



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

CHRISTOPHER M. HARKINS
DIRECTOR

October 26, 2022

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

The Honorable Mary Whiteford, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Legislative Transfer Request 2022-8

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>
Corrections	\$13,046,000
Health and Human Services	\$137,425,000
Military and Veterans Affairs	\$62,000
School Aid	\$45,000,000
Treasury	\$102,875
Total	\$195,635,875

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
Heather Boyd, Office of Financial Management
Internal State Budget Office

Legislative Transfer

Letter # 2022-8

Corrections**FROM: CORRECTIONAL FACILITIES**

Special alternative incarceration program - Jackson	22640		(920,000)
State general fund/general purpose	1000	GFGP	(920,000)

TO: CORRECTIONAL FACILITIES ADMINISTRATION

Transportation	67800		920,000
State general fund/general purpose	1000	GFGP	920,000

This transfer will provide funding for higher than budgeted prisoner transportation costs due to staff retention premiums and higher fuel costs. Funding is available due to fewer court sentences to the Special Alternative Incarceration Program.

FROM: HEALTH CARE

Prisoner health care services	59250		(10,000,000)
State general fund/general purpose	1000	GFGP	(10,000,000)

TO: HEALTH CARE

Clinical complexes	36140		10,000,000
State general fund/general purpose	1000	GFGP	10,000,000

This transfer request will provide for higher than anticipated onsite clinical costs. Funding is available due to lower than budgeted offsite health care costs.

FROM: CORRECTIONAL FACILITIES

Alger Correctional Facility - Munising	22100		(258,900)
State general fund/general purpose	1000	GFGP	(258,900)

Baraga Correctional Facility - Baraga	22120		(352,300)
State general fund/general purpose	1000	GFGP	(352,300)

Carson City Correctional Facility - Carson City	22160		(408,500)
State general fund/general purpose	1000	GFGP	(408,500)

Gus Harrison Correctional Facility - Adrian	22340		(422,200)
State general fund/general purpose	1000	GFGP	(422,200)

Kinross Correctional Facility - Kincheloe	22380		(350,200)
State general fund/general purpose	1000	GFGP	(350,200)

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SIGMA

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Michigan Reformatory - Ionia	22460		(333,900)
State general fund/general purpose	1000	GFGP	(333,900)

TO: CORRECTIONAL FACILITIES

Macomb Correctional Facility - New Haven	22420		748,000
State general fund/general purpose	1000	GFGP	748,000

Thumb Correctional Facility - Lapeer	22680		624,000
State general fund/general purpose	1000	GFGP	624,000

Woodland Correctional Facility - Whitmore Lake	22720		754,000
State general fund/general purpose	1000	GFGP	754,000

This transfer request will support the payment of staff retention premiums at the Macomb, Thumb, and Woodland Correctional Facilities. Funding is available from facilities that had housing unit closures during the fiscal year.

Legislative Transfer

Letter # 2022-8

Health and Human Services

FROM: HEALTH SERVICES

Special Medicaid reimbursement	64900		(25,000)
Other state restricted revenues	1200	STRS	(25,000)

TO: HEALTH AND AGING SERVICES ADMINISTRATION

Health services administration	53000		25,000
Other state restricted revenues	1200	STRS	25,000

Each year, a portion of SNAF and physician adjustor revenue is provided to the Medical Services Administration line item to cover the cost of processing those payments. A portion of FY21 SNAF revenue was not included in the FY21 accrual and is therefore available in FY22. That increase pushes total available state restricted revenue above authorized amounts. This transfer increases authorization to allow expenditure of available revenue in this line.

FROM: BEHAVIORAL HEALTH SERVICES

Health homes	47100		(2,700,000)
Federal funds	3000	FDRL	(2,700,000)

TO: BEHAVIORAL HEALTH SERVICES

Federal mental health block grant	43750		2,700,000
Federal funds	3000	FDRL	2,700,000

This transfer Increases federal authorization in the Federal Mental Health Block Grant line to allow expenditure of available revenue on eligible costs in FY22. DHHS anticipates a payable of roughly \$5.9M in the FY22 accrual. Federal authority from the Health Homes line is available for transfer through lower than anticipated expenditures in FY22.

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(1,500,000)
State restricted contingency revenues	1441	STRS	(1,500,000)

TO: STATE PSYCHIATRIC HOSPITALS AND FORENSIC MENTAL HEALTH SERVICES

Caro Regional Mental Health Center - psychiatric hospital - adult	33450		1,500,000
Other state restricted revenues	1200	STRS	1,500,000

State Restricted revenue at Caro Hospital is expected to exceed authorization. This contingency fund transfer increases authorization to fully use available revenue in FY22. State restricted contingency funds are available in accordance with P.A. 87 of 2021, Article 6, section 210 (2).

