



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

CHRISTOPHER M. HARKINS
DIRECTOR

September 14, 2022

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Thomas Albert, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Legislative Transfer Request 2022-7

I recommend the following fiscal year 2022 legislative transfers for your approval. These transfers are in accordance with section 393(2) of Act No. 431, P.A. 1984, as amended and are recommended for approval by the House and Senate Appropriations Committees.

The following information summarizes the transfer recommendation:

<u>Department</u>	<u>Transfer Amount</u>
Health and Human Services	\$216,500,000
Licensing and Regulatory Affairs	\$1,355,000
Military and Veterans Affairs	\$5,000,000
State Police	\$100,000
Total	\$222,955,000

Sincerely,

Christopher M. Harkins
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Jason Wentworth, Speaker of the House
Jim Ananich, Senate Minority Leader
Donna Lasinski, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Deputy Chief of Staff
Bethany Wicksall, Deputy State Budget Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

Legislative Transfer

Letter # 2022-7

Health and Human Services

FROM: HEALTH SERVICES

Health plan services	47300		(143,300,900)
Federal funds	3000	FDRL	(59,800,900)
Other state restricted revenues	1200	STRS	(1,050,000)
State general fund/general purpose	1000	GFGP	(82,450,000)
Healthy Michigan plan	47600		(22,944,500)
Federal funds	3000	FDRL	(20,650,100)
Quality assurance assessment tax	1902	STRS	(2,294,400)
Hospital services and therapy	48350		(7,000,000)
Federal Funds	3000	FDRL	(2,867,200)
State general fund/general purpose	1000	GFGP	(4,132,800)
Pharmaceutical services	58550		(200,000)
Private funds	5000	PRIV	(200,000)
Special Medicaid reimbursement	64900		(16,705,600)
Federal funds	3000	FDRL	(15,000,000)
Other state restricted revenues	1200	STRS	(1,705,600)

TO: CHILDREN'S SPECIAL HEALTH CARE SERVICES

Medical care and treatment	52850		200,000
Private funds	5000	PRIV	200,000

HEALTH SERVICES

Adult home help services	30400		6,000,000
State general fund/general purpose	1000	GFGP	6,000,000
Ambulance services	31000		3,531,100
Federal funds	3000	FDRL	2,481,100
Quality assurance assessment tax	1902	STRS	50,000
State general fund/general purpose	1000	GFGP	1,000,000
Auxiliary medical services	31800		353,100
Federal funds	3000	FDRL	253,100
State general fund/general purpose	1000	GFGP	100,000
Dental services	39270		16,300,000
Federal funds	3000	FDRL	12,500,000
State general fund/general purpose	1000	GFGP	3,800,000

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Home health services	48000		529,700
Federal funds	3000	FDRL	379,700
State general fund/general purpose	1000	GFGP	150,000
Hospice services	48250		6,355,900
Federal funds	3000	FDRL	4,555,900
State general fund/general purpose	1000	GFGP	1,800,000
Hospital disproportionate share payments	48300		353,100
Federal funds	3000	FDRL	253,100
State general fund/general purpose	1000	GFGP	100,000
Long-term care services	51950		43,000,000
Federal funds	3000	FDRL	20,867,200
Quality assurance assessment tax	1902	STRS	5,000,000
State general fund/general purpose	1000	GFGP	17,132,800
Medicaid home- and community-based services waiver	52650		3,500,000
Federal funds	3000	FDRL	500,000
State general fund/general purpose	1000	GFGP	3,000,000
Medicare premium payments	53150		20,000,000
Federal funds	3000	FDRL	20,000,000
Personal care services	58400		706,200
Federal funds	3000	FDRL	506,200
State general fund/general purpose	1000	GFGP	200,000
Pharmaceutical services	58550		45,000,000
State general fund/general purpose	1000	GFGP	45,000,000
Physician services	58600		28,262,600
Federal funds	3000	FDRL	20,262,600
State general fund/general purpose	1000	GFGP	8,000,000
School-based services	63450		15,000,000
Federal funds	3000	FDRL	15,000,000
Transportation	67805		1,059,300
Federal funds	3000	FDRL	759,300
State general fund/general purpose	1000	GFGP	300,000

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This transfer adjusts federal, state restricted and general fund authorization among Medicaid physical health lines to align with the forecasted final FY 2022 expenditures. These adjustments are necessary to account for all payments made to Medicaid providers for services provided in FY 2022.

