

MEMORANDUM



DATE: December 10, 2024
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2025-3

Attached are legislative transfers proposed by the State Budget Office in a letter dated December 10, 2024. 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 that 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 a broad category of funding (federal, restricted, etc.) between the line items.


A **contingency authorization 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 becomes available after the budget is enacted. Absent the contingency authorization transfer mechanism, this type of budget adjustment would be made through a supplemental appropriation bill.

As shown in the attached table, contingency authorization transfers in this package total \$127.7 million, which will increase the FY 2024-25 total year-to-date state budget by 0.15%.

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 Compiled by Tumai Burris, Budget Assistant</p>	<p>Summary Sheet</p> <p>SBO LETTER: 2025-3 December 10, 2024</p>		
Department	Analyst	Page	Total Transfer
Labor and Economic Opportunity	Marcus Coffin	1-2	\$127,700,000
Total			\$127,700,000

2025-3 Legislative Transfer

Budget	Year-to-Date Total Approps	Contingency Authorization Transfers (Increases Budget)						% Budget Increased	
		IDG	Federal	Local	Private	Restricted	GF/GP		TOTAL
Labor and Economic Opportunity	2,421,794,500					127,700,000		127,700,000	5.27%
TOTAL*	\$82,641,538,300	\$0	\$0	\$0	\$0	\$127,700,000	\$0	\$127,700,000	0.15%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **LABOR AND ECONOMIC OPPORTUNITY**
 FISCAL YEAR: **2024-25**
 TRANSFER AMOUNT: **\$27,700,000**

S.B.O. LETTER: **12/10/24**
 S.B.O. REQUEST: **2025-3**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 12/10/24	BALANCE AVAILABLE AS OF 12/10/24	GOV'S REC. 12/10/24	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 121 OF 2024, ARTICLE 9, SEC. 210(2)						
Contingency authorization	560,000,000	NA	NA	(27,700,000)		
Funding source:						
Total state restricted revenues	560,000,000	NA	NA	(27,700,000)		
TO: SEC. 109. STRATEGIC OUTREACH AND ATTRACTION RESERVE						
Critical industry program	100	0	100	27,700,000		
Funding source:						
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	100	0	100	27,700,000		

This transfer would provide \$27.7 million of state restricted contingency authorization to the Critical Industry Program (CIP), in accordance with Article 9, Sec. 210(2) of 2024 PA 121. Funds would be transferred into the CIP to support a grant to the Detroit Diesel Corporation to modernize and enhance its plant by maintaining existing production capacity while expanding and equipping the company to manufacture electric components for medium and heavy-duty electric trucks. The Michigan Strategic Fund (MSF) Board approved performance-based incentives for this project on December 10, 2024. The project is projected to secure up to \$285 million in capital investment in Redford Charter Township, Wayne County, and to preserve more than 2,000 jobs at the facility while creating up to 436 new hourly and salaried positions.

Revenue to support this transfer is available from the Strategic Outreach and Attraction Reserve Fund (SOAR). This transfer is in compliance with the statutory requirements for the use and expenditure of the SOAR Fund in its enacting legislation. Two separate SOAR transfers of \$50 million and \$120 million requested on December 3, 2024 (transfer letter 2025-2), are pending with the legislature. In addition, this transfer request includes a separate SOAR transfer of \$100 million that has also been requested. If all transfers are approved, there would be \$406.4 million remaining in the SOAR Fund to support future transfers.

LEGISLATIVE TRANSFER

BUDGET AREA: **LABOR AND ECONOMIC OPPORTUNITY**
 FISCAL YEAR: **2024-25**
 TRANSFER AMOUNT: **\$100,000,000**

S.B.O. LETTER: **12/10/24**
 S.B.O. REQUEST: **2025-3**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 12/10/24	BALANCE AVAILABLE AS OF 12/10/24	GOV'S REC. 12/10/24	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 121 OF 2024, ARTICLE 9, SEC. 210(2)						
Contingency authorization	560,000,000	NA	NA	(100,000,000)		
Funding source:						
Total state restricted revenues	560,000,000	NA	NA	(100,000,000)		
TO: SEC. 109. STRATEGIC OUTREACH AND ATTRACTION RESERVE						
Michigan strategic site readiness program	100	0	100	100,000,000		
Funding source:						
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	100	0	100	100,000,000		

This transfer would provide \$100 million of state restricted contingency authorization to the Michigan Strategic Site Readiness Program (MSSRP), in accordance with Article 9, Sec. 210(2) of 2024 PA 121. Funds would be transferred into the MSSRP to support a grant to the University of Michigan for site development, construction, and other related eligible activities under the MSSRP necessary to construct at least two state-of-the-art advanced computing facilities in Ypsilanti, Michigan. One of the facilities would be utilized primarily by the university and it is anticipated the other would be used by Los Alamos National Laboratory (LANL) for advanced research. The MSF Board approved the MSSRP performance-based grant for this project on December 10, 2024. The total cost of the project is projected to exceed \$1.2 billion and is expected to become fully operational by 2030. The development of the project is expected to create highly skilled federal research lab positions and to provide an opportunity for out-of-state companies that are interested in partnering with LANL or the university.

Revenue to support this transfer is available from the Strategic Outreach and Attraction Reserve Fund (SOAR). This transfer is in compliance with the statutory requirements for the use and expenditure of the SOAR Fund in its enacting legislation. Two separate SOAR transfers of \$50 million and \$120 million requested on December 3, 2024 (transfer letter 2025-2), are pending with the legislature. In addition, this transfer request includes a separate SOAR transfer of \$27.7 million that has also been requested. If all transfers are approved, there would be \$406.4 million remaining in the SOAR Fund to support future transfers.