

MEMORANDUM



DATE: November 7, 2016
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2017-1

Attached are legislative transfers proposed by the State Budget Office in a letter dated October 31, 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 Wednesday, November 9, 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 \$800,000, which will shift 0.0% of total appropriations within the existing FY 2016-17 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 \$980,000, which will increase the FY 2016-17 year-to-date state budget by 0.00%.

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: 2017-1 October 31, 2016		
Department	Analyst	Page	Total Transfer
Licensing and Regulatory Affairs	Marcus Coffin	1	\$680,000
Natural Resources	Austin Scott	2	300,000
Treasury – Revenue Sharing	Ben Gielczyk	3-4	800,000
Total			\$1,780,000

FY 2016-17 Legislative Transfers: Request 2017-1

Budget	Year-to-Date Total Approps	Standard Transfers (Within Existing Budget)						TOTAL	% of Budget Shifted
		IDG	Federal	Local	Private	Restricted	GF/GP		
Natural Resources	398,254,100					300,000		300,000	0.08%
Treasury - Operations	519,123,200					500,000		500,000	0.10%
TOTAL*	\$54,912,758,000	\$0	\$0	\$0	\$0	\$800,000	\$0	\$800,000	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		
Licensing and Regulatory Affairs	418,062,400					680,000		680,000	0.16%
Treasury - Operations	519,123,200					300,000		300,000	0.06%
TOTAL*	\$54,912,758,000	\$0	\$0	\$0	\$0	\$980,000	\$0	\$980,000	0.00%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: LICENSING AND REGULATORY AFFAIRS
 FISCAL YEAR: 2016-17
 TRANSFER AMOUNT: \$680,000

S.B.O. LETTER: 10/31/16
 S.B.O. REQUEST: 2017-1
 ANALYST: Marcus Coffin

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/1/16	BALANCE AVAILABLE AS OF 11/1/16	GOV'S REC. 10/31/16	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 268 OF 2016, XIII SEC. 210(2)						
Contingency funds	25,000,000	NA	NA	(680,000)		
Funding source:						
Total state restricted revenues	25,000,000	NA	NA	(680,000)		
TO: SEC. 105. OCCUPATIONAL REGULATION						
Medical marihuana program	4,253,300	190,026	4,063,274	680,000		
Funding source:						
Michigan medical marihuana fund	4,253,300	190,026	4,063,274	680,000		

This transfer request increases spending authorization for the Medical Marihuana Program by \$680,000 to ensure the program maintains statutory compliance (15 business days to approve or deny an application or renewal upon receipt and 5 business days to issue a card for an approved application or renewal) for processing registry identification cards. The additional funds will be used to add 5 FTEs for the processing of applications, as application volumes have increased significantly over the past 12 months. Sufficient revenues exist in the Michigan Medical Marihuana Fund to support this transfer.

LEGISLATIVE TRANSFER

BUDGET AREA: **NATURAL RESOURCES**
 FISCAL YEAR: **2016-17**
 TRANSFER AMOUNT: **\$300,000**

S.B.O. LETTER: **10/31/16**
 S.B.O. REQUEST: **2017-1**
 ANALYST: **Austin Scott**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/2/16	BALANCE AVAILABLE AS OF 11/2/16	GOV'S REC. 10/31/16	HOUSE ACTION	SENATE ACTION
FROM: SEC. 114(2) CAPITAL OUTLAY WATERWAYS BOATING PROGRAM						
State infrastructure improvement and land acquisition (AY2014)	2,540,900	1,345,158	1,195,742	(300,000)		
Funding source:						
Michigan state waterways fund	1,590,900	743,212	847,688	(300,000)		
TO: SEC. 114(2) CAPITAL OUTLAY WATERWAYS BOATING PROGRAM						
Selfridge boating access site, Macomb County, phase II, storm water management improvements, new entrance and parking lot/traffic flow reconfigurations (total authorized cost increased from \$2,000,000 to \$3,300,000; federal share is increased from \$1,500,000 to \$1,988,000; state share is increased from \$500,000 to \$1,312,000) (AY 2014)	1,300,000	1,033,042	266,958	300,000		
Funding source:						
Michigan state waterways fund	812,000	595,687	216,313	300,000		

