MEMORANDUM



DATE: April 9, 2019

TO: Members of the House Appropriations Committee

FROM: Mary Ann Cleary, Director

RE: Legislative Transfer Package 2019-2

Attached are legislative transfers proposed by the State Budget Office in a letter dated March 21, 2019. 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.

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 \$40.3 million, which will shift 0.07% of total appropriations within the existing FY 2018-19 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 \$37.9 million, which will increase the FY 2018-19 year-to-date state budget by 0.07%.

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



Summary Sheet

Mary Ann Cleary, Director Viola Bay Wild, Transfer Coordinator Compiled by Tumai Burris, Budget Assistant SBO LETTER: 2019-2 March 21, 2019

Department	Analyst	Page	Total Transfer
Corrections	Robin R. Risko	1	\$19,201,100
Health and Human Services	Sue Frey Kevin Koorstra Viola Bay Wild Kent Dell	2-6	56,386,000
Licensing and Regulatory Affairs	Marcus Coffin	7-8	640,100
Military and Veterans Affairs	Michael Cnossen	9	1,000,000
Natural Resources	Austin Scott	10	230,000
State	Michael Cnossen	11	800,000
Total			\$78,257,200

FY 2018-19 Legislative Transfers: Request 2019-2

	Year-to-Date		Standard Transfers (Within Existing Budget)					% of Budget	
Budget	Total Approps	IDG	Federal	Local	Private	Restricted	GF/GP	TOTAL	Shifted
Corrections	2,019,056,200						19,201,100	\$19,201,100	0.95%
Health and Human Services	25,502,246,400		10,443,000				10,443,000	20,886,000	0.08%
Natural Resources	484,430,900					230,000		230,000	0.05%
TOTAL*	\$58,148,209,800	\$0	\$10,443,000	\$0	\$0	\$230,000	\$29,644,100	\$40,317,100	0.07%

^{*}Includes budget areas not affected by transfers

	Year-to-Date		Contingency Fund Transfers (Increases Budget)						% Budget
Budget	Total Approps	IDG	Federal	Local	Private	Restricted	GF/GP	TOTAL	Increased
Health and Human Services	25,502,246,400		34,800,000		700,000			\$35,500,000	0.14%
Licensing and Regulatory Affairs	552,356,700		340,100			300,000		640,100	0.12%
Military and Veterans Affairs	199,639,300		1,000,000					1,000,000	0.50%
State	247,062,800					800,000		800,000	0.32%
TOTAL*	\$58,148,209,800	\$0	\$36,140,100	\$0	\$700,000	\$1,100,000	\$0	\$37,940,100	0.07%

^{*}Includes budget areas not affected by transfers

BUDGET AREA: CORRECTIONS

S.B.O. LETTER: 3/21/19

FISCAL YEAR: 2018-19

S.B.O. REQUEST: 2019-2

TRANSFER AMOUNT: \$19,201,100 ANALYST: Robin R. Risko

			Y-T-D				
			EXPEND. &	BALANCE	GOV'S		
		Y-T-D	ENCUMB.	AVAILABLE	REC.	HOUSE	SENATE
TRANSFE	CR ITEMS	AUTH.	AS OF 3/28/19	AS OF 3/28/19	3/21/19	ACTION	ACTION
FROM:	SEC. 107. CORRECTIONAL FACILITIES						
	Ojibway Correctional Facility - Marenisco Funding source:	23,747,300	3,402,337	20,344,963	(17,345,500)		
	State general fund/general purpose	23,747,300	3,402,337	20,344,963	(17,345,500)		
	State general fund/general purpose	23,747,300	3,402,337	20,344,903	(17,545,500)		
	SEC. 106. HEALTH CARE						
	Clinical complexes	146,066,300	81,289,497	64,776,803	(1,182,800)		
	Funding source:						
	State general fund/general purpose	145,809,100	81,289,497	64,519,603	(1,182,800)		
	Mental health services and support	45,981,100	22,021,447	23,959,653	(101,500)		
	Funding source:	13,701,100	22,021,117	23,737,033	(101,500)		
	State general fund/general purpose	45,981,100	22,021,447	23,959,653	(101,500)		
	SEC. 103, OFFENDER SUCCESS						
	ADMINISTRATION						
	Education/skilled trades/career readiness						
	programs	41,009,700	13,299,020	27,710,680	(571,300)		
	Funding source:	41,002,700	13,277,020	27,710,000	(371,300)		
	State general fund/general purpose	30,460,300	13,299,020	17,161,280	(571,300)		
	8 8	,,-	,,	,,	(=,=,=,=)		
TO:	SEC. 107. CORRECTIONAL FACILITIES						
	Facility closure	(19,201,100)	0	(19,201,100)	19,201,100		
	Funding source:						
	State general fund/general purpose	(19,201,100)	0	(19,201,100)	19,201,100		