Private authorization to CSHCS Medical Care and Treatment recognizes tribal pharmacy funding to cover non-federal costs for non-tribal beneficiaries at Tribal Health Centers.

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(4,409,000)
Federal contingency revenues	3010	FDRL	(4,409,000)

TO: ONE-TIME APPROPRIATIONS

Family violence prevention and services	T42870		4,409,000
Federal funds	3000	FDRL	4,409,000

This transfer request shifts \$4.4 million in federal contingency authorization to fund the Family Violence Prevention and Services Act (FVPSA) Rape Crisis Services and Support grant received in FY22. DHHS has already received authorization for two grants in a FY22 supplemental before this third award became known. DHHS is requesting that this funding is added to a one-time line that was established for other FVPSA funding that was received in FY22. Federal contingency funds are available in accordance with P.A. 87 of 2021, Article 6, Section 210(1).

FROM: FIELD OPERATIONS AND SUPPORT SERVICES

Public assistance field staff	44050		(440,000)
Social security act, temporary assistance for needy families	3510	FDRL	(440,000)

TO: BEHAVIORAL HEALTH PROGRAM ADMINISTRATION AND SPECIAL PROJECTS

Family support subsidy	42950A		440,000
Social security act, temporary assistance for needy families	3510	FDRL	440,000

This request transfers \$440,000 in Temporary Assistance for Needy Families (TANF) authorization from the Public Assistance Field Staff line to the Family Support Subsidy line. Actual caseloads have been significantly higher than projected, creating the need for this transfer. TANF authorization is available in the Public Assistance Field Staff line due to lower than anticipated expenditures in FY 2022 that qualify for TANF funds per the random moment time study.

FROM: PUBLIC ASSISTANCE

Indigent burial	48950		(800,000)
State general fund/general purpose	1000	GFGP	(800,000)

TO: PUBLIC ASSISTANCE

State supplementation	65950		800,000
State general fund/general purpose	1000	GFGP	800,000

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This transfer requests \$800,000 in General Fund to fully fund the State Supplementation appropriation to account for updated forecasted spending. The transfer is necessary to accommodate higher expenditures than anticipated during the May 2022 caseload consensus. General Fund is available in the Indigent Burial line due to lower than anticipated expenditures in FY22.

FROM: FIELD OPERATIONS AND SUPPORT SERVICES

Public assistance field staff	44050		(1,600,000)
Social security act, temporary assistance for needy families	3510	FDRL	(1,600,000)

TO: PUBLIC ASSISTANCE

Family independence program	42750		1,600,000
Social security act, temporary assistance for needy families	3510	FDRL	1,600,000

This transfer requests \$1.6 million in Temporary Assistance for Needy Families (TANF) authorization to fund anticipated FY 2022 Family Independence Program (FIP) expenditures. The transfer is necessary to accommodate higher expenditures than anticipated during the May 2022 caseload consensus. Temporary Assistance for Needy Families authorization is available in the Public Assistance Field Staff line due to lower than anticipated expenditures in FY22 that qualify for TANF funds per the random moment time study.

