

MEMORANDUM



DATE: June 15, 2015
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2015-4

Attached are legislative transfers proposed by the State Budget Office in a letter dated June 5, 2015. 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, June 17, 2015.

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 \$3.7 million, which will shift 0.01% of total appropriations within the existing FY 2014-15 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 \$4.38 million, which will increase the FY 2014-15 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: 2015-4 June 5, 2015</p>		
Department	Analyst	Page	Total Transfer
Community Health	Sue Frey Kyle Jen Kevin Koorstra	1	\$200,000
Corrections	Robin Risko	2-3	3,000,000
Education	Samuel Christensen	4	360,000
Higher Education	Marilyn Peterson	5	1,000,000
Human Services	Viola Bay Wild	6	1,000,000
Natural Resources	Austin Scott	7-10	1,870,000
State	Perry Zielak	11	650,000
Total			\$8,080,000

FY 2014-15 Legislative Transfers: Request 2015-4

Budget	Year-to-Date Total Approps	Standard Transfers (Within Existing Budget)						TOTAL	% of Budget
		IDG	Federal	Local	Private	Restricted	GF/GP		Shifted
Corrections	2,022,721,700	0		0	0	0	2,500,000	2,500,000	0.12%
Human Services	5,721,886,700	0	0	0	0	0	1,000,000	1,000,000	0.02%
Natural Resources	392,485,700	0	200,000	0	0	0	0	200,000	0.05%
TOTAL*	52,812,256,400	\$0	\$200,000	\$0	\$0	\$0	\$3,500,000	\$3,700,000	0.01%

*Includes budget areas not affected by transfers

Budget	Year-to-Date Total Approps	Contingency Fund Transfers (Increases Budget)						TOTAL	% Budget
		IDG	Federal	Local	Private	Restricted	GF/GP		Increased
Community Health	18,082,059,300	0	0	0	200,000	0	0	200,000	0.00%
Corrections	2,022,721,700	0	500,000	0	0	0	0	500,000	0.02%
Education	290,498,700	0	0	0	360,000	0	0	360,000	0.12%
Higher Education	1,516,496,300	0	1,000,000	0	0	0	0	1,000,000	0.07%
Natural Resources	392,485,700	0	0	0	0	1,670,000	0	1,670,000	0.43%
State	226,774,900	0	0	0	0	650,000	0	650,000	0.29%
TOTAL*	\$52,812,256,400	\$0	\$1,500,000	\$0	\$560,000	\$2,320,000	\$0	\$4,380,000	0.01%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **COMMUNITY HEALTH**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$200,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Sue Frey**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/5/15	BALANCE AVAILABLE AS OF 6/5/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE IV, SEC. 206(4)						
Contingency funds	39,864,400	NA	NA	(200,000)		
Funding source:						
Total private revenues	39,864,400	NA	NA	(200,000)		
TO: SEC. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION						
Cancer prevention and control program	15,109,000	6,544,140	8,564,860	200,000		
Funding source:						
Total private revenues	500,000	4,772	495,228	200,000		

This transfer increases the private funds authorization for the Cancer Prevention and Control Program line item, enabling the Department to expend available private revenues \$200,000 in excess of the current authorization. Increased private funds are available from persons making a contribution for prostate cancer research through the State of Michigan income tax check off box for tax years 2008 and 2009 pursuant to Public Act 135 of 2007, and from other contributions. Donated funds are deposited to the Prostate Cancer Research Fund and are used for prostate cancer projects and grants to medical schools or hospitals pursuant to Public Act 135. Since 2007, a total of \$264,800 has been donated to the Fund, and \$164,200 expended from the Fund in FY 2010-11. Current year expenditures of \$100,500 are planned including a prostate cancer survivorship care online continuing medical education project through Wayne State University. The Executive indicates that this transfer is needed by June 30, 2015.

Private contingency fund authorization is available for this transfer.