This transfer to the Facility Closure line item is necessary to satisfy the negative appropriation that was included for this line item in the FY 2018-19 budget. Partial-year savings amounts resulting from closure of the Ojibway Correctional Facility in December 2018 are available to transfer from the Ojibway Correctional Facility, Clinical Complexes, Mental Health Services and Support, and Education/Skilled Trades/Career Readiness Programs line items. The transfer is requested by April 30, 2019.

S.B.O. LETTER: 3/21/19 BUDGET AREA: HEALTH AND HUMAN SERVICES FISCAL YEAR: **2018-19** S.B.O. REQUEST: **2019-2**

TRANSFE	R AMOUNT: \$20,886,000					ANALYST: V	iola Bay Wild
		Y-T-D	Y-T-D EXPEND. & ENCUMB.	BALANCE AVAILABLE	GOV'S REC.	HOUSE	SENATE
TRANSFE	RITEMS	AUTH.	AS OF 4/3/19	AS OF 4/3/19	3/21/19	ACTION	ACTION
FROM:	SEC. 105. CHILDREN'S SERVICES AGENCY - CHILD WELFARE						
	Child welfare field staff – caseload compliance Funding sources:	234,317,000	112,950,781	121,366,219	(10,443,000)		
	Capped federal revenues	31,085,400	9,545,395	21,540,005	(2,095,900)		
	Total federal revenues Social security act, temporary assistance	33,911,700	12,185,508	21,726,192	(1,626,000)		
	for needy families	128,225,200	65,375,344	62,849,856	(6,721,100)		
	Children's protective services staffing enhancement Funding source:	13,963,400	0	13,963,400	(10,443,000)		
	State general fund/general purpose	13,963,400	0	13,963,400	(10,443,000)		
то:	SEC. 105. CHILDREN'S SERVICES AGENCY - CHILD WELFARE						
	Child welfare field staff – caseload compliance Funding source:	234,317,000	112,950,781	121,366,219	10,443,000		
	State general fund/general purpose	41,094,700	25,844,535	15,250,165	10,443,000		

BUDGET AREA: HEALTH AND HUMAN SERVICES

S.B.O. LETTER: 3/21/19

S.B.O. REQUEST: 2019-2

S.B.O. REQUEST: 2019-2

ANALYST: Viola Box Wild

TRANSFER AMOUNT: \$20,886,000 (Continued)

ANALYST: Viola Bay Wild

			Y-T-D EXPEND. &	BALANCE	GOV'S		
		Y-T-D	ENCUMB.	AVAILABLE	REC.	HOUSE	SENATE
TRANSF	FER ITEMS	AUTH.	AS OF 4/2/19	AS OF 4/2/19	3/21/19	ACTION	ACTION
то:	SEC. 105. CHILDREN'S SERVICES AGENCY - CHILD WELFARE Children's protective services staffing						
	enhancement Funding sources:	13,963,400	0	13,963,400	10,443,000		
	Capped federal revenues	0	0	0	2,095,900		
	Total federal revenues Social security act, temporary assistance	0	0	0	1,626,000		
	for needy families	0	0	0	6,721,100		

