

SENATE FISCAL AGENCY
MEMORANDUM



DATE: September 19, 2022
TO: Members of the Senate Appropriations Committee
FROM: Cory Savino, Transfer Coordinator
RE: FY 2021-22 Legislative Transfer Request 2022-5

The Management and Budget Act (Public Act 431 of 1984) provides for two types of transfers: administrative and legislative. **Administrative transfers** allow adjustments for cost and price, certain fund sources, and for court judgments. Administrative transfers go into effect 30 days following the request unless the Senate or the House Appropriations Committee disapproves them. **Legislative transfers** are transfers within departments that are more substantive than the cost and price variations that are allowed under administrative transfers. There are two kinds of legislative transfers: "standard" and "contingency fund". **Standard** legislative transfers shift line-item authorization between existing line items in a department to reflect changes in either expenditures or funding sources, and do not change the total appropriation for the department.

The second kind of legislative transfer is a **contingency fund** transfer which is authorized in the boilerplate of individual departments' annual appropriation bills. A contingency fund transfer moves authorization from the boilerplate section of an appropriation bill to the line-item section in Part 1 of the bill to recognize additional Federal, private, local, or State restricted revenue that has become available since the initial enactment of the budget. Contingency fund transfers increase the total appropriation for a department. The total amount of contingency fund transfers is capped in the boilerplate at a specific amount for each fund source, and the funds cannot be expended until additional funds are actually available and have been transferred to a Part 1 line-item using the legislative transfer process created under Section 393(2) of the Management and Budget Act.

You should have received **Legislative Transfer Request 2022-5** dated September 7, 2022, from the State Budget Office. The requested transfer will require approval of identical amounts by both the House and Senate Appropriations Committees before taking effect. The transfer request would affect the following budget area:

<u>Department/Budget Area</u>	<u>Amount</u>	<u>Fiscal Analyst</u>
Labor and Economic Opportunity	\$27,000,000	Josh Sefton
Total	\$27,000,000	

The Senate Fiscal Agency analysis of the September 7, 2022, transfer request is attached. This transfer is on the agenda for the September 20, 2022, Senate Appropriations Committee meeting.

If you have questions on this transfer, please contact the fiscal analyst assigned to the budget area, or you may contact me at 373-2768 or CSavino@senate.michigan.gov

/nlf

Attachment

c: Scott Jones, Senate Appropriations Committee Clerk
Tom Davis, Senate Majority Policy Office
David Ettinger, Senate Democratic Staff Office
Viola Wild, House Fiscal Agency



FY 2021-22 LEGISLATIVE TRANSFER PACKAGE

Department/Budget Area	FY 2021-22 Year-to-Date Gross Appropriation	Contingency Transfer Amount	Standard Transfer Amount	Total Transfer Amount	Page Number	Transfer Percent of Y-T-D Gross
Labor and Economic Opportunity	\$4,470,763,000	\$27,000,000	\$0	\$27,000,000	1	0.6%
Total	\$4,470,763,000	\$27,000,000	\$0	\$27,000,000		0.6%

Year-to-Date (YTD) Gross Appropriation Total represents all department budgets.

FY 2021-22 CONTINGENCY TRANSFER FUND SOURCES

Department/Budget Area	Inter- Departmental Grants	Federal	Local/ Private	State Restricted	Total Contingency Transfer Amount	Percent Increase of Y-T-D Gross
Labor and Economic Opportunity	\$0	\$0	\$0	\$27,000,000	\$27,000,000	0.6%
Total	\$0	\$0	\$0	\$27,000,000	\$27,000,000	0.6%

YTD as of July 28, 2022

State Budget Office Request 2022-5, September 7, 2022

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2022-5

BUDGET AREA: Labor and Economic Opportunity

FISCAL YEAR: 2021-22

TRANSFER ITEMS	Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
		GOV.'S REC.	SENATE ACTION	HOUSE ACTION

TOTAL TRANSFER REQUEST: \$ 27,000,000

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	238,100,000	(27,000,000)
State restricted contingency revenues	238,100,000	(27,000,000)

TO: ONE-TIME APPROPRIATIONS

Michigan strategic site readiness program	66,100,100	27,000,000
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	66,100,100	27,000,000

This transfer would provide \$27.0 million in state restricted contingency authorization to the Strategic Site Readiness Program (SSRP) pursuant to Sec. 301 of PA 132 of 2021. Funds would be transferred to the Strategic Site Readiness Program in support of a grant to Thomas Township, Saginaw County for a transformational investment project involving Hemlock Semiconductor Operations (HSC). Revenue to support this transfer is available in the Strategic Outreach and Attraction Reserve Fund (SOAR), created in PA 137 of 2021, and capitalized in PA 132 of 2021. After the previously approved SOAR transfers from March and June 2022, there is \$233.1 million 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 Board approved performance-based incentives for the aforementioned project on September 7, 2022. The grant to Thomas Township would help to secure an investment of up to \$375.0 million by HSC, the longest operating, and only domestically headquartered manufacturer of polysilicon in the world. This capital investment would create up to 170 new jobs in Thomas Township, Saginaw County. The \$27.0 million transfer to the SSRP would support the expansion of sanitary sewer infrastructure capacity in Thomas Township and Saginaw Township, which are necessary to facilitate HSC's planned capital investments. These infrastructure upgrades would include the construction of two sanitary sewer lift stations, and five miles of force and gravity sewer main, as well as upgrades to the wastewater treatment plant in Saginaw Township, which provides wastewater treatment services to Thomas Township under contract.