LEGISLATIVE TRANSFER

BUDGET AREA: **CORRECTIONS**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$500,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Robin Risko**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/5/15	BALANCE AVAILABLE AS OF 6/5/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE V, SEC. 223 (1)						
Contingency funds	10,000,000	NA	NA	(500,000)		
Funding source:						
Total federal revenues	10,000,000	NA	NA	(500,000)		
TO: SEC. 106. CORRECTIONAL FACILITIES ADMINISTRATION						
Education program	34,805,900	19,466,166	15,339,734	500,000		
Funding source:						
DED-OESE, title 1	404,900	370,211	34,689	500,000		

This transfer authorizes the Department to receive additional federal Title I grant funding made available from the United States Department of Education. The additional funding will be used for education services for prisoners. Completion of this transfer is requested during the third quarter.

LEGISLATIVE TRANSFER

BUDGET AREA: **CORRECTIONS**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$2,500,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Robin Risko**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/5/15	BALANCE AVAILABLE AS OF 6/5/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 104. BUDGET AND OPERATIONS ADMINISTRATION						
Worker's compensation	16,500,000	6,570,724	9,929,276	(2,500,000)		
Funding source:						
State general fund/general purpose	16,500,000	6,570,724	9,929,276	(2,500,000)		
TO: SEC. 104. BUDGET AND OPERATIONS ADMINISTRATION						
New custody staff training	9,075,800	5,508,250	3,567,550	2,500,000		
Funding source:						
State general fund/general purpose	9,075,800	5,508,250	3,567,550	2,500,000		

With this transfer, the Department will be able to train additional corrections officer recruits in a new employee school in September. Additional officers are needed in order to reduce the number of custody staff vacancies and to help limit overtime costs associated with vacancies. Funding is available from the Worker's Compensation line item due to a reduction in the number of claims submitted by employees. Completion of this transfer is requested during the third quarter.

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF EDUCATION**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$360,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Samuel Christensen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/8/15	BALANCE AVAILABLE AS OF 6/8/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE IV, SEC. 219(4)						
Contingency funds	3,000,000	NA	NA	(360,000)		
Funding source:						
Total private contingency funds	3,000,000	NA	NA	(360,000)		
TO: SEC. 106. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND						
Private gifts - deaf	50,000	5,022	44,978	360,000		
Funding source:						
Gifts, bequests, and donations	50,000	5,022	44,978	360,000		

This transfer would provide \$360,000 in private contingency funds in accordance with P.A. 252 of 2014 (Article VI, Sec. 219) to the Michigan Department of Education for the Michigan Schools for the Deaf and Blind. This request would allow the Michigan School for the Deaf (MSD) to purchase a new playground and equipment to replace the current playground, which is aging out of federal compliance for safety standards. According to the State Budget Office, current equipment cannot be brought up to code. This transfer would provide \$170,000 for playground preparation and new equipment. This request also would include \$190,000 to allow the MSD to replace worn, damaged furniture in the dormitory, upgrade lighting in the dormitories, paint walls, and add drapes to the dormitory bedrooms. Funds are available from a donation from the Mary Jane Haarer Trust Fund, the purpose of which is to provide new and innovative programs and enhance programs that serve deaf or blind K-12 Michigan students. According to the State Budget Office, this transfer is needed by June 30, 2015.

LEGISLATIVE TRANSFER

BUDGET AREA: **HIGHER EDUCATION**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$1,000,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Marilyn Peterson**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/5/15	BALANCE AVAILABLE AS OF 6/5/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 196 OF 2014, ARTICLE III, SEC. 236b						
Contingency funds	6,000,000	NA	NA	(1,000,000)		
Funding source:						
Total federal revenues	6,000,000	NA	NA	(1,000,000)		
TO: SEC. 236 GRANTS AND FINANCIAL AID						
Tuition incentive program	48,500,000	48,349,526	150,474	1,000,000		
Funding source:						
Temporary assistance for needy families	43,800,000	43,650,670	149,330	1,000,000		

This transfer would provide additional federal Temporary Aid for Needy Families (TANF) funds to support increased costs of the Tuition Incentive Program (TIP), which pays for postsecondary tuition and mandatory fees for students who were Medicaid-eligible for at least 24 months out of 36 consecutive months between age 9 and the date of high school graduation or GED certification. The program has two phases: Phase I covers tuition and mandatory fees for an associate degree program or a certificate program of at least one year, and Phase II provides up to \$500 per semester (up to a maximum of \$2,000) for credits earned in a four-year program at a four-year institution. Participating institutions include in-state public and tribal community colleges, public universities, independent colleges and universities, and Focus: HOPE. Phase I aid for attendance at private or tribal institutions and Focus: HOPE is limited to the average in-district community college rate.