This transfer requests a shift of GF/GP funding and federal funding between the Child Welfare Field Staff - Caseload Compliance line item and the Children's Protective Services Staffing Enhancement line item. PA 618 of 2018 appropriated \$13.9 million GF/GP to a new line item, the Children's Protective Services Staffing Enhancement, and included authorization for 175.0 FTEs for additional Child Protective Services (CPS) staff. Federal funding is needed in this new line item for consistency with the department's current cost allocation plan. This transfer is requested by April 30, 2019.

BUDGET AREA: **HEALTH AND HUMAN SERVICES**S.B.O. LETTER: **3/21/19**FISCAL YEAR: **2018-19**S.B.O. REQUEST: **2019-2**

TRANSFER AMOUNT: \$34,800,000 ANALYST: Kevin Koorstra

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TRANSFE	R ITEMS	Y-T-D AUTH.	ENCUMB. AS OF 4/2/19	AVAILABLE AS OF 4/2/19	REC. 3/21/19	HOUSE ACTION	SENATE ACTION
FROM:	PUBLIC ACT 207 OF 2018 ARTICLE X, SEC. 210(1)						
	Contingency funds Funding source:	400,000,000	NA	NA	(34,800,000)		
	Total federal revenues	400,000,000	NA	NA	(34,800,000)		
TO:	SEC. 111. BEHAVIORAL HEALTH SERVICES						
	Community substance abuse disorder prevention, education and treatment Funding source:	76,956,200	35,200,670	41,755,530	30,000,000		
	Total other federal revenues	60,247,700	28,365,207	31,882,493	30,000,000		
	Federal mental health block grant Funding source:	17,465,400	4,480,641	12,984,759	4,800,000		
	Total other federal revenues	17,465,400	4,480,641	12,984,759	4,800,000		

This transfer requests \$34.8 million in federal contingency authorization for the Community Substance Abuse Prevention, Education, and Treatment and Federal Mental Health Block Grant line items. This additional federal authority would allow DHHS to recognize federal funding available through the new State Opioid Response (SOR) grant programs in the Community Substance Abuse Prevention, Education, and Treatment line item. The SOR grant would fund addiction prevention programs, increase access to treatment, and support recovery efforts and is the replacement federal grant to the State Targeted Response (STR) to the opioid crisis that DHHS received during FY 2016-17, FY 2017-18, and partially in FY 2018-19. The transfer also reflects an increase in both the annual federal mental health block grant and subsequent carryforward funds in the Federal Mental Health Block Grant line item, which is used for targeted community projects and training that are not covered through the Medicaid program.

BUDGET AREA: **HEALTH AND HUMAN SERVICES**S.B.O. LETTER: **3/21/19**FISCAL YEAR: **2018-19**S.B.O. REQUEST: **2019-2**

FISCAL YEAR: 2018-19
TRANSFER AMOUNT: \$100,000

ANALYST: Sue Frey

TRANSFE	CR ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 4/2/19	BALANCE AVAILABLE AS OF 4/2/19	GOV'S REC. 3/21/19	HOUSE ACTION	SENATE ACTION
FROM:	PUBLIC ACT 207 OF 2018 ARTICLE X,						
	SEC. 210(4)						
	Contingency funds Funding source:	60,000,000	NA	NA	(100,000)		
	Total private revenues	60,000,000	NA	NA	(100,000)		
TO:	SEC. 116. LOCAL HEALTH AND ADMINISTRATIVE SERVICES						
	Cancer prevention and control program Funding source:	15,101,500	3,435,380	11,666,120	100,000		
	Total private revenues	500,000	0	500,000	100,000		

