

MEMORANDUM



DATE: November 9, 2021
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2021-5

Attached are legislative transfers proposed by the State Budget Office in a letter dated October 14, 2021. 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, November 10, 2021.

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 \$1.6 million, which will shift 0.00% of total appropriations within the existing FY 2020-21 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 \$205.2 million, which will increase the FY 2020-21 year-to-date state budget by 0.27%.

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: 2021-5
October 14, 2021

Department	Analyst	Page	Total Transfer
Attorney General	Michael Clossen	1-2	\$525,000
Natural Resources	Austin Scott	3	4,162,700
State Police	Marcus Coffin	4-6	201,613,500
Treasury	Viola Wild	7	529,809
Total			\$206,831,009

2021-5 Legislative Transfers

Budget	Year-to-Date Total Approps	Standard Transfers (Within Existing Budget)						TOTAL	% of Budget Shifted
		IDG	Federal	Local	Private	Restricted	GF/GP		
State Police	870,136,400		42,300			1,000,000	42,300	1,084,600	0.12%
Treasury - Revenue Sharing	1,341,924,300					529,809		529,809	0.04%
TOTAL*	\$75,511,166,700	\$0	\$42,300	\$0	\$0	\$1,529,809	\$42,300	\$1,614,409	0.00%

*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		
Attorney General	106,978,600		525,000					525,000	0.49%
Natural Resources	469,594,100					4,162,700		4,162,700	0.89%
State Police	870,136,400		200,528,900					200,528,900	23.05%
TOTAL*	\$75,511,166,700	\$0	\$201,053,900	\$0	\$0	\$4,162,700	\$0	\$205,216,600	0.27%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **ATTORNEY GENERAL**
 FISCAL YEAR: **2020-21**
 TRANSFER AMOUNT: **\$25,000**

S.B.O. LETTER: **10/14/21**
 S.B.O. REQUEST: **2021-5**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/19/21	BALANCE AVAILABLE AS OF 10/19/21	GOV'S REC. 10/14/21	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 166 OF 2020 SEC. 301(1)						
Contingency funds	750,000	NA	NA	(25,000)		
Funding source:						
Total federal revenues	750,000	NA	NA	(25,000)		
TO: SEC. 102(2). ATTORNEY GENERAL OPERATIONS						
Prosecuting attorneys coordinating council	2,228,500	1,843,869	384,631	25,000		
Funding source:						
National criminal history improvement program	121,200	43,614	77,586	25,000		

This request would transfer \$25,000 in federal contingency fund authorization to the Prosecuting Attorneys Coordinating Council line item to receive additional Federal National Criminal History Improvement Program grant funding. The resources are designed to improve criminal history records, ensure reporting standards are met, records and databases are accurate, and improve the overall quality of the criminal justice information system. Federal contingency authorization is available in accordance with 2020 PA 166, Article 5, Section 301(1).

LEGISLATIVE TRANSFER

BUDGET AREA: **ATTORNEY GENERAL**
 FISCAL YEAR: **2020-21**
 TRANSFER AMOUNT: **\$500,000**

S.B.O. LETTER: **10/14/21**
 S.B.O. REQUEST: **2021-5**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/19/21	BALANCE AVAILABLE AS OF 10/19/21	GOV'S REC. 10/14/21	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 166 OF 2020 SEC. 301(1)						
Contingency funds	750,000	NA	NA	(500,000)		
Funding source:						
Total federal revenues	750,000	NA	NA	(500,000)		
TO: SEC. 102(2). ATTORNEY GENERAL OPERATIONS						
Operations	96,153,900	90,172,250	5,981,650	500,000		
Funding source:						
HHS-OS, state Medicaid fraud control units	5,927,500	5,932,729	(5,229)	500,000		

This request would transfer \$500,000 in federal contingency fund authorization to Operations line item to receive grant resources utilized to fund the Department of Attorney General's federally certified Medicaid Fraud Unit. Additional federal revenue is available to reflect the state's receipt in FY 2020-21 of proceeds from a lawsuit settlement. Proceeds of the settlement are eligible to be used to draw down a 75% federal funding match supporting the Medicaid Fraud Control Unit. The settle proceeds and federal match provides for higher than anticipated revenue, requiring additional authorization for federal funding. Federal contingency authorization is available in accordance with 2020 PA 166, Article 5, Section 301(1).