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(8,000,000)
Federal contingency revenues	3010	FDRL	(4,000,000)
State restricted contingency revenues	1441	STRS	(4,000,000)

STATE PSYCHIATRIC HOSPITALS AND FORENSIC MENTAL HEALTH SERVICES

Kalamazoo Psychiatric Hospital - adult	50550		(1,100,000)
Other state restricted revenues	1200	STRS	(1,100,000)

TO: STATE PSYCHIATRIC HOSPITALS AND FORENSIC MENTAL HEALTH SERVICES

Hawthorn Center - psychiatric hospital - children and adolescents	46750		7,000,000
Federal funds	3000	FDRL	3,000,000
Other state restricted revenues	1200	STRS	4,000,000
Walter P. Reuther Psychiatric Hospital - adult	69250		2,100,000
Federal Funds	3000	FDRL	1,000,000
Other state restricted revenues	1200	STRS	1,100,000

Legislative Transfer

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This transfer requests additional state restricted and federal authorization. This transfer is needed to properly align authorization with projected revenues and expenditures within three state psychiatric hospital lines. The request would transfer the following:

- \$4.0 million in state restricted contingency fund and \$3.0 million in federal contingency fund authorization to the Hawthorn Center - psychiatric hospital - children and adolescent line.

- \$1.0 million in federal contingency authorization to the Walter P. Reuther Psychiatric Hospital - adult line.

- \$1.1 million in other state restricted authorization from the Kalamazoo Psychiatric Hospital - adult line to the Walter P. Reuther Psychiatric Hospital - adult line.

FROM: HEALTH AND AGING SERVICES ADMINISTRATION

Healthy Michigan plan administration	47610		(1,000,000)
State general fund/general purpose	1000	GFGP	(1,000,000)

DISABILITY DETERMINATION SERVICES

Disability determination operations	39650		(1,500,000)
State general fund/general purpose	1000	GFGP	(1,500,000)

FIELD OPERATIONS AND SUPPORT SERVICES

Electronic benefit transfer (EBT)	41050		(1,000,000)
State general fund/general purpose	1000	GFGP	(1,000,000)

Public assistance field staff	44050		(4,500,000)
State general fund/general purpose	1000	GFGP	(4,500,000)

Pathways to potential	57930		(2,000,000)
State general fund/general purpose	1000	GFGP	(2,000,000)

TO: ONE-TIME APPROPRIATIONS

Child caring institution non-contracted rates	T34175		10,000,000
State general fund/general purpose	1000	GFGP	10,000,000

This transfer would increase state General Fund allocated to the Child Caring Institution Non-Contracted Rates line by \$10 million. This would increase the pool of funding for general financial assistance to Child Caring Institutions to \$25 million. General Fund is available in the Public Assistance Field Staff, Pathways to Potential, Electronic Benefit Transfer, Disability Determination Operations, and Healthy Michigan Plan Administration lines due to lower than anticipated GF expenditures in FY22.

Legislative Transfer

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Licensing and Regulatory Affairs

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(1,355,000)
State restricted contingency revenues	1441	STRS	(1,355,000)

TO: GRANTS

Liquor law enforcement grants	51300		1,355,000
Liquor license revenue	1324	STRS	1,355,000

This transfer shifts \$1,355,000 in state restricted contingency authorization to the Liquor Law Enforcement Grants line item, pursuant to PA 87 of 2021, Article 9, Sec. 210. A contingency fund transfer is needed to appropriate additional liquor license revenue to support statutory payments to local governments for liquor law enforcement grant payments.

The increase in liquor law enforcement grant payments is due to the increase in licenses, license types, and an increase in liquor sales. License fees are based in part on the volume of spirits that licensees purchase, with higher off-premises license spirit purchases contributing to the increase in grant payments due to increased renewal fees. In the last two fiscal years, MLCC has had record spirit sales, an increase of 27% since FY19. As written under the Michigan Liquor Control Code of 1998, Act 58, and specifically under MCL 426.1543, the Commission is required to pay 55% of retail fees collected to the local governmental unit where the license is held. Payments are made based on the fees that are received by the Commission. Additionally, total fiscal year 2022 payments are higher due to an extension for renewal payments, which was authorized in fiscal year 2021 due to the COVID-19 pandemic. Many licensees were not fully open on the original renewal date of April 30th. Therefore, a renewal date extension was issued, and renewal fees were paid in the first quarter of fiscal year 2022, causing an increase in this year's total required payments. Grant payments are made the month after a quarter.