This transfer increases the private funds authorization for the Cancer Prevention and Control Program line item, enabling the Department to expend available private revenues \$100,000 in excess of the current authorization. Increased private funds are available from Amanda's Fund for Breast Cancer Prevention and Treatment, first established in 2007. Revenue deposited to Amanda's Fund is from persons making a contribution for breast cancer screening and treatment through the State of Michigan fund-raising vehicle license plate sales pursuant to Public Acts 107 and 108 of 2013, and donated funds including contributions from an income tax check-off included on tax forms for two tax years, 2008 and 2009. The funds will be used for continuation of the existing Breast and Cervical Cancer Control and Navigation Program (BCCCNP), which supports breast and cervical cancer screening, follow-up care and cancer treatment services for low-income women since 1991. A similar transfer was made to the line item in FY 2017-18. The transfer is requested by April 30, 2019. The Executive indicates intent to recommend that a budget adjustment be included for FY 2019-20 which is not currently part of the Executive Recommendation.

Private contingency fund authorization is available for this transfer.

BUDGET AREA: HEALTH AND HUMAN SERVICES S.B.O. LETTER: 3/21/19 S.B.O. REQUEST: 2019-2 FISCAL YEAR: **2018-19** ANALYST: Kevin Koorstra

TRANSFER AMOUNT: \$600,000

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			Y-T-D	DALANCE	COME		
			EXPEND. &	BALANCE	GOV'S		
		Y-T-D	ENCUMB.	AVAILABLE	REC.	HOUSE	SENATE
TRANSFE	CR ITEMS	AUTH.	AS OF 4/2/19	AS OF 4/2/19	3/21/19	ACTION	ACTION
FROM:	PUBLIC ACT 207 OF 2018 ARTICLE X,						
	SEC. 210(4)						
	Contingency funds	60,000,000	NA	NA	(600,000)		
	Funding source:	, ,			, ,		
	Total private revenues	60,000,000	NA	NA	(600,000)		
TO:	SEC. 122. MEDICAL SERVICES						
10.	Home health services	5,525,900	2,350,884	3,175,016	100,000		
	Funding source:	, ,	, ,	, ,	,		
	Total private revenues	0	0	0	100,000		
	M 12 111 1 2 1 1 2						
	Medicaid home-and community-based services waiver	351,913,900	166,620,445	185,293,455	500,000		
	Funding source:						
	Total private revenues	0	0	0	500,000		

This transfer requests \$600,000 of private contingency authorization within the Medical Services unit. The additional private authority would allow the department to expend civil monetary penalty revenue to support home- and community- based services in the Home Health Services and Medicaid Home- and Community- Based Services Waiver line items. The private revenues are available through civil monetary penalties assessed on home health providers who are found to be out of compliance with federal regulatory requirements. These civil monetary penalties were implemented by the federal Centers for Medicare and Medicaid Services (CMS) in July of 2014 and have been rarely assessed.

BUDGET AREA: LICENSING AND REGULATORY AFFAIRS

S.B.O. LETTER: 3/21/19

FISCAL YEAR: 2018-19

S.B.O. REQUEST: 2019-2

FISCAL YEAR: 2018-19
TRANSFER AMOUNT: \$300,000
S.B.O. REQUEST: 2019-3
ANALYST: Marcus Coffin

TRANSFE	R AMOUNT: \$300,000					ANALYST:	Marcus Coffin
			Y-T-D				
			EXPEND. &	BALANCE	GOV'S		
		Y-T-D	ENCUMB.	AVAILABLE	REC.	HOUSE	SENATE
TRANSFE	R ITEMS	AUTH.	AS OF 4/4/19	AS OF 4/4/19	3/21/19	ACTION	ACTION
FROM:	PUBLIC ACT 207 OF 2018 ARTICLE XIII,						
	SEC. 210(2)						
	Contingency funds	25,000,000	NA	NA	(300,000)		
	Funding source						
	Total state restricted revenues	25,000,000	NA	NA	(300,000)		
TO:	SEC. 109. DEPARTMENT GRANTS						
10.	Firefighter training grants	2,000,000	385,413	1,614,587	300,000		
	Funding source:						
	Fireworks safety fund	2,000,000	385,413	1,614,587	300,000		