The TIP program is funded with \$43.8 million TANF and \$4.7 million GF/GP. While total participation is down slightly from last year (17,776 in FY 2014-15, compared to 17,989 in FY 2013-14), program costs are up due to increased tuition costs. Total program costs are projected to be about \$49.5 million, about \$1.0 million in excess of current funding of \$48.5 million. Additional funding is needed before the final payments of the year are disbursed in August. Funding for the transfer is available from the state's TANF balance, which is expected to be about \$17.3 million at the end of the fiscal year.

LEGISLATIVE TRANSFER

BUDGET AREA: **HUMAN SERVICES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$1,000,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/8/15	BALANCE AVAILABLE AS OF 6/8/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 107. CHILD WELFARE SERVICES						
Adoption subsidies	240,823,200	171,197,902	69,625,298	(1,000,000)		
Funding source:						
State general fund/general purpose	80,957,100	57,551,289*	23,405,811*	(1,000,000)		
TO: SEC. 107. CHILD WELFARE SERVICES						
Adoption support services	27,396,600	10,367,542	17,029,058	1,000,000		
Funding source:						
State general fund/general purpose	17,545,100	6,639,494*	10,905,606*	1,000,000		

This transfer request removes \$1.0 million GF/GP funding from the Adoption Subsidies line and shifts it to the Adoption Support Services line. In the originally enacted DHS FY 2014-15 budget, \$7.9 million GF/GP was appropriated for a new program, the Adoption Redetermination Program that would provide funding to allow adoptive parents to request supplemental determination of care payments for children with special needs after an adoption assistance agreement has been finalized. Executive Order 2015-5 reduced the appropriation for this new program by \$6.9 million Gross (\$6.5 million GF/GP), leaving \$1.0 million GF/GP to implement the new ongoing benefit program.

This transfer would allow the Department to better utilize funds intended to support adoptive families by providing additional post-adoptive resources. Senate Bill 133 of 2015 (FY 2015-16 General Omnibus Appropriations Bill) eliminates all remaining ongoing funding for the Adoption Redetermination Program and discontinues the program in the coming fiscal year. The Department believes that without ongoing support, and with a significantly reduced one-time appropriation, it would not be beneficial to adoptive families to facilitate a new program in the remainder of FY 2014-15 only to eliminate the program in the following year.

*Year-to-Date (YTD) expenditures, encumbrances, and balances by revenue source are estimates.

LEGISLATIVE TRANSFER

BUDGET AREA: **NATURAL RESOURCES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$200,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Austin Scott**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/5/15	BALANCE AVAILABLE AS OF 6/5/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: SEC. 111. FOREST RESOURCES DIVISION						
Forest management and timber market development	31,253,900	15,885,099	15,368,801	(200,000)		
Funding source:						
DAG, federal	1,294,500	250,372	1,044,128	(200,000)		
TO: SEC. 111. FOREST RESOURCES DIVISION						
Cooperative resource programs	1,328,600	633,415	695,185	200,000		
Funding source:						
DAG, federal	492,100	266,239	225,861	200,000		

This transfer will provide sufficient spending authority for additional grant funding received from the U.S. Department of Agriculture-Natural Resources Conservation Service (USDA-NRCS) through the Regional Conservation Partnership Program to train public and private sector land managers to enhance private forest land management. The \$1.0 million federal grant will be spent over a five-year period beginning in FY 2014 -15. Excess federal appropriation authority is available under forest management timber market development due to federal revenue being lower than anticipated. The transfer is needed by no later than the beginning of the fourth quarter.

