

SENATE FISCAL AGENCY
MEMORANDUM



DATE: April 12, 2023
TO: Members of the Senate Appropriations Committee
FROM: Cory Savino, Transfer Coordinator
RE: FY 2022-23 Legislative Transfer Request 2023-3

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 rejected by the Senate or the House Appropriations Committee. **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 may not be spent until additional funds are 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.

You should have received **Legislative Transfer Request 2023-3**, dated March 23, 2023, from the State Budget Office. The requested transfers 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 areas:

<u>Department/Budget Area</u>	<u>Amount</u>	<u>Fiscal Analyst</u>
Agriculture and Rural Development	\$1,409,600	Bruce Baker
Education	1,300,000	Cory Savino
Health and Human Services	500,000	Ellyn Ackerman, Humphrey Akujobi, John Maxwell
Natural Resources	778,000	Chris Semrinec
State	225,000	Joe Carrasco
Transportation	40,000,000	Robert Canell
Total	44,212,600	

If you have questions on this transfer package, 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
David Ettinger, Senate Majority Staff
Tom Davis, Senate Republican Staff
Viola Wild, House Fiscal Agency



FY 2022-23 LEGISLATIVE TRANSFER PACKAGE

FY 2022-23					
Department/Budget Area	Year-to-Date Gross Appropriation	Contingency Transfer Amount	Standard Transfer Amount	Total Transfer Amount	Page Number
Agriculture and Rural Development	\$187,715,100	\$0	\$1,409,600	\$1,409,600	1
Education	420,581,000	1,300,000	0	1,300,000	3
Health and Human Services	33,679,602,100	500,000	0	500,000	4
Natural Resources	535,482,800	0	778,000	778,000	5
State	255,196,700	225,000	0	225,000	6
Transportation	6,455,325,100	20,000,000	20,000,000	40,000,000	7
Total	\$41,533,902,800	\$22,025,000	\$22,187,600	\$44,212,600	

FY 2022-23 CONTINGENCY TRANSFER FUND SOURCES

Department/Budget Area	Inter-Departmental Grants	Federal	Local/Private	State Restricted	Total Contingency Transfer Amount	Percent Increase of Y-T-D Gross
Agriculture and Rural Development	\$0	\$0	\$0	\$0	\$0	0.00%
Education	0	1,300,000	0	0	1,300,000	0.31%
Health and Human Services	0	0	500,000	0	500,000	0.00%
Natural Resources	0	0	0	0	0	0.00%
State	0	0	0	225,000	225,000	0.09%
Transportation	0	20,000,000	0	0	20,000,000	0.31%
Total	\$0	\$21,300,000	\$500,000	\$225,000	\$22,025,000	0.05%

FY 2022-23 STANDARD TRANSFER FUND SOURCES

Department/Budget Area	Inter-Departmental Grants	Federal	Local/Private	State Restricted	GF/GP	Total Standard Transfer Amount
Agriculture and Rural Development	\$0	\$0	\$0	\$1,409,600	\$0	\$1,409,600
Education	0	0	0	0	0	0
Health and Human Services	0	0	0	0	0	0
Natural Resources	0	778,000	0	0	0	778,000
State	0	0	0	0	0	0
Transportation	0	10,000,000	0	10,000,000	0	20,000,000
Total	\$0	\$10,778,000	\$0	\$11,409,600	\$0	\$22,187,600

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-3

BUDGET AREA: AGRICULTURE AND RURAL DEVELOPMENT

FISCAL YEAR: 2022-23

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION

TOTAL TRANSFER REQUEST: \$ 1,409,600

FROM: FAIRS AND EXPOSITIONS

Licensed tracks - light horse racing	40,300	(40,300)	
Agriculture equine industry development fund	40,300	(40,300)	
Light horse racing - breeders' awards	20,000	(20,000)	
Agriculture equine industry development fund	20,000	(20,000)	
Thoroughbred sire stakes	378,800	(378,800)	
Agriculture equine industry development fund	378,800	(378,800)	
Thoroughbred supplements - licensed tracks	601,900	(601,900)	
Agriculture equine industry development fund	601,900	(601,900)	
Thoroughbred breeders' awards	368,600	(368,600)	
Agriculture equine industry development fund	368,600	(368,600)	