Legislative Transfer

Letter # 2022-8

FROM: FIELD OPERATIONS AND SUPPORT SERVICES

Electronic benefit transfer (EBT)	41050		(1,500,000)
State general fund/general purpose	1000	GFGP	(1,500,000)
Public assistance field staff	44050		(1,500,000)
State general fund/general purpose	1000	GFGP	(1,500,000)

TO: FIELD OPERATIONS AND SUPPORT SERVICES

Contractual services, supplies, and materials	37830		3,000,000
State general fund/general purpose	1000	GFGP	3,000,000

This transfer requests \$1.5 million in General Fund from the Public Assistance Field Staff line and \$1.5 million in General Fund from the Electronic Benefits Transfer (EBT) line to the Contractual Services, Supplies and Materials line due to increased employment verification contract costs. The FY23 budget authorization for the Contractual Services, Supplies, and Materials line has been increased \$5.3 million for the increased contract costs. General Fund was available to transfer from the Public Assistance Field Staff and Electronic Benefits Transfer lines due to lower than anticipated expenditures in FY22.

FROM: CHILDREN'S SPECIAL HEALTH CARE SERVICES

Medical care and treatment	52850		(18,100,000)
Federal funds	3000	FDRL	(14,000,000)
State general fund/general purpose	1000	GFGP	(4,100,000)

HEALTH SERVICES

Adult home help services	30400		(2,500,000)
Federal funds	3000	FDRL	(1,792,000)
State general fund/general purpose	1000	GFGP	(708,000)

Federal Medicare pharmaceutical program	43700		(12,000,000)
State general fund/general purpose	1000	GFGP	(12,000,000)

Health plan services	47300		(18,000,000)
Federal funds	3000	FDRL	(15,168,000)
State general fund/general purpose	1000	GFGP	(2,832,000)

Healthy Michigan plan	47600		(28,000,000)
Federal funds	3000	FDRL	(25,200,000)
State general fund/general purpose	1000	GFGP	(2,800,000)

Legislative Transfer

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Medicare premium payments	53150		(8,000,000)
Federal funds	3000	FDRL	(5,734,400)
State general fund/general purpose	1000	GFGP	(2,265,600)

TO: HEALTH SERVICES

Ambulance services	31000		200,000
Federal funds	3000	FDRL	143,400
State general fund/general purpose	1000	GFGP	56,600

Home health services	48000		200,000
Federal funds	3000	FDRL	143,400
State general fund/general purpose	1000	GFGP	56,600

Hospice services	48250		10,000,000
Federal funds	3000	FDRL	7,168,000
State general fund/general purpose	1000	GFGP	2,832,000

Integrated care organizations	49450		2,000,000
Federal funds	3000	FDRL	1,433,600
State general fund/general purpose	1000	GFGP	566,400

Long-term care services	51950		24,000,000
Federal funds	3000	FDRL	17,203,200
State general fund/general purpose	1000	GFGP	6,796,800

Physician services	58600		35,000,000
Federal funds	3000	FDRL	20,659,400
State general fund/general purpose	1000	GFGP	14,340,600

School-based services	63450		15,000,000
Federal funds	3000	FDRL	15,000,000

Transportation	67805		200,000
Federal funds	3000	FDRL	143,400
State general fund/general purpose	1000	GFGP	56,600

This transfer adjusts Federal and General Fund authorization between physical health Medicaid and Children's Special Healthcare Services (CSHCS) program lines to align with the forecasted final expenditure from these lines for FY 2022. These adjustments are necessary to account for all payments made to Medicaid and CSHCS providers for services rendered in FY 2022.

Legislative Transfer

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FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(5,500,000)
State restricted contingency revenues	1441	STRS	(5,500,000)

TO: HEALTH SERVICES

Health plan services	47300		1,000,000
Quality assurance assessment tax	1902	STRS	1,000,000
Healthy Michigan plan	47600		500,000
Quality assurance assessment tax	1902	STRS	500,000
Long-term care services	51950		4,000,000
Quality assurance assessment tax	1902	STRS	4,000,000

This transfer request shifts \$5.5 million in state restricted authority to the Health Plan Services, Healthy Michigan Plan, and Long-Term Care Services appropriations. This authority will be necessary if collected or accrued QAAP tax revenue is higher than anticipated. QAAP tax accruals will not be finalized until early-December. State restricted contingency funds are available in accordance with PA 87 of 2021, Article 6, Sec. 210 (2).

