

MEMORANDUM



DATE: March 4, 2024
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2024-2

Attached are legislative transfers proposed by the State Budget Office in a letter dated January 12, 2024 revised. 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, March 6, 2024.

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 \$5.4 million, which will shift 0.01% of total appropriations within the existing FY 2023-24 year-to-date state budget.

A **contingency authorization 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 authorization transfer mechanism, this type of budget adjustment would be made through a supplemental appropriation bill.

As shown in the attached table, contingency authorization transfers in this package total \$6.0 million, which will increase the FY 2023-24 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: 2024-2 Revised January 12, 2024</p>		
Department	Analyst	Page	Total Transfer
Higher Education	Perry Zielak	1	\$11,400,000
Total			\$11,400,000

2024-2 Legislative Transfer - Revised

Budget	Year-to-Date	Standard Transfers (Within Existing Budget)							% of Budget
	Total Approps	IDG	Federal	Local	Private	Restricted	GF/GP	TOTAL	Shifted
Higher Education	2,291,048,800		5,000,000				400,000	5,400,000	0.24%
TOTAL*	\$81,941,620,800	\$0	\$5,000,000	\$0	\$0	\$0	\$400,000	\$5,400,000	0.01%

Budget	Year-to-Date	Contingency Authorization Transfers (Increases Budget)							% Budget
	Total Approps	IDG	Federal	Local	Private	Restricted	GF/GP	TOTAL	Increased
Higher Education	2,291,048,800		6,000,000					6,000,000	0.26%
TOTAL*	\$81,941,620,800	\$0	\$6,000,000	\$0	\$0	\$0	\$0	\$6,000,000	0.01%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **HIGHER EDUCATION**
 FISCAL YEAR: **2023-24**
 TRANSFER AMOUNT: **\$11,400,000**

S.B.O. LETTER: **1/12/24 Revised**
 S.B.O. REQUEST: **2024-2**
 ANALYST: **Perry Zielak**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 2/20/24	BALANCE AVAILABLE AS OF 2/20/24	GOV'S REC. 1/12/24	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 103 OF 2023, ARTICLE 3 SEC. 236b.						
Contingency authorization	6,000,000	NA	NA	(6,000,000)		
Funding source:						
Social security act, temporary assistance for needy families	6,000,000	NA	NA	(6,000,000)		
SEC. 236(7). STUDENT FINANCIAL AID						
State competitive scholarships	26,861,700	8,671,653	18,190,047	(5,400,000)		
Funding source:						
Social security act, temporary assistance for needy families	23,930,800	8,671,653	15,259,147	(5,000,000)		
State general fund/general purpose	2,930,900	0	2,930,900	(400,000)		
TO: SEC. 236(7). STUDENT FINANCIAL AID						
Children of veterans and officer's survivor tuition grant programs	1,400,000	711,101	688,899	400,000		
Funding source:						
State general fund/general purpose	1,400,000	711,101	688,899	400,000		

LEGISLATIVE TRANSFER

BUDGET AREA: **HIGHER EDUCATION**
 FISCAL YEAR: **2023-24**
 TRANSFER AMOUNT: **\$11,400,000 (Continued)**

S.B.O. LETTER: **1/12/24 Revised**
 S.B.O. REQUEST: **2024-2**
 ANALYST: **Perry Zielak**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 2/20/24	BALANCE AVAILABLE AS OF 2/20/24	GOV'S REC. 1/12/24	HOUSE ACTION	SENATE ACTION
TO: SEC. 236(7). STUDENT FINANCIAL AID						
Tuition incentive program	73,800,000	42,415,540	31,384,460	11,000,000		
Funding source:						
Social security act, temporary assistance for needy families	73,800,000	42,415,540	31,384,460	11,000,000		

The Tuition Incentive Program (TIP) and the Children of Veterans Tuition Grant and the Survivors Tuition Grant have experienced program cost increases of 30% and 52%, respectively, through the first quarter of FY 2023-24 due to a higher number of students participating in both programs, increased tuition costs and increased fee coverage in TIP implemented in FY 2023-24. The resulting cost increases would lead to program funding shortfalls and an inability to cover FY 2023-24 second quarter payments due in late February 2024. A total of \$11.0 million in federal Temporary Assistance for Needy Families (TANF) funding would be taken from federal contingency authorization (\$6.0 million) and the Michigan Competitive Scholarship program (\$5.0 million) to increase TIP funding. Federal contingency authorization is available in accordance with 2023 PA 103, Article 3, Sec. 236b. In addition, \$400,000 GF/GP would be reduced from the Michigan Competitive Scholarship program and added to the Children of Veterans Tuition Grant and the Survivors Tuition Grant program.