

MEMORANDUM



DATE: September 20, 2022
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2022-7, As Amended

Attached are a portion of the legislative transfers proposed by the State Budget Office in a letter dated September 14, 2022. 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 will be considered by the House Appropriations Committee on Wednesday, September 21, 2022.

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 \$11.0 million, which will shift 0.01% of total appropriations within the existing FY 2021-22 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 \$5.5 million, which will increase the FY 2021-22 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



Mary Ann Cleary, Director
Viola Bay Wild, Transfer Coordinator
Compiled by Tumai Burris, Budget Assistant

Summary Sheet

SBO LETTER: 2022-7
September 14, 2022

Department	Analyst	Page	Total Transfer
Health and Human Services	Victoria Amponsah Sydney Brown Kent Dell Kevin Koorstra	1-2	\$10,000,000
Licensing and Regulatory Affairs	Marcus Coffin	3	1,355,000
Military and Veterans Affairs	Michael Cnossen	4-7	5,000,000
State Police	Marcus Coffin	8	100,000
Total			\$16,455,000

2022-7 Legislative Transfers

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	34,924,441,900						10,000,000	10,000,000	0.03%
Military and Veterans Affairs	221,104,000		1,000,000					1,000,000	0.45%
TOTAL*	\$80,850,792,200	\$0	\$1,000,000	\$0	\$0	\$0	\$10,000,000	\$11,000,000	0.01%

*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	34,924,441,900		0			0		0	0.00%
Licensing and Regulatory Affairs	543,361,400					1,355,000		1,355,000	0.25%
Military and Veterans Affairs	221,104,000		4,000,000					4,000,000	1.81%
State Police	965,587,900					100,000		100,000	0.01%
TOTAL*	\$80,850,792,200	\$0	\$4,000,000	\$0	\$0	\$1,455,000	\$0	\$5,455,000	0.01%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$10,000,000**

S.B.O. LETTER: **9/14/22**
 S.B.O. REQUEST: **2022-7**
 ANALYST: **Sydney Brown**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/15/22	BALANCE AVAILABLE AS OF 9/15/22	GOV'S REC. 9/14/22	HOUSE ACTION	SENATE ACTION
FROM: SEC. 119. MEDICAL SERVICES ADMINISTRATION						
Healthy Michigan plan administration	31,461,300	10,328,566	21,132,734	(1,000,000)		
Funding source:						
State general fund/general purpose	10,425,200	4,475,256	5,949,944	(1,000,000)		
SEC. 109. DISABILITY DETERMINATION SERVICES						
Disability determination operations	113,642,200	81,823,161	31,819,039	(1,500,000)		
Funding source:						
State general fund/general purpose	3,926,600	1,404,661	2,521,939	(1,500,000)		
SEC. 108. FIELD OPERATIONS AND SUPPORT SERVICES						
Electronic benefit transfer (EBT)	11,289,000	7,414,804	3,874,196	(1,000,000)		
Funding source:						
State general fund/general purpose	4,843,900	1,793,788	3,050,112	(1,000,000)		
Pathways to potential	24,803,600	19,992,689	4,810,911	(2,000,000)		
Funding source:						
State general fund/general purpose	10,667,300	8,579,640	2,087,660	(2,000,000)		
Public assistance field staff	471,827,100	431,322,646	40,504,454	(4,500,000)		
Funding source:						
State general fund/general purpose	205,453,300	170,247,355	35,205,945	(4,500,000)		

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$10,000,000 (Continued)**

S.B.O. LETTER: **9/14/22**
 S.B.O. REQUEST: **2022-7**
 ANALYST: **Sydney Brown**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/15/22	BALANCE AVAILABLE AS OF 9/15/22	GOV'S REC. 9/14/22	HOUSE ACTION	SENATE ACTION
TO: SEC. 122. ONE-TIME APPROPRIATIONS						
Child caring institution non-contracted rates	15,000,000	0	15,000,000	10,000,000		
Funding source:						
State general fund/general purpose	15,000,000	0	15,000,000	10,000,000		

This transfer would increase state GF/GP allocated to the Child Caring Institution Non-Contracted Rates line item by \$10.0 million. This would increase the pool of funding for general financial assistance to child caring institutions which have a contract with DHHS to \$25.0 million. GF/GP is available in the Public Assistance Field Staff, Pathways to Potential, Electronic Benefit Transfer, Disability Determination Operations, and Healthy Michigan Plan Administration line items due to lower than anticipated GF/GP expenditures in FY 2021-22. Funds will be distributed as lump-sum payments based on the number of vacant and occupied beds of child caring institution contracted with DHHS.

