

MEMORANDUM



DATE: June 14, 2022
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2022-4

Attached are legislative transfers proposed by the State Budget Office in a letter dated June 2, 2022. 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. This transfer package will be considered by the House Appropriations Committee on Wednesday, June 15, 2022.

There are two basic types of legislative transfers, which have different effects on the overall level of appropriations in the 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 \$100.8 million, which will increase the FY 2021-22 year-to-date state budget by 0.13%.

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



Mary Ann Cleary, Director
Viola Bay Wild, Transfer Coordinator
Compiled by Tumai Burris, Budget Assistant

Summary Sheet

SBO LETTER: 2022-4
June 2, 2022

Department	Analyst	Page	Total Transfer
Labor and Economic Growth	Viola Bay Wild	1	\$100,800,000
Total			\$100,800,000

2022-4 Legislative Transfers

Budget	Year-to-Date Total Approps	Contingency Fund Transfers (Increases Budget)							% Budget Increased
		IDG	Federal	Local	Private	Restricted	GF/GP	TOTAL	
Labor and Economic Opportunity	4,426,922,600					100,800,000		100,800,000	2.28%
TOTAL*	\$78,208,313,400	\$0	\$0	\$0	\$0	\$100,800,000	\$0	\$100,800,000	0.13%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **LABOR AND ECONOMIC DEVELOPMENT**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$100,800,000**

S.B.O. LETTER: **6/2/22**
 S.B.O. REQUEST: **2022-4**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 6/14/22	BALANCE AVAILABLE AS OF 6/14/22	GOV'S REC. 6/2/22	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 87 OF 2021, ARTICLE 5 SEC. 980(2)						
Contingency funds	338,900,000	NA	NA	(100,800,000)		
Funding source:						
Total state restricted revenues	338,900,000	NA	NA	(100,800,000)		
TO: SEC. 109(12). ONE-TIME APPROPRIATIONS						
Critical industry program	600,000,100	0	600,000,100	100,800,000		
Funding source:						
Strategic outreach and attraction reserve fund	600,000,100	0	600,000,100	100,800,000		

This transfer provides \$100.8 million in state restricted contingency authorization to the Critical Industry Program (CIP) pursuant to Sec. 301 of 2021 PA 132. Funds are transferred to the Critical Industry Program for an investment project involving Ford Motor Company. Funding is available in the Strategic Outreach and Attraction Reserve Fund (SOAR), created in 2021 PA 137, and capitalized in 2021 PA 132. After the previous SOAR transfer (Transfer Request 2022-1 approved in March 2022), there is \$333.9 million restricted funding remaining in the fund. This transfer is in compliance with the statutory requirements for the use and expenditure of the SOAR fund in its enacting legislation.

The Michigan Strategic Fund (MSF) Board approved performance-based incentives for the project on June 2, 2022. The project secures an up to \$1.16 billion capital investment in Michigan by Ford Motor Company to increase capacity to produce new battery electric vehicles, make capital investments to existing internal combustion engine manufacturing, and construct a new packaging facility. According to the MSF, it is estimated that these investments will create a minimum of 3,030 jobs in Michigan. The \$100.8 million transfer to the CIP will support investments at the following five sites (four existing and one new site): Rouge Electrical Vehicle Center, Michigan Assembly Plant, Monroe Packaging Center (new), Rawsonville Plant, and Livonia Transmission.