

MEMORANDUM



DATE: June 26, 2023
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2023-3

Attached are legislative transfers proposed by the State Budget Office in a letter dated March 23, 2023, 2023. 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.

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 \$22.2 million, which will shift 0.03% of total appropriations within the existing FY 2022-23 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 \$22.0 million, which will increase the FY 2022-23 year-to-date state budget by 0.03%.

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: 2023-3 March 23, 2023</p>	
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Department	Analyst	Page	Total Transfer
Agriculture and Rural Development	William E. Hamilton	1-2	\$1,409,600
Education	Noel Benson Jacqueline Mullen	3	1,300,000
Health and Human Services	Sydney Brown Kent Dell Kevin Koorstra	4	500,000
Natural Resources	Austin Scott	5-6	778,000
State	Michael Cnossen	7	225,000
Transportation	William E. Hamilton	8-10	40,000,000
Total			\$44,212,600

2023-3 Legislative Transfers

Budget	Year-to-Date Total Approps	Standard Transfers (Within Existing Budget)							% of Budget Shifted
		IDG	Federal	Local	Private	Restricted	GF/GP	TOTAL	
Agriculture and Rural Development	187,715,100					1,409,600		1,409,600	0.75%
Natural Resources	545,482,800		778,000					778,000	0.14%
Transportation	6,459,448,900		10,000,000			10,000,000		20,000,000	0.31%
TOTAL*	\$80,301,936,200	\$0	\$10,778,000	\$0	\$0	\$11,409,600	\$0	\$22,187,600	0.03%

Budget	Year-to-Date Total Approps	Contingency Fund Transfers (Increases Budget)							% Budget Increased
		IDG	Federal	Local	Private	Restricted	GF/GP	TOTAL	
Education	420,581,000		1,300,000					1,300,000	0.31%
Health and Human Services	33,679,602,100				500,000			500,000	0.00%
State	255,196,700					225,000		225,000	0.09%
Transportation	6,459,448,900		20,000,000					20,000,000	0.31%
TOTAL*	\$80,301,936,200	\$0	\$21,300,000	\$0	\$500,000	\$225,000	\$0	\$22,025,000	0.03%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **AGRICULTURE AND RURAL DEVELOPMENT**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$1,409,600**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **William E. Hamilton**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/1/23	BALANCE AVAILABLE AS OF 6/1/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
FROM: SEC. 110. FAIRS AND EXPOSITIONS						
Licensed tracks - light horse racing	40,300	0	40,300	(40,300)		
Funding source:						
Agriculture equine industry development fund	40,300	0	40,300	(40,300)		
Light horse racing – breeders’ awards	20,000	0	20,000	(20,000)		
Funding source:						
Agriculture equine industry development fund	20,000	0	20,000	(20,000)		
Thoroughbred sire stakes	378,800	0	378,800	(378,800)		
Funding source:						
Agriculture equine industry development fund	378,800	0	378,000	(378,800)		
Thoroughbred supplements – licensed tracks	601,900	0	601,900	(601,900)		
Funding source:						
Agriculture equine industry development fund	601,900	0	601,900	(601,900)		
Thoroughbred breeders’ awards	368,600	0	368,600	(368,600)		
Funding source:						
Agriculture equine industry development fund	368,300	0	368,600	(368,600)		

LEGISLATIVE TRANSFER

BUDGET AREA: **AGRICULTURE AND RURAL DEVELOPMENT**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$1,409,600 (Continued)**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **William E. Hamilton**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/1/23	BALANCE AVAILABLE AS OF 6/1/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
TO: SEC. 110. FAIRS AND EXPOSITIONS						
Purses and supplements – fairs/licensed tracks	708,300	0	708,300	645,300		
Funding source:						
Agriculture equine industry development fund	708,300	0	708,300	645,300		
Standardbred sire stakes	275,000	0	275,000	445,000		
Funding source:						
Agriculture equine industry development fund	275,000	0	275,000	445,000		
Standardbred purses and supplements – licensed tracks	671,800	180,000	491,800	319,300		
Funding source:						
Agriculture equine industry development fund	671,800	180,000	491,800	319,300		

This transfer would shift \$1.4 million in state restricted Agriculture Equine Industry Development Fund (AEIDF) spending authority from line items intended for thoroughbred and light horse racing programs to line items that provide purses and purse supplements for standardbred horse racing. The transfer nets to \$0.