This request transfers \$300,000 of Michigan State Waterways Fund authorization (AY 2014) available in the State Infrastructure Improvement and Land Acquisition line item to the Selfridge Boating Access site, Macomb County line item. This transfer will enable adjustments to the parking lot to accommodate more visitors and accessibility improvements while remaining within the original scope of the project. This transfer is needed no later than the end of calendar year 2016, as seasonal use patterns and weather conditions require construction to be completed by spring 2017, so as not to interfere with the boating season. Both accounts involved in this transfer request are capital outlay accounts that have multi-year authorization authority.

LEGISLATIVE TRANSFER

BUDGET AREA: **TREASURY**
 FISCAL YEAR: **2016-17**
 TRANSFER AMOUNT: **\$500,000**

S.B.O. LETTER: **10/31/16**
 S.B.O. REQUEST: **2017-1**
 ANALYST: **Ben Gielczyk**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/28/16	BALANCE AVAILABLE AS OF 10/28/16	GOV'S REC. 10/31/16	HOUSE ACTION	SENATE ACTION
FROM: SEC. 108(11) CASINO GAMING						
Racing commission	2,462,600	90,883	2,371,717	(500,000)		
Funding source:						
State services fee fund	500,000	0	500,000	(500,000)		
TO: SEC. 108(11) CASINO GAMING						
Casino gaming information technology services and projects	2,012,700	0	2,012,700	500,000		
Funding source:						
State services fee fund	1,890,000	0	1,890,000	500,000		

This request transfers \$500,000 in authorization from the Racing Commission to Casino Gaming Information Technology Services and Projects as this amount was inadvertently placed in the wrong line item during conference committee action. These funds will be utilized to cover ongoing activities within the Casino Gaming Information Technology Services and Projects line item. The \$500,000 was incorrectly appropriated in the Racing Commission line item in the FY 2016-17 Department of Treasury budget.

LEGISLATIVE TRANSFER

BUDGET AREA: **TREASURY**
 FISCAL YEAR: **2016-17**
 TRANSFER AMOUNT: **\$300,000**

S.B.O. LETTER: **10/31/16**
 S.B.O. REQUEST: **2017-1**
 ANALYST: **Ben Gielczyk**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/28/16	BALANCE AVAILABLE AS OF 10/28/16	GOV'S REC. 10/31/16	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 268 OF 2016, ARTICLE VIII SEC. 901(2)						
Contingency funds	10,000,000	0	10,000,000	(300,000)		
Funding source:						
Total state restricted revenues	10,000,000	0	10,000,000	(300,000)		
TO: SEC. 108(17) ONE-TIME BASIS ONLY APPROPRIATIONS						
Drinking water declaration of emergency	100	0	100	300,000		
Funding source:						
Drinking water declaration of emergency reserve fund	100	0	100	300,000		

PA 268 of 2016 created the Drinking Water Declaration of Emergency Reserve Fund within DTMB. This state restricted contingency fund transfer would increase the Drinking Water Declaration of Emergency Reserve Fund authorization for the Drinking Water Declaration of Emergency line item, enabling the Department to expend available Drinking Water Declaration of Emergency Reserve Fund revenues in excess of the current authorization. Specifically, the state restricted contingency fund transfer would transfer \$300,000 of the available Drinking Water Declaration of Emergency Reserve Fund balance to provide resources for contractual services of an integrity oversight monitor to perform an overall risk assessment and provide recommendations for a loss prevention strategy with respect to the expenditure of funds related to the Flint emergency. A \$100 Drinking Water Declaration of Emergency placeholder line item was included in the Department of Treasury budget to allow for the potential transfer of funds from the Drinking Water Declaration of Emergency Reserve Fund as needed.