TO: FAIRS AND EXPOSITIONS

Purses and supplements - fairs/licensed tracks	708,300	645,300	
Agriculture equine industry development fund	708,300	645,300	
Standardbred sire stakes	275,000	445,000	
Agriculture equine industry development fund	275,000	445,000	

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-3

BUDGET AREA: AGRICULTURE AND RURAL DEVELOPMENT

FISCAL YEAR: 2022-23

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION
Standardbred purses and supplements - licensed tracks		319,300		
Agriculture equine industry development fund		319,300		

This transfer would align authorization for the Agriculture Equine Industry Development Fund with equine events in Michigan. Michigan currently has one licensed standardbred racetrack where appropriations can be used. Under this request, thoroughbred and light horse racing authorization would be shifted to standardbred appropriations.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-3

BUDGET AREA: EDUCATION

FISCAL YEAR: 2022-23

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION

TOTAL TRANSFER REQUEST: \$ 1,300,000

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	5,000,000	(1,300,000)	
Federal contingency revenues	5,000,000	(1,300,000)	

TO: EDUCATIONAL SUPPORTS

Educational supports operations	17,139,300	1,300,000	
Federal funds	12,976,100	1,300,000	

This request would transfer \$1.3 million in Federal contingency fund authorization to support administration of the Stronger Connections Program. The Stronger Connections Program was appropriated as FY 2022-23 Supplemental, Public Act 3 of 2023, with \$27.9 million in Federal funds. Under Federal guidelines, the State is allowed to use up to 5% of the award for administrative costs. This contingency fund transfer request would provide additional authorization to the educational supports operations line item to provide the program office with administrative support for the program.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-3

BUDGET AREA: HEALTH AND HUMAN SERVICES

FISCAL YEAR: 2022-23

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION
TOTAL TRANSFER REQUEST: \$500,000				
FROM: BOILERPLATE APPROPRIATIONS				
Contingency funds	2,000,000		(500,000)	
Private contingency revenues	2,000,000		(500,000)	
TO: LOCAL HEALTH AND ADMINISTRATIVE SERVICES				
Cancer prevention and control program	15,870,500		500,000	
Total private revenues	700,000		500,000	

This transfer would increase private authorization in the Cancer Prevention and Control Program line item by \$500,000. The transfer would reflect a one-time drawdown from the Amanda's Fund for Breast Cancer Prevention and Treatment fund to offset a reduction in a grant for the Breast Cancer and Cervical Cancer Control Program, which assists low income women in screening, follow-up, and cancer treatment services.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-3

BUDGET AREA: NATURAL RESOURCES

FISCAL YEAR: 2022-23

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION

TOTAL TRANSFER REQUEST: \$ 778,000

FROM: GRANTS

Federal - forest stewardship grants	2,000,000	(100,000)
Federal funds	2,000,000	(100,000)

TO: GRANTS

Federal - rural community fire protection	400,000	100,000
Federal funds	400,000	100,000

This transfer request would shift Federal authorization from the Federal - Forest Stewardship Grants to the Federal - Rural Community Fire Protection line item to align authorization with an increase in Federal funding received from the US Forest Service to help local fire departments acquire firefighting supplies and equipment. Spending authority is available in the Federal - Forest Stewardship Grants line item as no Forest Legacy Program grant awards are anticipated in fiscal year (FY) 2022-23.

FROM: GRANTS

Federal - forest stewardship grants	2,000,000	(678,000)
Federal funds	2,000,000	(678,000)

TO: FOREST RESOURCES DIVISION

Wildfire protection	16,084,400	678,000
Federal funds	1,371,200	678,000

This transfer request would shift Federal authorization from the Federal - Forest Stewardship Grants to the Wildfire Protection line item to align authorization with an increase in Federal funding received from the US Forest Service to support wildfire protection planning and response efforts. Spending authority is available in the Federal - Forest Stewardship Grants line item as no Forest Legacy Program grant awards are anticipated in FY 2022-23.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-3