This transfer request increases state restricted spending authorization for Firefighter Training Grants by \$300,000 for specialized training courses on mental health and community risk reduction in order to assist firefighters who have experienced or could face traumatic situations during their career. Funding will be disbursed to all 83 counties through a 70% (county population) and 30% (county square millage) formula pursuant to Public Act 291 (MCL 29.374), with a minimum per county allocation of \$17,500. Spending authority is available from state restricted contingency authorization in accordance with PA 207 of 2018, Article XIII, Section 210(2), and sufficient revenues exist within the Fireworks Safety Fund. This transfer is requested by April 30, 2019.

BUDGET AREA: LICENSING AND REGULATORY AFFAIRS

S.B.O. LETTER: 3/21/19

S.B.O. REQUEST: 2019-2

TRANSFER AMOUNT: \$340,100

ANALYST: Marcus Coffin

TRANSFE	ER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 4/4/19	BALANCE AVAILABLE AS OF 4/4/19	GOV'S REC. 3/21/19	HOUSE ACTION	SENATE ACTION
FROM:	PUBLIC ACT 207 OF 2018 ARTICLE XIII, SEC. 210(1)						
	Contingency funds Funding source	9,500,000	NA	NA	(340,100)		
	Total federal revenues	9,500,000	NA	NA	(340,100)		
TO:	SEC. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT						
	Office for new Americans Funding source:	25,449,700	24,515,741	933,959	340,100		
	HHS, refugee assistance program fund	24,969,500	24,158,056	811,444	340,100		

This transfer request increases federal spending authorization in the Office for New Americans line item by \$340,100 to recognize an award (CFDA 93.566) from the federal Office of Refugee Resettlement (ORR) to support a youth mentoring program. This program seeks to promote civic and social engagement, as well as educational and vocational advancement of refugee youth ages 15-24. The amount of this award, as determined by ORR, is based on the number of eligible refugees who were served in Fiscal Year 2017; Michigan served 636 qualifying individuals. A state match is not required and spending authority is available from federal contingency authorization in accordance with PA 207 of 2018, Article XIII, Section 210(1). This transfer is requested by April 30, 2019.

BUDGET AREA: MILITARY AND VETERANS AFFAIRS

S.B.O. LETTER:3/21/19

S.B.O. REQUEST: 2019-2

TRANSFER AMOUNT: \$1,000,000 ANALYST: Michael Cnossen

TRANSI EI	KARING CIVI. (\$1,000,000		Y-T-D EXPEND. &	BALANCE	GOV'S	711712131.141	
TRANSFE	D ITEMS	Y-T-D	ENCUMB. AS OF 4/4/19	AVAILABLE AS OF 4/4/19	REC. 3/21/19	HOUSE ACTION	SENATE
IKANSFE	KIIEMS	AUTH.	AS OF 4/4/19	AS OF 4/4/19	3/21/19	ACTION	ACTION
FROM:	PUBLIC ACT 207 OF 2018 ARTICLE XIV,						
	SEC. 210(1)						
	Contingency funds	12,000,000	NA	NA	(1,000,000)		
	Funding source:						
	Federal contingency revenues	12,000,000	NA	NA	(1,000,000)		
TO:	SEC. 107(2) MICHIGAN VETERANS						
	AFFAIRS AGENCY						
	D.J. Jacobetti home for veterans	23,687,200	13,958,989	9,728,211	1,000,000		
	Funding source:						
	HHS-HCFA, title XIX, Medicaid	12,500	0	12,500	1,000,000		

This transfer requests \$1.0 million in federal contingency authorization for the D.J. Jacobetti Home for Veterans line item to align authorization with anticipated federal revenues resulting from the expansion of Centers for Medicare and Medicaid Services (CMS) certification. Federal revenues are calculated from anticipated reimbursements for Medicare and Medicaid eligible members occupying CMS certified beds. The department anticipates 55 additional beds will be certified in April. Spending authority is available from federal contingency authorization in accordance with PA 207 of 2018, Article XIV, Section 210(1). This transfer is requested by April 30, 2019.