LEGISLATIVE TRANSFER

BUDGET AREA: **NATURAL RESOURCES**
 FISCAL YEAR: **2020-21**
 TRANSFER AMOUNT: **\$4,162,700**

S.B.O. LETTER: **10/14/21**
 S.B.O. REQUEST: **2021-5**
 ANALYST: **Austin Scott**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/18/21	BALANCE AVAILABLE AS OF 10/18/21	GOV'S REC. 10/14/21	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 166 OF 2020 SEC. 210						
Contingency funds	5,000,000	NA	NA	(4,162,700)		
Funding source:						
Total state restricted revenues	5,000,000	NA	NA	(4,162,700)		
TO: SEC. 111. GRANTS						
Fisheries habitat improvement grants	1,250,000	449,566	800,434	362,700		
Funding source:						
Games and fish protection fund	1,250,000	449,566	800,434	362,700		
Off-road vehicle trail improvement grants	4,657,700	1,351,009	3,306,691	2,800,000		
Funding source:						
Off-road vehicle trail improvement fund	4,657,700	1,351,009	3,306,691	2,800,000		
Recreation improvement fund grants	917,000	14,954	902,046	800,000		
Funding source:						
Recreation improvement account	0	0	0	800,000		
Snowmobile local grants program	8,090,400	7,794,430	295,970	200,000		
Funding source:						
Snowmobile trail improvement fund	8,090,400	7,794,430	295,970	200,000		

This request transfers state restricted contingency authorization to the Fisheries Habitat Improvement Grants, Off- Road Vehicle Trail Improvement Grants, Recreation Improvement Fund Grants, and Snowmobile Local Grants Program line items to align authorization with available prior year revenues in support of ongoing trail and recreation projects. Revised accounting practices require the department to expend open, prior-year grant funds awarded internally from current-year appropriations rather than encumbering remaining grant funds at year-end. The increased authorization will provide sufficient authority to carry forward funding for these open projects at year-end through a FY 2020-21 work project request that will be submitted. Spending authority is available from state restricted contingency authorization in accordance with 2020 PA 166, Article 11, Section 210.

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2020-21**
 TRANSFER AMOUNT: **\$1,000,000**

S.B.O. LETTER: **10/14/21**
 S.B.O. REQUEST: **2021-5**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/19/21	BALANCE AVAILABLE AS OF 10/19/21	GOV'S REC. 10/14/21	HOUSE ACTION	SENATE ACTION
FROM: SEC. 105. FIELD SERVICES						
Investigative services	33,300,700	22,827,339	10,473,361	(1,000,000)		
Funding source:						
Total other state restricted revenues	11,153,400	5,008,038	6,145,362	(1,000,000)		
TO: SEC. 106. SPECIALIZED SERVICES						
Commercial vehicle enforcement	31,977,200	26,936,920	5,040,280	1,000,000		
Funding source:						
Total other state restricted revenues	7,937,300	7,482,446	454,854	1,000,000		

This request would transfer state restricted authorization from the Investigative Services line item to the Commercial Vehicle Enforcement line item to align authorization with available revenue. Authorization would be used to support commercial vehicle operations and enforcement activities. Authorization is available in the Investigative Services line item due to lower than anticipated Marihuana Regulatory Fund (medical marijuana) revenues.

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2020-21**
 TRANSFER AMOUNT: **\$84,600**

S.B.O. LETTER: **10/14/21**
 S.B.O. REQUEST: **2021-5**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/19/21	BALANCE AVAILABLE AS OF 10/19/21	GOV'S REC. 10/14/21	HOUSE ACTION	SENATE ACTION
FROM: SEC. 105. FIELD SERVICES						
Post operations	335,222,900	315,807,265	19,415,635	(42,300)		
Funding source:						
State general fund/general purpose	252,467,300	243,656,922	8,810,378	(42,300)		
SEC. 103. LAW ENFORCEMENT SERVICES						
Biometrics and identification	9,751,500	8,791,474	960,026	(42,300)		
Funding source:						
Coronavirus relief fund	42,300	0	42,300	(42,300)		
TO: SEC. 105. FIELD SERVICES						
Post operations	335,222,900	315,807,265	19,415,635	42,300		
Funding source:						
Coronavirus relief fund	43,886,600	43,392,027	494,573	42,300		
SEC. 103. LAW ENFORCEMENT SERVICES						
Biometrics and identification	9,751,500	8,791,474	960,026	42,300		
Funding source:						
State general fund/general purpose	4,934,600	4,637,860	296,740	42,300		

This request would transfer GF/GP authorization from the Post Operations line item and replace it with federal Coronavirus Relief Fund authorization from the Biometrics and Identification line item to align Coronavirus Relief Fund authorization with eligible expenditures. With the use of Coronavirus Relief Fund extended through December 31, 2021 and a reduction in the number of department personnel engaged in Coronavirus Relief Fund eligible activities, eligible expenses are now primarily being recognized in the Post Operations line item.