BUDGET AREA: STATE

FISCAL YEAR: 2022-23

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION

TOTAL TRANSFER REQUEST: \$ 225,000

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	500,000	(225,000)	
State restricted contingency revenues	500,000	(225,000)	

TO: CUSTOMER DELIVERY SERVICES

Motorcycle safety education administration	650,600	225,000	
Motorcycle safety and education awareness fund	300,000	225,000	

This transfer request would transfer \$225,000 of State restricted contingency authorization to the Motorcycle Safety Education Administration line item, which would provide for the expenditure of carryforward fund balance within the Motorcycle Safety and Education Awareness Fund. Additional authorization would allow for the expansion of the Department's media campaign on motorcycle safety highlighting dangerous intersections in the Lansing and Kalamazoo areas. The Motorcycle Safety and Education Awareness Fund receives a portion of driver license motorcycle endorsement renewal fees and the existing carryforward fund balance has gradually accumulated over the past several years.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-3

BUDGET AREA: TRANSPORTATION

FISCAL YEAR: 2022-23

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION

TOTAL TRANSFER REQUEST: \$ 40,000,000

FROM: DESIGN AND ENGINEERING SERVICES

System operations management	58,869,000	(9,000,000)	
Federal aid, transportation programs	19,029,800	(9,000,000)	
Program development and delivery	106,322,500	(1,000,000)	
Federal aid, transportation programs	4,500,000	(1,000,000)	

ROAD AND BRIDGE PROGRAMS

State trunkline federal aid and road and bridge construction	1,661,869,600	(10,000,000)	
State trunkline fund	428,563,500	(10,000,000)	

TO: DESIGN AND ENGINEERING SERVICES

System operations management	58,869,000	9,000,000	
State trunkline fund	35,651,600	9,000,000	
Program development and delivery	106,322,500	1,000,000	
State trunkline fund	96,549,200	1,000,000	

ROAD AND BRIDGE PROGRAMS

State trunkline federal aid and road and bridge construction	1,661,869,600	10,000,000	
Federal aid, transportation programs	1,185,230,900	10,000,000	

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-3

BUDGET AREA: TRANSPORTATION

FISCAL YEAR: 2022-23

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION

This transfer would be a net-to-zero shift of \$10.0 million in authorization involving three line items and two fund sources. Federal authorization from two line items within the Design and Engineering appropriation category (\$9.0 million from System Operations Management and \$1.0 million from Program, Development, and Delivery) would be transferred to the State Trunkline Federal Aid and Road and Bridge Construction line item, and in return, like amounts of State Trunkline Fund authorization would be transferred from Road and Bridge to the Design and Engineering lines.

Traditionally, the Michigan Department of Transportation (MDOT) has charged a portion of Design and Engineering employee expenses to corresponding projects in the Road and Bridge line item. However, this arrangement has become problematic and inefficient from an accounting standpoint as an increasing amount of MDOT's employee costs are not able to be allocated to Federal aid eligible projects. This transfer of State restricted funding from the Road and Bridge line item would address this issue and create the operational flexibility needed to provide effective design and engineering services for non-Federal projects. A similar (and larger) shift to Design and Engineering is proposed as part of the FY 2023-24 Executive Budget Recommendation.

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-3

BUDGET AREA: TRANSPORTATION

FISCAL YEAR: 2022-23

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION
FROM: BOILERPLATE APPROPRIATIONS				
Contingency funds	40,000,000	(20,000,000)		
Federal contingency revenues	40,000,000	(20,000,000)		
TO: AIRPORT IMPROVEMENT PROGRAMS				
Airport safety, protection, and improvement program	160,461,900	20,000,000		
Federal aid - transportation programs	135,000,000	20,000,000		

This transfer would shift \$20.0 million of Federal contingency authorization to the Airport Safety, Protection, and Improvement line item. It supports \$12.8 million in Congressionally directed spending for airport projects in Lansing, Grand Rapids, Big Rapids, and Kalamazoo/Battle Creek. The remaining \$7.2 million of authorization would support MDOT's estimate of competitively awarded funding to Michigan from recently announced increases of supplemental discretionary funding available from the Federal Aviation Administration.