LEGISLATIVE TRANSFER

BUDGET AREA: **LICENSING AND REGULATORY AFFAIRS**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$1,355,000**

S.B.O. LETTER: **9/14/22**
 S.B.O. REQUEST: **2022-7**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/19/22	BALANCE AVAILABLE AS OF 9/19/22	GOV'S REC. 9/14/22	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 87 OF 2021, ARTICLE 9 SEC. 210(2)						
Contingency funds	1,500,000	NA	NA	(1,355,000)		
Funding source:						
Total state restricted revenues	1,500,000	NA	NA	(1,355,000)		
TO: SEC. 108. GRANTS						
Liquor law enforcement grants	8,400,000	8,400,000	0	1,355,000		
Funding source:						
Liquor license revenue	8,400,000	8,400,000	0	1,355,000		

This transfer request would shift \$1.4 million in state restricted contingency authorization to the Liquor Law Enforcement Grants line item, appropriating additional liquor license revenue to support statutory payments to local governments for liquor law enforcement grant payments.

The increase in liquor law enforcement grant payments is necessary due to an increase in license revenue. License fees are based, in part, on the volume of spirits that licensees purchase, with higher off-premises licensee spirit purchases contributing to the grant payment increase via increased renewal fees. In the last two fiscal years, the Michigan Liquor Control Commission (MLCC) has had record spirit sales, with an increase of 27% since FY 2018-19. Pursuant to MCL 436.1543, the MLCC is required to pay 55% of collected retail license fees to the local governmental unit where the license is held, for the purpose of enforcing the Liquor Control Code and associated rules. Additionally, total FY 2021-22 payments are higher due to an extension for renewal payments, which was authorized in FY 2020-21 in response to the COVID-19 pandemic. Many licensees were not fully open on the original renewal date of April 30th. Therefore, a renewal date extension was issued and renewal fees were paid in the first quarter of FY 2021-22, causing an increase in this year's total required payments.

The current FY 2021-22 appropriation is \$8.4 million. Without an increase in authorization, the MLCC will be unable to fully provide statutorily required financial support to local governmental units. Spending authority is available from state restricted contingency fund authorization in accordance with 2021 PA 87, Article 9, Section 210(2).

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$3,000,000**

S.B.O. LETTER: **9/14/22**
 S.B.O. REQUEST: **2022-7**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/19/22	BALANCE AVAILABLE AS OF 9/19/22	GOV'S REC. 9/14/22	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 87 OF 2021, ARTICLE 10 SEC. 210(1)						
Contingency funds	5,100,000	NA	NA	(3,000,000)		
Funding source:						
Total federal revenues	5,100,000	NA	NA	(3,000,000)		
TO: SEC. 102. MILITARY						
Headquarters and armories	20,966,100	19,546,300	1,419,800	1,000,000		
Funding source:						
DOD-DOA-NGB	13,080,500	12,254,400	826,100	1,000,000		
Military training sites and support facilities	41,317,800	40,422,300	895,500	2,000,000		
Funding source:						
DOD-DOA-NGB	36,923,000	36,697,500	225,500	2,000,000		

This request would transfer federal contingency authorization to the Military Training Sites and Support Facilities and Headquarters and Armories line items in order to align authorization with projected federal DOD-DOA-NGB revenue and expenditures. End-of-year funding was received under the department's Cooperative Agreement grants from the federal National Guard Bureau. Spending authority is available from 2021 PA 87, Article 10, Section 210(1).

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$500,000**

S.B.O. LETTER: **9/14/22**
 S.B.O. REQUEST: **2022-7**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/19/22	BALANCE AVAILABLE AS OF 9/19/22	GOV'S REC. 9/14/22	HOUSE ACTION	SENATE ACTION
FROM: SEC. 102. MILITARY						
Starbase grant	2,322,000	1,406,500	915,500	(500,000)		
Funding source:						
DOD-DOA-NGB	2,322,000	1,406,500	915,500	(500,000)		
TO: SEC. 102. MILITARY						
Departmentwide	1,803,600	2,015,400	(211,800)	500,000		
Funding source:						
DOD-DOA-NGB	1,510,300	1,700,900	(190,600)	500,000		

This request would transfer DOD-National Guard Bureau authorization from the Starbase Grant line item to the Departmentwide line item in order to align authorization with projected revenues and expenditures. Additional funding authorization is needed in the Departmentwide line item due to end-of-year funding received under the department's Cooperative Agreement grants from the National Guard Bureau. Authorization is available in the Starbase Grant line item because FY 2021-22 grant budgets totaled less than the authorized amount for the appropriation.