The thoroughbred and light horse racing line items have not been used since FY 2016-17. This is because there have been no eligible thoroughbred or light horse racing programs since Hazel Park racetrack closed in April 2018. Since the closure of Hazel Park racetrack, there has been only one race meeting licensee, (racetrack) in Michigan, Northville Downs, which offers live standardbred harness racing and simulcast wagering under a license granted by the Michigan Gaming Control Board. The *Standardbred sire stakes* and the *Standardbred purses and supplements – licensed tracks* line items support purses for specific standardbred racing events at Northville Downs. Several county fairs in Michigan offer standardbred racing. Funding in support of county fair standardbred racing programs is made in the *Purses and supplements – fairs/licensed tracks* line item. In 2022, 13 fairs offered standardbred horse racing as one of the fair events. Note that county fair racing is not licensed and there is no legal wagering on the results of county fair racing.

The transfer would bring FY 2022-23 AEIDF support for standardbred racing programs to \$3.4 million, \$600,000 less than FY 2021-22 when \$4.0 million was expended on standardbred racing programs. It should be noted that the FY 2021-22 expenditures for standardbred programs included \$2.3 million in GF/GP revenue.

LEGISLATIVE TRANSFER

BUDGET AREA: **EDUCATION**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$1,300,000**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **Noel Benson and Jacqueline Mullen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/1/23	BALANCE AVAILABLE AS OF 6/1/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 166 OF 2022, ARTICLE 3 SEC. 211(1)						
Contingency authorization	5,000,000	NA	NA	(1,300,000)		
Funding source:						
Total federal revenues	5,000,000	NA	NA	(1,300,000)		
TO: SEC. 114. EDUCATIONAL SUPPORTS						
Educational supports operations	17,139,300	8,111,392	9,027,908	1,300,000		
Funding source:						
Total federal revenues	12,976,100	6,391,568	6,584,532	1,300,000		

The Stronger Connections Program was appropriated in the FY 2022-23 School Aid Supplemental recently signed into law (2023 PA 3, \$27.9 million). Under federal guidelines, the state is allowed to use up to 5% of the award for administrative expenses. This contingency authorization transfer request provides additional authorization to the administrative line in the department for the program office administering this program. Federal contingency authorization is available in accordance with 2022 PA 166, Article 3, Section 211(1).

LEGISLATIVE TRANSFER

BUDGET AREA: **HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$500,000**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **Sydney Brown**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/31/23	BALANCE AVAILABLE AS OF 5/31/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 166 of 2022, ARTICLE 6 SEC. 210(4)						
Contingency authorization	2,000,000	NA	NA	(500,000)		
Funding source:						
Total private revenues	2,000,000	NA	NA	(500,000)		
TO: SEC. 115. LOCAL HEALTH AND ADMINISTRATIVE SERVICES						
Cancer prevention and control program	15,870,500	4,460,919	11,409,581	500,000		
Funding source:						
Amanda's Fund for Breast Cancer Prevention and Treatment	700,000	237,323	462,677	500,000		

This transfer would shift \$500,000 in private contingency authorization to the Cancer Prevention and Control Program line item. The federal cancer prevention and control grant funding is less than currently authorized and this transfer would use unallocated Amanda's Fund for Breast Cancer Prevention and Treatment fund balance to partially offset the federal reduction and maintain current levels of service. This request is consistent with the FY 2023-24 DHHS Budget recommendations. Private contingency authorization is available in accordance with 2022 PA166, Article 6, Section 210(4).