LEGISLATIVE TRANSFER

BUDGET AREA: **NATURAL RESOURCES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$450,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Austin Scott**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/5/15	BALANCE AVAILABLE AS OF 6/5/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE XV, SEC. 215(2)						
Contingency funds	10,000,000	NA	NA	(450,000)		
Funding source:						
Total state restricted revenues	10,000,000	NA	NA	(450,000)		
TO: SEC. 107. FISHERIES MANAGEMENT						
Fish production	10,052,600	5,784,428	4,268,172	450,000		
Funding source:						
Game and fish protection fund – fisheries settlement	0	0	0	450,000		

This transfer is needed to utilize the proceeds from the settlement between the State of Michigan and Consumers Energy concerning fish mortality resulting from the operation of Consumers Energy's Kam-Weadock facility located at the mouth of the Saginaw River. The settlement proceeds will be used to stock more and larger fish by addressing infrastructure needs at Oden, Harrietta, and Wolf Lake State Fish Hatcheries. This transfer is needed by no later than the beginning of the fourth quarter. Funding is available from state restricted contingency funds in accordance with PA 252 of 2014, Article XV, section 215(2).

LEGISLATIVE TRANSFER

BUDGET AREA: **NATURAL RESOURCES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$1,000,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Austin Scott**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/5/15	BALANCE AVAILABLE AS OF 6/5/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE XV, SEC. 215(2)						
Contingency funds	10,000,000	NA	NA	(1,000,000)		
Funding source:						
Total state restricted revenues	10,000,000	NA	NA	(1,000,000)		
TO: SEC. 111. FOREST RESOURCES DIVISION						
Forest management and timber market development	31,253,900	15,885,099	15,368,801	1,000,000		
Funding source:						
Forest development fund	27,208,700	15,139,544	12,069,156	1,000,000		

This transfer is needed to continue wildlife habitat improvements in state forests that were originally intended to be funded with Game & Fish Protection Fund. The Forest Development Fund will be used to continue these investments due to lower than expected revenue for the Game & Fish Protection Fund,. This transfer is needed by no later than the beginning of the fourth quarter. Funding is available from state restricted contingency funds in accordance with PA 252 of 2014, Article XV, section 215(2).

LEGISLATIVE TRANSFER

BUDGET AREA: **NATURAL RESOURCES**
 FISCAL YEAR: **2014-15**
 TRANSFER AMOUNT: **\$220,000**

S.B.O. LETTER: **6/5/15**
 S.B.O. REQUEST: **2015-4**
 ANALYST: **Austin Scott**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/5/15	BALANCE AVAILABLE AS OF 6/5/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE XV, SEC. 215(2)						
Contingency funds	10,000,000	NA	NA	(220,000)		
Funding source:						
Total state restricted revenues	10,000,000	NA	NA	(220,000)		
TO: SEC. 111. FOREST RESOURCES DIVISION						
Wildfire protection	13,307,400	9,352,180	3,955,220	220,000		
Funding source:						
Forest development fund	3,298,600	2,481,679	816,921	220,000		

Under IRS guidelines, and in response to a recent IRS audit, Michigan Wildland Firefighters should be classified as state employees as opposed to contractual employees, as had been the case in prior years. This transfer is needed to provide sufficient appropriation authority for fringe benefit costs associated with this classification change. The transfer is needed no later than the beginning of the fourth quarter. Funding is available from state restricted contingency funds in accordance with PA 252 of 20-14, Article XV, section 215(2).

LEGISLATIVE TRANSFER

BUDGET AREA: STATE
 FISCAL YEAR: 2014-15
 TRANSFER AMOUNT: \$650,000

S.B.O. LETTER: 6/5/15
 S.B.O. REQUEST: 2015-4
 ANALYST: Perry Zielak

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/8/15	BALANCE AVAILABLE AS OF 6/8/15	GOV'S REC. 6/5/15	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 252 OF 2014, ARTICLE VIII, SEC. 701(2)						
Contingency funds	7,500,000	NA	NA	(650,000)		
Funding source:						
Total state restricted revenues	7,500,000	NA	NA	(650,000)		
TO: SEC. 106(5) CUSTOMER DELIVERY SERVICES						
Credit and debit assessment services	5,000,000	3,054,175	1,945,825	650,000		
Funding source:						
Credit and debit assessment service fees	5,000,000	3,054,175	1,945,825	650,000		

This transfer will provide increased authorization from the state restricted contingency fund to Customer Delivery Services to enable receipt of additional credit card convenience fee revenue collected due to increased credit card usage for services rendered at branch offices. Funding is available from state restricted contingency revenues in accordance with PA 252 of 2014, Article VIII, section 701(2). This transfer is requested in the third quarter to accommodate projected activity.