167,100)		
Funding source:						
Federal revenues and reimbursements	10,000,000	NA	NA	(167,100)		
TO: SEC. 107. HEALTH CARE						
Healthy Michigan plan administration	1,076,000	589,408	486,592	167,100		
Funding source:						
Federal revenues and reimbursements	247,900	288,035	(40,135)	167,100		

This transfer authorizes the department to receive available federal Title XIX Medicaid revenues, which will be used to support qualifying reimbursements for the Healthy Michigan Plan. Federal contingency fund authorization is available as provided in accordance with Public Act 84 of 2015, Article V, Section 223(1). Completion of this transfer is requested during the third quarter of the fiscal year.

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2015-16**
 TRANSFER AMOUNT: **\$29,200,400**

S.B.O. LETTER: **5/24/16**
 S.B.O. REQUEST: **2016-6**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/3/16	BALANCE AVAILABLE AS OF 6/3/16	GOV'S REC. 5/24/16	HOUSE ACTION	SENATE ACTION
FROM: SEC. 105. CHILDREN'S SERVICES AGENCY - CHILD WELFARE						
Child care fund	177,131,800	10,985,752	166,146,048	(14,600,200)		
Funding source:						
Social security act, temporary assistance for needy families	83,800,500	5,197,325*	78,603,175*	(14,600,200)		
SEC. 107. PUBLIC ASSISTANCE						
Family independence program	112,992,700	75,164,102	37,828,598	(14,600,200)		
Funding source:						
State general fund/general purpose	27,712,100	18,434,422*	9,277,678*	(14,600,200)		
TO: SEC. 105. CHILDREN'S SERVICES AGENCY - CHILD WELFARE						
Child care fund	177,131,800	10,985,752	166,146,048	14,600,200		
Funding source:						
State general fund/general purpose	90,416,200	5,607,632*	84,808,568*	14,600,200		
SEC. 107. PUBLIC ASSISTANCE						
Family independence program	112,992,700	75,164,102	37,828,598	14,600,200		
Funding source:						
Social security act, temporary assistance for needy families	42,731,900	28,425,773*	14,306,127*	14,600,200		

This requested transfer would realign the funding sources for Child Care Fund reimbursement payments to counties to be in compliance with federal policy. In October 2015, the federal Administration for Children and Families clarified that federal policy mandates that in-home care expenditures for youth in juvenile justice programs may no longer be funded with Temporary Assistance for Needy Families (TANF) funding, effective 7/1/2016. This transfer request would transfer \$14.6 million TANF funding in the Child Care Fund line item, where it can no longer be used, to the Family Independence Program (FIP) line and would replace that TANF funding with GF/GP from the FIP line. This transfer is requested by September 30, 2016.

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

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2015-16**
 TRANSFER AMOUNT: **\$2,445,200**

S.B.O. LETTER: **5/24/16**
 S.B.O. REQUEST: **2016-6**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/3/16	BALANCE AVAILABLE AS OF 6/3/16	GOV'S REC. 5/24/16	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 84 OF 2015, ARTICLE X, SEC. 206(1)						
Contingency funds	372,754,200	NA	NA	(2,445,200)		
Funding source:						
Total federal revenues	372,754,200	NA	NA	(2,445,200)		
TO: SEC. 110. BEHAVIORAL HEALTH PROGRAM ADMINISTRATION AND SPECIAL PROJECTS						
Housing and support services	13,238,800	6,443,318	6,795,482	2,445,200		
Funding source:						
Total other federal revenues	12,533,200	6,134,875	6,398,325	2,445,200		

This requested transfer of \$2.4 million in federal contingency funding to the housing and support services line is necessary to recognize increased federal revenue through the Cooperative Agreements to Benefit Homeless Individuals (CABHI) grant program. Awarded funds would be used to provide housing and support services to chronically homeless persons in the City of Detroit with substance abuse use and mental health disorders.

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2015-16**
 TRANSFER AMOUNT: **\$100,000**

S.B.O. LETTER: **5/24/16**
 S.B.O. REQUEST: **2016-6**
 ANALYST: **Kent Dell**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/2/16	BALANCE AVAILABLE AS OF 6/2/16	GOV'S REC. 5/24/16	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 84 OF 2015, ARTICLE XIV, SEC. 206(1)						
Contingency funds	10,000,000	NA	NA	(100,000)		
Funding source:						
Total federal revenues	10,000,000	NA	NA	(100,000)		
TO: SEC. 102. MILITARY						
Departmental and national guard operations	65,639,400	41,299,100	24,340,300	100,000		
Funding source:						
DOD-DOA-NGB	44,931,200	30,038,000	14,893,200	100,000		

This transfer will provide increased authorization from the federal contingency fund to align authorization with available federal Department of Defense revenue. This funding will support the Michigan Youth ChalleNGe Academy. Contingency authorization is available as provided in accordance with PA 84 of 2015, Article XIV, section 206(1). Completion of this transfer is requested during the third quarter.

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2015-16**
 TRANSFER AMOUNT: **\$550,000**

S.B.O. LETTER: **5/24/16**
 S.B.O. REQUEST: **2016-6**
 ANALYST: **Kent Dell**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/2/16	BALANCE AVAILABLE AS OF 6/2/16	GOV'S REC. 5/24/16	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 84 OF 2015, ARTICLE XIV, SEC. 206(1)						
Contingency funds	10,000,000	NA	NA	(550,000)		
Funding source:						
Total federal revenues	10,000,000	NA	NA	(550,000)		
TO: SEC. 102. MILITARY						
Departmental and National Guard operations	65,639,400	41,299,100	24,340,300	550,000		
Funding source:						
DOD-DOA-NGB	44,931,200	30,038,000	14,893,200	550,000		

This transfer will provide increased authorization from the federal contingency fund to align authorization with available federal revenue from the Department of Defense. This funding will support armory utilities and maintenance. Contingency authorization is available as provided in accordance with PA 84 of 2015, Article XIV, section 206(1). Completion of this transfer is requested by the third quarter.