A similar request was included in legislative transfer request 2021-4 to align Coronavirus Relief Fund authorization with eligible expenditures in other areas of the State Police budget.

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2020-21**
 TRANSFER AMOUNT: **\$200,528,900**

S.B.O. LETTER: **10/14/21**
 S.B.O. REQUEST: **2021-5**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/19/21	BALANCE AVAILABLE AS OF 10/19/21	GOV'S REC. 10/14/21	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 30 OF 2021 SEC. 351						
Contingency funds	300,000,000	NA	NA	(200,528,900)		
Funding source:						
Total federal revenues	300,000,000	NA	NA	(200,528,900)		
TO: SEC. 108. ONE-TIME APPROPRIATIONS						
Emergency and disaster response and mitigation	75,210,900	65,556,462	9,654,438	200,528,900		
Funding source:						
Total federal revenues	65,210,900	61,088,126	4,122,774	200,528,900		

This request would transfer federal contingency authorization to the Emergency and Disaster Response and Mitigation line item to align authorization with available Federal Emergency Management Agency (FEMA) funding to support COVID response and mitigation projects administered by the Michigan Department of Health and Human Services. These projects include estimates for the following: mobile vaccination sites (\$5,764,600), testing at long term care facilities (\$30,000,000), testing at the Michigan Department of Corrections (MDOC) (\$100,000,000), community-based testing (\$25,000,000), and statewide local health department mobile vaccine support (\$60,000,000). Spending authority is available from federal contingency authorization in accordance with 2021 PA 30, Sec. 351.

FEMA reimburses states and locals for costs associated with disasters or emergencies. Generally, costs must be incurred by state/local entities up front for a project at time of disaster and repair, and once completed, the project is then entered into the FEMA Public Assistance portal for approval by FEMA for reimbursement. FEMA then reviews and reimburses the state/local entity. Depending on the magnitude of the disaster or emergency, this may take years for projects to close. Under the COVID pandemic provisions, timing of review and reimbursement from FEMA is taking longer than normal. The state needs appropriation authorization in FY 2020-21 when costs are incurred even though reimbursement may not be received until a future fiscal year.

Some projects go through an expedited review process by FEMA. In these cases, if the project is approved by FEMA, then the state/local entity receives 50% of the revenue for the project cost up front. The remaining 50% is then reimbursed as part of the project closure. Expedited projects for COVID have been approved for personal protection equipment (PPE) and the items included in supplemental PA 30 of 2021, including the mobile vaccination sites and testing at both long-term care facilities and MDOC mentioned above. Overall cost estimates have since risen, and for these expedited projects, the state needs appropriation authorization for the remainder of the project for which costs are being incurred but reimbursements will follow in a subsequent fiscal year. A work project request was submitted for these projects for which expenditures and related reimbursements cross multiple fiscal years; the total work project amount is \$204.0 million.

LEGISLATIVE TRANSFER

BUDGET AREA: **TREASURY**
 FISCAL YEAR: **2020-21**
 TRANSFER AMOUNT: **\$529,809**

S.B.O. LETTER: **10/14/21**
 S.B.O. REQUEST: **2021-5**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/14/21	BALANCE AVAILABLE AS OF 10/14/21	GOV'S REC. 10/14/21	HOUSE ACTION	SENATE ACTION
FROM: SEC. 108(11). REVENUE SHARING						
City, village, and township revenue sharing	261,024,600	260,484,394	540,206	(490,556)		
Funding source:						
Sales tax	261,024,600	260,484,394	540,206	(490,556)		
County incentive program	43,329,300	43,286,140	43,160	(39,253)		
Funding source:						
Sales tax	43,329,300	43,286,140	43,160	(39,253)		
TO: SEC. 108(11). REVENUE SHARING						
Financially distressed cities, villages, or townships	2,500,000	196	2,499,804	529,809		
Funding source:						
Sales tax	2,500,000	196	2,499,804	529,809		

This transfer will make unexpended City, Village, and Township Revenue Sharing (CVTRS) and County Incentive Program (CIP) funds available for expenditure under the program for Financially Distressed Cities, Villages, or Townships (FDCVT), in accordance with boilerplate section 952(5) of 2020 PA 166.

CVTRS and CIP funds are available due to eligible units not qualifying for some or all of their payments. The FDCVT grant program supports grant funding to cities, villages, or townships with one or more conditions that indicate probable financial distress to pay for specific projects, services, or strategies that move a local unit toward financial stability.