

SENATE FISCAL AGENCY
MEMORANDUM



DATE: September 26, 2022
TO: Members of the Senate Appropriations Committee
FROM: Cory Savino, Transfer Coordinator
RE: FY 2021-22 Legislative Initiated Transfer

The Management and Budget Act (Public Act 431 of 1984) provides for two types of transfers: administrative and legislative. **Administrative transfers** allow adjustments for cost and price, certain fund sources, and for court judgments. Administrative transfers go into effect 30 days following the request unless the Senate or the House Appropriations Committee disapproves them. **Legislative transfers** are transfers within departments that are more substantive than the cost and price variations that are allowed under administrative transfers. There are two kinds of legislative transfers: "standard" and "contingency fund". **Standard** legislative transfers shift line-item authorization between existing line items in a department to reflect changes in either expenditures or funding sources, and do not change the total appropriation for the department.

The second kind of legislative transfer is a **contingency fund** transfer which is authorized in the boilerplate of individual departments' annual appropriation bills. A contingency fund transfer moves authorization from the boilerplate section of an appropriation bill to the line-item section in Part 1 of the bill to recognize additional Federal, private, local, or State restricted revenue that has become available since the initial enactment of the budget. Contingency fund transfers increase the total appropriation for a department. The total amount of contingency fund transfers is capped in the boilerplate at a specific amount for each fund source, and the funds cannot be expended until additional funds are actually available and have been transferred to a Part 1 line-item using the legislative transfer process created under Section 393(2) of the Management and Budget Act.

The House Appropriations Committee proposed a **Legislative Initiated Transfer** on September 21, 2022. The requested transfer will require approval of identical amounts by both the House and Senate Appropriations Committees before taking effect. The transfer request would affect the following budget area:

<u>Department/Budget Area</u>	<u>Amount</u>	<u>Fiscal Analyst</u>
Health and Human Services	\$8,474,400	Ellyn Ackerman and John Maxwell
Total	\$8,474,400	

The Senate Fiscal Agency analysis of the September 21, 2022, legislative initiated transfer is attached. The House Appropriations Committee approved the transfer on September 21, 2022.

If you have questions on this transfer, please contact the fiscal analyst assigned to the budget area, or you may contact me at 373-2768 or CSavino@senate.michigan.gov

/nlf

Attachment

c: Scott Jones, Senate Appropriations Committee Clerk
Tom Davis, Senate Majority Policy Office
David Ettinger, Senate Democratic Staff Office
Viola Wild, House Fiscal Agency



FY 2021-22 LEGISLATIVE TRANSFER PACKAGE

Department/Budget Area	FY 2021-22 Year-to-Date Gross Appropriation	Contingency Transfer Amount	Standard Transfer Amount	Total Transfer Amount	Page Number	Transfer Percent of Y-T-D Gross
Health and Human Services	\$34,929,041,900	\$0	\$8,474,400	\$8,474,400	1	0.02%
Total	\$34,929,041,900	\$0	\$8,474,400	\$8,474,400		0.02%

Year-to-Date (YTD) Gross Appropriation Total represents all department budgets.

FY 2021-22 STANDARD TRANSFER PACKAGE FUND SOURCES

Department/Budget Area	Inter- Departmental Grants	Federal	Local/ Private	State Restricted	GF/GP	Total Standard Transfer Amount
Health and Human Services	\$0	\$0	\$0	\$4,237,200	\$4,237,200	\$8,474,400
Total	\$0	\$0	\$0	\$4,237,200	\$4,237,200	\$8,474,400

YTD as of September 20, 2022

Legislative Initiated Transfer, September 21, 2022

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: N/A

BUDGET AREA: HEALTH AND HUMAN SERVICES

FISCAL YEAR: 2021-22

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION 9/21/2022
TOTAL TRANSFER REQUEST: \$8,474,400				
FROM: MEDICAL SERVICES				
Health plan services	6,449,093,800			(4,237,200)
State general fund/general purpose	188,321,200			(4,237,200)
Hospital services and therapy	783,303,500			(4,237,200)
Total other state restricted revenues	234,834,100			(4,237,200)
TO: MEDICAL SERVICES				
Health plan services	6,449,093,800			4,237,200
Total other state restricted revenues	1,589,498,500			4,237,200
Hospital services and therapy	783,303,500			4,237,200
State general fund/general purpose	12,753,000			4,237,200

This legislative-initiated transfer (already approved by the House Appropriations Committee) would shift a total of \$8.5 million Gross. The two parts of the transfer consist of reducing the State Restricted hospital quality assurance assessment program (QAAP) authorization in the Hospital services and therapy line-item by \$4.24 million and correspondingly increasing the same State Restricted QAAP authorization for the same \$4.24 million in the Health plan services line-item.

The other half of this transfer would use GF/GP to backfill the State Restricted QAAP revenue swap by decreasing GF/GP in the Health plan services line item by \$4.24 million and increasing GF/GP in the Hospital services and therapy line-item by the same \$4.24 million. The Michigan Health and Hospital Association has provided information that four hospitals have experienced an error in the data used to calculate the respective QAAP amounts: Eaton Rapids Medical Center (Eaton Rapids, MI \$324,200), Helen Newberry Joy Hospital (Newberry, MI \$202,700), Memorial Healthcare Center (Owosso, MI \$827,700), and St. Joseph Mercy Hospital (Various locations in Michigan \$2,882,600). There appears to be sufficient remaining GF/GP in the Health plan services line-item to support this backfill.