BUDGET AREA: NATURAL RESOURCES

S.B.O. LETTER: 3/21/19

S.B.O. REQUEST: 2019-2

TRANSFER AMOUNT: \$230,000 ANALYST: Austin Scott

TRANSFER ITEMS		Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 3/25/19	BALANCE AVAILABLE AS OF 3/25/19	GOV'S REC. 3/21/19	HOUSE ACTION	SENATE ACTION
FROM:	SEC. 113(2) WATERWAYS BOATING PROGRAM State boating infrastructure maintenance	5,952,500	0	5,952,500	(230,000)		
	Funding source:	3,732,300	V	3,732,300	(230,000)		
	Michigan state waterways fund	4,877,500	0	4,877,500	(230,000)		
то:	SEC. 113(2) WATERWAYS BOATING PROGRAM East Tawas state harbor, losco county, harbormaster building and site improvements, phase III (total authorized cost is \$6,870,000; federal share is \$1,650,000; state share is \$5,220,000)	750,000	0	750,000	230,000		
	Funding source: Michigan state waterways fund	750,000	0	750,000	230,000		

This request transfers \$230,000 Michigan State Waterways Fund capital outlay authorization that is available in the State Boating Infrastructure Maintenance line item to the East Tawas State Harbor, phase III project line item. These additional funds are requested as bids for material and labor costs for the site improvement components of the project have come in higher than originally estimated. This transfer increases the total authorized cost for phase III of the East Tawas State Harbor project from \$6,870,000 to \$7,100,000 (federal share is \$1,650,000; state share is increased from \$5,220,000 to \$5,450,000).

Both accounts in this transfer are FY 2018-19 capital outlay accounts, and this transfer is requested in early spring to ensure that construction can commence on schedule during this year's summer construction season.

BUDGET AREA: STATE

S.B.O. LETTER: 3/21/19
FISCAL YEAR: 2018-19
TRANSFER AMOUNT: \$800,000

S.B.O. REQUEST: 2019-2
ANALYST: Michael Cnossen

			Y-T-D EXPEND. &	BALANCE	GOV'S	HOME	
TRANSFER ITEMS		Y-T-D AUTH.	ENCUMB. AS OF 4/4/19	AVAILABLE AS OF 4/4/19	REC. 3/21/19	HOUSE ACTION	SENATE ACTION
FROM:	PUBLIC ACT 207 OF 2018 ARTICLE VIII, SEC. 210(2)						
	Contingency funds Funding source:	7,500,000	NA	NA	(800,000)		
	Total state restricted revenues	7,500,000	NA	NA	(800,000)		
то:	SEC. 106(4) CUSTOMER DELIVERY SERVICES						
	Branch operations	89,279,000	44,888,344	44,390,656	800,000		
	Funding source:						
	Transportation administration collection fund	37,835,300	20,841,308	16,993,992	800,000		

This transfer request shifts \$800,000 in state restricted contingency funds to the Branch Operations line item. Of the total, \$300,000 will be utilized to accommodate increased branch staffing and overtime costs due to extended branch hours resulting from weather-related state building closures in January 2019. The remaining resources will be used for contractual increases in janitorial services, security guards, and telecommunication functions. There is sufficient restricted contingency fund authorization and revenue available from the Transportation Administration Collection Fund (TACF) to accommodate this transfer. TACF revenue is available from funds carried forward from the prior two fiscal years from higher than anticipated TACF revenue related to increased record-lookup fee transactions. Spending authority is available for the state restricted contingency authorization in accordance with PA 207 of 2018, Article VIII, Section 701(2). This transfer is requested by March 31, 2019.