LEGISLATIVE TRANSFER

BUDGET AREA: **NATURAL RESOURCES**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$100,000**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **Austin Scott**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 4/10/23	BALANCE AVAILABLE AS OF 4/10/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
FROM: SEC. 111. GRANTS						
Federal - forest stewardship grants	2,000,000	135,809	1,864,191	(100,000)		
Funding source:						
Total federal revenues	2,000,000	135,809	1,864,191	(100,000)		
TO: SEC. 111. GRANTS						
Federal - rural community fire protection	400,000	56,378	343,622	100,000		
Funding source:						
Total federal revenues	400,000	56,378	343,622	100,000		

This transfer request shifts federal authorization to Federal - Rural Community Fire Protection line item to align authorization with available United States Forest Service funding. The department intends to use this federal funding to assist local fire departments with acquisition of firefighting supplies and equipment.

LEGISLATIVE TRANSFER

BUDGET AREA: **NATURAL RESOURCES**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$678,000**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **Austin Scott**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 4/10/23	BALANCE AVAILABLE AS OF 4/10/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
FROM: SEC. 111. GRANTS						
Federal – forest stewardship grants	2,000,000	135,809	1,864,191	(678,000)		
Funding source:						
Total federal revenues	2,000,000	135,809	1,864,191	(678,000)		
TO: SEC. 110. FOREST RESOURCES DIVISION						
Wildfire protection	16,084,400	6,266,100	9,818,300	678,000		
Funding source:						
Total federal revenues	1,371,200	581,223	789,977	678,000		

This transfer request shifts federal authorization to wildfire protection line item to align authorization with available United States Forest Service funding. The department intends to use this federal funding to support wildfire protection planning and response efforts.

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF STATE**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$225,000**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/31/23	BALANCE AVAILABLE AS OF 5/31/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 166 of 2022, ARTICLE 5, SEC. 710(2)						
Contingency authorization	500,000	NA	NA	(225,000)		
Funding source:						
Total state restricted revenues	500,000	NA	NA	(225,000)		
TO: SEC. 106.(4) CUSTOMER DELIVERY SERVICES						
Motorcycle safety education administration	650,600	386,200	264,400	225,000		
Funding source:						
Motorcycle safety and education awareness fund	300,000	300,000	0	225,000		

This request would transfer \$225,000 of state restricted contingency authorization to the Motorcycle Safety Education Administration line item to expand the department's media campaign on motorcycle safety and dangerous intersections to the Lansing and Kalamazoo areas. The transfer of contingency authorization would provide for the use of a portion of the balance of the Motorcycle Safety and Education Awareness Fund that has grown over the past several years from unexpended balances carrying forward. A balance of \$623,800 carried forward from FY 2021-22 to FY 2022-23. Motorcycle Safety and Education Awareness Fund receives a portion of driver's license motorcycle endorsement renewal fees. State restricted contingency funds are available in accordance with 2022 PA 166, Article 5, Section 701(2).

LEGISLATIVE TRANSFER

BUDGET AREA: **TRANSPORTATION**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$20,000,000**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **William E. Hamilton**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/2/23	BALANCE AVAILABLE AS OF 6/2/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
FROM: SEC. 107. DESIGN AND ENGINEERING SERVICES						
System operations management	58,869,000	46,845,900	12,023,100	(9,000,000)		
Funding source:						
Federal aid, transportation programs, STF, FHWA	19,029,800	6,308,800	12,721,000	(9,000,000)		
Program development and delivery	106,322,500	59,340,100	46,982,400	(1,000,000)		
Funding source:						
Federal aid, transportation programs, STF, FHWA	4,500,000	3,154,400	1,345,600	(1,000,000)		
SEC. 109. ROAD AND BRIDGE PROGRAM						
State trunkline federal aid and road and bridge construction	1,661,869,600	NA	NA	(10,000,000)		
Funding source:						
State trunkline fund	428,563,500	NA	NA	(10,000,000)		
TO: SEC. 107. DESIGN AND ENGINEERING SERVICES						
System operations management	58,869,000	46,845,900	12,023,100	9,000,000		
Funding source:						
State trunkline fund	35,651,600	37,136,300	(1,484,700)	9,000,000		