FROM: BEHAVIORAL HEALTH SERVICES

Medicaid mental health services	52700		(31,000,000)
Federal funds	3000	FDRL	(19,000,000)
State general fund/general purpose	1000	GFGP	(12,000,000)

TO: BEHAVIORAL HEALTH SERVICES

Certified community behavioral health clinic demonstration	33935		31,000,000
Federal funds	3000	FDRL	19,000,000
State general fund/general purpose	1000	GFGP	12,000,000

This transfer provides the Certified Community Behavioral Health Clinics (CCBHC) line with an additional \$31.0 million Gross / \$12.0 million General Fund. This is based upon preliminary information as the department will not receive final financial reporting for CCBHC services until November 1st.

The CCBHC demonstration expands behavioral health services to Medicaid and non-Medicaid individuals through supplemental payments. Supplemental payments are being made prospectively based on the anticipated number of eligible participants in each service area and the estimated number of daily visits. Reconciliation will be done annually to the true number of daily visits. An accrual or lapse will be determined from this reconciliation.

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FROM: BEHAVIORAL HEALTH SERVICES

Autism services	31650		(1,100,000)
Federal funds	3000	FDRL	(800,000)
State general fund/general purpose	1000	GFGP	(300,000)
Medicaid mental health services	52700		(6,000,000)
Federal funds	3000	FDRL	(6,000,000)

TO: BEHAVIORAL HEALTH SERVICES

Healthy Michigan plan - behavioral health	47620		6,000,000
Federal funds	3000	FDRL	6,000,000
Medicaid substance use disorder services	52800		1,100,000
Federal funds	3000	FDRL	800,000
State general fund/general purpose	1000	GFGP	300,000

This transfer shifts Federal and General Fund between behavioral health Medicaid lines to align to forecasted final expenditures in these lines for FY 2022. The transfer is necessary to address small differences in the distribution of Medicaid behavioral health costs from what was forecasted in the Medicaid caseload consensus in May of this year.

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Military and Veterans Affairs

FROM: MICHIGAN VETERANS AFFAIRS AGENCY

Veterans service grants	68750		(62,000)
State general fund/general purpose	1000	GFGP	(62,000)

TO: MICHIGAN VETERANS AFFAIRS AGENCY

Michigan veterans affairs agency administration	54350		62,000
State general fund/general purpose	1000	GFGP	62,000

This request transfers \$62,000 in General Fund authorization from the Veterans Service Grants line to the Michigan Veterans Affairs Agency Administration line to support costs for the development of a grant management system. Spending authority is available in the Veterans Service Grants line due to the grantee not having earned the full amount available.

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Letter # 2022-8

School Aid

FROM: SCHOOL AID ONE-TIME APPROPRIATIONS

Year round schools - foundation allowance	TS70045		(45,000,000)
School aid fund	1122	STRS	(45,000,000)

TO: SCHOOL AID

Special education foundations	S64660		10,000,000
School aid fund	1122	STRS	10,000,000
Special education Headlee	S64670		35,000,000
School aid fund	1122	STRS	35,000,000

This transfer request moves \$45 million from available one-time funding set aside for foundation allowance bonus payments for districts providing year-round school (Sec. 31y) and uses this amount to offset higher than anticipated special education costs.

Final special education costs and transportation costs were submitted by districts at the end of September. These costs grew by 7.3% and 22% over prior year costs. At the May Consensus Revenue Estimating Conference, growth was projected at 3.4% and at 7.3%. The state is required to reimburse 28.6% of special education costs and 70.4% of special education transportation costs.

After the transfer, \$15 million remains available for year-round school payments.

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Legislative Transfer

Letter # 2022-8

Treasury

FROM: REVENUE SHARING

City, village, and township revenue sharing	23100		(102,875)
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Sales tax	1411	STRS	(102,875)
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TO: REVENUE SHARING

Financially distressed cities, villages, or townships	23300		102,875
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Sales tax	1411	STRS	102,875
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This transfer will make unexpended City, Village, and Township Revenue Sharing (CVTRS) funds available for expenditure under the program for Financially Distressed Cities, Villages, or Townships (FDCVT), in accordance with boilerplate section 952(5) of 2021 PA 87. There were no funds remaining in the County Incentive Program (CIP) to transfer for fiscal year 2022.

CVTRS funds are available due to eligible units not qualifying for some or all of their payments. The FDCVT grant program supports grant funding to cities, villages, or townships with one or more conditions that indicate probable financial distress to pay for specific projects, services, or strategies that move a local unit toward financial stability. This transfer is requested as part of fiscal year 2022 book closing. Consistent with prior years, these transfer amounts should not be rounded.