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$500,000**

S.B.O. LETTER: **9/14/22**
 S.B.O. REQUEST: **2022-7**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/19/22	BALANCE AVAILABLE AS OF 9/19/22	GOV'S REC. 9/14/22	HOUSE ACTION	SENATE ACTION
FROM: SEC. 104. MICHIGAN VETERANS' FACILITY AUTHORITY						
Chesterfield Township home for veterans	20,987,300	15,353,400	5,633,900	(500,000)		
Funding source:						
HHS-HCFA, title XIX, Medicaid	1,593,800	1,079,900	513,900	(500,000)		
TO: SEC. 104. MICHIGAN VETERANS' FACILITY AUTHORITY						
D.J. Jacobetti home for veterans	24,639,200	23,234,100	1,405,100	300,000		
Funding source:						
HHS-HCFA, title XIX, Medicaid	1,807,900	2,446,400	(638,500)	300,000		
Grand Rapids home for veterans	23,091,000	27,469,400	(4,378,400)	200,000		
Funding source:						
HHS-HCFA, title XIX, Medicaid	1,595,000	1,595,000	0	200,000		

This request would transfer federal HHS-HCFA, title XIX, Medicaid authorization from the Chesterfield Township Home for Veterans line item to the D.J. Jacobetti Home for Veterans and the Grand Rapids Home for Veterans line items. The transfer would align authorization with projected federal Medicaid revenue and expenditures. Excess Medicaid authorization is available for the Chesterfield Township Home for Veterans due to delays in member intake at the new facility and lower than anticipated need for Medicaid reimbursements.

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$1,000,000**

S.B.O. LETTER: **9/14/22**
 S.B.O. REQUEST: **2022-7**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/19/22	BALANCE AVAILABLE AS OF 9/19/22	GOV'S REC. 9/14/22	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 87 OF 2021, ARTICLE 10, SEC. 210. (1)						
Contingency funds	5,100,000	NA	NA	(1,000,000)		
Funding source:						
Total federal revenues	5,100,000	NA	NA	(1,000,000)		
TO: SEC. 104. MICHIGAN VETERANS' FACILITY AUTHORITY						
Grand Rapids home for veterans	23,091,000	27,469,400	(4,378,400)	1,000,000		
Funding source:						
DVA-VHA	7,633,200	11,218,900	(3,585,700)	1,000,000		

This request would transfer federal contingency authorization to the Grand Rapids Home for Veterans line item in order to align authorization with projected federal revenue from the U.S. Department of Veterans Affairs, Veterans Health Administration (VHA). VHA provides per diem payments based on the daily census at the home and the healthcare needs and service-connected disability ratings of eligible veterans. Federal contingency funds are available in accordance with 2021 PA 87, Article 10, Section 210(1).

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$100,000**

S.B.O. LETTER: **9/14/22**
 S.B.O. REQUEST: **2022-7**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/19/22	BALANCE AVAILABLE AS OF 9/19/22	GOV'S REC. 9/14/22	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 87 OF 2021, ARTICLE 12, SEC. 210. (2)						
Contingency funds	4,000,000	NA	NA	(100,000)		
Funding source:						
Total state restricted revenues	4,000,000	NA	NA	(100,000)		
TO: SEC. 105. FIELD SERVICES						
Investigative services	36,795,900	26,192,973	10,602,927	100,000		
Funding source:						
Intradepartmental transfers	821,000	753,045	67,955	100,000		

This request transfers state restricted contingency fund authorization to the Investigative Services line item to align authorization with higher than anticipated Automobile Theft Prevention Authority grant revenue. Funding would be used to support auto theft prevention activities carried out by the department. Spending authority is available from state restricted contingency fund authorization in accordance with 2021 PA 87, Article 12, Section 210(2).