

MEMORANDUM



DATE: February 22, 2022
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2022-1

Attached are legislative transfers proposed by the State Budget Office in a letter dated January 25, 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, February 23, 2022.

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.

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 \$666.1 million, which will increase the FY 2021-22 year-to-date state budget by 0.92%.

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: 2022-1
January 25, 2022

Department	Analyst	Page	Total Transfer
Labor and Economic Opportunity	Viola Wild	1	\$666,100,000
Total			\$666,100,000

2022-1 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	3,250,153,600					666,100,000		666,100,000	20.49%
TOTAL*	\$72,137,149,100	\$0	\$0	\$0	\$0	\$666,100,000	\$0	\$666,100,000	0.92%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **LABOR AND ECONOMIC OPPORTUNITY**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$666,100,000**

S.B.O. LETTER: **1/25/22**
 S.B.O. REQUEST: **2022-1**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 2/8/22	BALANCE AVAILABLE AS OF 2/8/22	GOV'S REC. 1/23/22	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 87 OF 2021 SEC. 980 (2)						
Contingency funds	1,005,000,000	NA	NA	(666,100,000)		
Funding sources:						
Total state restricted revenues	1,005,000,000	NA	NA	(666,100,000)		
TO: SEC. 109. (12) ONE-TIME APPROPRIATIONS						
Critical industry program	100	0	100	600,000,000		
Funding source:						
Strategic outreach and attraction reserve fund	100	0	100	600,000,000		
Michigan strategic site readiness program	100	0	100	66,100,000		
Funding source:						
Strategic outreach and attraction reserve fund	100	0	100	66,100,000		

This transfer provides \$666.1 million in state restricted contingency authorization to the Critical Industry Program (CIP) and the Michigan Strategic Site Readiness Program (SSRP) pursuant to Sec. 301 of 2021 PA 132. Funds are transferred into the Critical Industry Program (\$600.0 million) and the Michigan Strategic Site Readiness Program (\$66.1 million) in support of a transformational investment project involving General Motors LLC, Ultium Cells LLC, and the Lansing Economic Area Partnership (LEAP). Revenue to support this transfer is available in the Strategic Outreach and Attraction Reserve Fund (SOAR), created in 2021 PA 137, and capitalized in 2021 PA 132. 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 Board approved performance-based incentives for the aforementioned project on January 25, 2022. The project secures up to \$6.5 billion investment in Michigan by General Motors and LG Energy Solution (through its Ultium Cells LLC joint venture) for their all-electric vehicle future. It is estimated that the project will create between 3,200 – 4,000 jobs in Michigan. The \$600.0 million transfer to the CIP and other incentives will support the expansion /construction at 2 manufacturing sites: 1) a General Motors site expansion (totaling over 3 million square feet) to increase electric vehicle manufacturing capacity in Orion Township, Oakland County; 2) an Ultium Cells construction of a new high volume battery cell manufacturing facility (approximately 2.5 million square feet) in the City of Lansing in Delta Township. The \$66.1 million transfer to the SSRP will support infrastructure investments coordinated by LEAP, including electrical, water, sewer and wastewater upgrades, for the new Lansing facility.