



Senate Fiscal Agency
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House Bill 4082 (as discharged)
Sponsor: Representative Ben Frederick
House Committee: Appropriations
Senate Committee: Appropriations (discharged)

Date Completed: 12-14-21

CONTENT

The bill would limit the power of the State Administrative Board to transfer funding between appropriations line items.

The Management and Budget Act grants the power to transfer funding between or among line items to the House and Senate Appropriations Committees and the State Budget Office. If all three entities agree to a transfer of identical amounts between or among line items, the funding is transferred.

An older statute governing the State Administrative Board grants a similar power to transfer between or among line items to the State Administrative Board. This State Administrative Board power was used by former Governor John Engler in 1991 and current Governor Gretchen Whitmer in 2019, with approval of the Board, to adjust line items without the Legislature enacting a supplemental bill or the Appropriations Committees approving legislative transfers.

The bill would remove language added to the State Administrative Board statute in Public Act 161 of 2019. That language bars appropriations transfers by the Board unless the State Budget Director has submitted the proposed appropriations transfers to the Appropriations Committees under the legislative transfer process outlined in the Management and Budget Act and at least six legislative session days or 30 calendar days have passed without approval by the Appropriations Committee.

The Public Act 161 of 2019 language would be replaced by language limiting the size of any State Administrative Board appropriations transfers, whether an increase or a decrease in a line, to 3.0% of the line item's appropriation or \$125,000, whichever were greater. The bill also would limit the aggregate impact of State Administrative Board transfers on any line item to no more than a \$200,000 increase or decrease. The bill would allow for larger transfers if those transfers were approved by the House and Senate Appropriations Committees.

The net effect would be to greatly limit the ability of the State Administrative Board to transfer funding between line items. To illustrate the impact of the bill, the vast majority of the State Administrative Board transfers that were approved in October 2019 would not be allowed under this legislation.

MCL 17.3

FISCAL IMPACT

The legislation would not have a specific fiscal impact because all State Administrative Board transfers that could be done under the State Administrative Board statute still could be implemented via the legislative transfer process or through passage of a supplemental appropriations bill. The legislation would significantly limit the ability of the State Administrative Board to make line-item adjustments without involvement of the Legislature.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.