The current fiscal year 2022 appropriation is \$8.4 million. Without an increase in authorization, the Liquor Control Commission will be unable to fully provide statutorily required financial support to local governmental units.

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Military and Veterans Affairs

FROM: **BOILERPLATE APPROPRIATIONS**

Contingency funds	B24000		(3,000,000)
Federal contingency revenues	3010	FDRL	(3,000,000)

TO: **MILITARY**

Headquarters and armories	46870		1,000,000
DOD-DOA-NGB	3270	FDRL	1,000,000
Military training sites and support facilities	54670		2,000,000
DOD-DOA-NGB	3270	FDRL	2,000,000

This request transfers federal contingency authorization to the Military training sites and support facilities and Headquarters and armories lines in order to align authorization with projected federal DOD-DOA-NGB revenue and expenditures. End-of-year funding was received under the department's Cooperative Agreement grants from the federal National Guard Bureau. Spending authority is available from PA 87 of 2021, Article 10, Section 210(1).

FROM: **MILITARY**

Starbase grant	65400		(500,000)
DOD-DOA-NGB	3270	FDRL	(500,000)

TO: **MILITARY**

Departmentwide	11540		500,000
DOD-DOA-NGB	3270	FDRL	500,000

This request transfers DOD-National Guard Bureau authorization from the Starbase line to the Departmentwide line in order to align authorization with projected revenues and expenditures. Additional funding is needed in the Departmentwide line due to end-of-year funding received under the department's Cooperative Agreement grants from the federal National Guard Bureau. Authorization is available in the Starbase grant line because fiscal year 2022 grant budgets totaled less than the authorized amount for the appropriation.

FROM: **MICHIGAN VETERANS' FACILITY AUTHORITY**

Chesterfield Township home for veterans	33970		(500,000)
HHS-HCFA, title XIX, Medicaid	3277	FDRL	(500,000)

TO: **MICHIGAN VETERANS' FACILITY AUTHORITY**

D.J. Jacobetti home for veterans	38850A		300,000
HHS-HCFA, title XIX, Medicaid	3277	FDRL	300,000

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Grand Rapids home for veterans	45800A		200,000
HHS-HCFA, title XIX, Medicaid	3277	FDRL	200,000

This request transfers federal HHS-HCFA, title XIX, Medicaid authorization from the Chesterfield Township home for veterans line to the D.J. Jacobetti and Grand Rapids homes for veterans lines. The transfer will align authorization with projected federal Medicaid revenue and expenditures. Excess Medicaid authorization is available in the Chesterfield Township home for veterans line due to delays in member intake at the home.

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(1,000,000)
Federal contingency revenues	3010	FDRL	(1,000,000)

TO: MICHIGAN VETERANS' FACILITY AUTHORITY

Grand Rapids home for veterans	45800A		1,000,000
USDVA-VHA	3278	FDRL	1,000,000

This request transfers federal contingency authorization to the Grand Rapids Home for Veterans line in order to align authorization with projected federal USDVA-VHA revenue and expenditures. Spending authority is available from PA 87 of 2021, Article 10, Section 210(1). USDVA-VHA revenue is calculated based on the daily census and VA-established per diem rates.

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State Police

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(100,000)
State restricted contingency revenues	1441	STRS	(100,000)

TO: FIELD SERVICES

Investigative services	33530		100,000
IDT, auto theft funds	6857	IDGT	100,000

This request transfers state restricted contingency fund authorization to the Investigative Services line to align authorization with higher than anticipated Automobile Theft Prevention Authority grant revenue. Funding will be used to support auto theft prevention activities carried out by the department. Spending authority is available from state restricted contingency fund authorization in accordance with PA 87 of 2021, Article 12, Section 210(2).