LEGISLATIVE TRANSFER

BUDGET AREA: **TRANSPORTATION**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$20,000,000 (Continued)**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **William E. Hamilton**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/2/23	BALANCE AVAILABLE AS OF 6/2/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
TO: SEC. 107. DESIGN AND ENGINEERING SERVICES						
Program development and delivery	106,322,500	59,340,100	46,982,400	1,000,000		
Funding source:						
State trunkline fund	96,459,200	54,253,200	42,206,000	1,000,000		
 SEC. 109. ROAD AND BRIDGE PROGRAM						
State trunkline federal aid and road bridge construction	1,661,869,600	NA	NA	10,000,000		
Funding source:						
Federal aid, transportation programs STF, FHWA	1,185,230,900	NA	NA	10,000,000		

Historically, a portion of Michigan Department of Transportation Design & Engineering staffing costs have been charged to capital projects funded in the State Trunkline Road and Bridge Construction line item. However, an increasing share of those costs can no longer be allocated to federal aid eligible projects. This transfer addresses this problem. This transfer would shift federal and state restricted State Trunkline Fund (STF) revenue between operating line items within the Design and Engineering Services appropriation unit and the capital State Trunkline Road and Bridge Construction line item. Specifically, the transfer would shift \$10.0 million in federal-aid authorization from Design and Engineering Services lines to the capital State Trunkline Road and Bridge Construction line item. At the same time, the transfer would shift \$10.0 million in STF spending authorization from the State Trunkline Road and Bridge Construction line item to Design and Engineering Services line items.

The net effect of the transfer is \$0 – both in total and with respect to the line items affected. The transfer simply adjusts the sources of funding between line items – federal aid and STF. The Governor's proposed FY 2023-24 budget includes a similar realignment of fund sources between Design and Engineering operating line items and the capital State Trunkline Road and Bridge Construction line item. These adjustments affect only the internal structure of the budget and not actual funds available for the capital trunkline road and bridge construction program.

LEGISLATIVE TRANSFER

BUDGET AREA: **TRANSPORTATION**
 FISCAL YEAR: **2022-23**
 TRANSFER AMOUNT: **\$20,000,000**

S.B.O. LETTER: **3/23/23**
 S.B.O. REQUEST: **2023-3**
 ANALYST: **William E. Hamilton**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/2/23	BALANCE AVAILABLE AS OF 6/2/23	GOV'S REC. 3/23/23	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 166 of 2022, ARTICLE 13 SEC. 210(1)						
Contingency authorization	40,000,000	0	40,000,000	20,000,000		
Funding source:						
Total federal revenues	40,000,000	0	40,000,000	20,000,000		
SEC. 117(2) AIRPORT IMPROVEMENT PROGRAMS						
Airport safety, protection, and improvement program	160,461,900	NA	NA	20,000,000		
Funding source:						
Federal aid, transportation programs, aero, FAA	135,000,000	NA	NA	20,000,000		

This transfer shifts \$20.0 million of federal contingency authorization to the Airport Safety, Protection, and Improvement line item. The increase in federal spending authority is primarily to recognize additional federal funds available to Michigan airports through the Congressionally directed Community Programs: \$12.8 million is the total of four congressional earmarks for specific airport projects:

- Kalamazoo/Battle Creek International Airport, \$1.5 million
- Grand Rapids (Gerald R. Ford International Airport), \$1.3 million
- Lansing (Capital Region International Airport), \$8.2 million
- Big Rapids (Roben-Hood Airport), \$1.8 million

The remaining \$7.2 million of the increase represents the Michigan Department of Transportation's estimate of competitively awarded funding to Michigan from recently announced increases of supplemental discretionary funding available from the Federal Aviation Administration.