

FY 2008-09 SUPPLEMENTAL APPROPRIATIONS
American Recovery and Reinvestment Act
Summary: As Passed by the House
Senate Bill 95 (H-1)



HFA Director: Mitchell E. Bean
 Supplemental Coordinator: Kyle I. Jen

	Executive*		Senate		House	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Community Health	(\$3,078,300)	(\$848,667,400)	(\$3,228,300)	(\$848,667,400)	(\$3,078,300)	(\$848,667,400)
Energy, Labor, Econ Growth	11,825,000	0	0	0	11,825,000	0
Human Services	33,944,500	(14,967,900)	12,994,500	(14,967,900)	12,994,500	(14,967,900)
Natural Resources	2,692,000	0	2,692,000	0	2,692,000	0
Transportation	8,846,000	0	0	0	8,846,000	0
TOTAL	\$54,229,200	(\$863,635,300)	\$12,458,200	(\$863,635,300)	\$33,279,200	(\$863,635,300)

*Reflects all pending State Budget Office letters requesting appropriation of funds to be received under American Recovery and Reinvestment Act.

OVERVIEW

As of September 16, 2009, FY 2008-09 supplemental appropriation requests from the State Budget Office (SBO) for funds to be received under the ARRA totaling \$1.04 billion are pending before the Legislature. A reduction of \$863.6 million in GF/GP appropriations in the Community Health and Human Services budgets is associated with these requests, reflecting an increase in Michigan's federal Medicaid FMAP rate for the current fiscal year.

The House-passed version of Senate Bill 95 contains all pending ARRA requests, except for a portion (\$21.0 million) of a request related to Federal Child Care and Development Funds in the Human Services budget (see item 8 below).

Boilerplate language included in the bill would (1) state that ARRA funds are temporary in nature, (2) appropriate any additional funds awarded to Michigan through recalculation of formulas, (3) provide for the carry-forward of unexpended funds into FY 2009-10, and (4) require subrecipients of funds to comply with all applicable federal requirements.

The bill represents the seventh FY 2008-09 supplemental appropriations bill containing funds received under ARRA. To date, a total of \$3.7 billion in ARRA funds has been appropriated in the state budget.

FY 2008-09 Appropriation Items:

COMMUNITY HEALTH

1. ARRA Federal Medicaid FMAP Savings

As a result of the ARRA, Michigan's federal Medicaid FMAP rate for the current fiscal year is increased from 60.27% to 69.58% for the first two fiscal quarters and to 70.68% for the last two quarters. The result is that Medicaid funded services in FY 2008-09 will have greater federal financial participation which results in local, state restricted and GF/GP savings. These local, state restricted and GF/GP reductions are identified in various Medicaid, Mental Health, and Children's Special Health Care Services appropriation lines. (6/10/09 SBO letter)

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	(\$3,228,300)	(\$3,228,300)	(\$3,228,300)
Federal	965,700,600	965,700,600	965,700,600
Local	(3,308,300)	(3,308,300)	(3,308,300)
Restricted	(116,953,200)	(116,953,200)	(116,953,200)
GF/GP	(\$848,667,400)	(\$848,667,400)	(\$848,667,400)

FY 2008-09 Appropriation Items:**2. Ambulatory Surgical Centers - ARRA**

Recognizes federal revenues received from competitive grants authorized under ARRA to improve the quality of health care provided in ambulatory surgical centers. Funds will be used to examine Michigan centers compliance with Medicare health and safety standards particularly as they relate to health care associated infections and steps taken to prevent those infections. (9/10/09 SBO letter)

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	\$150,000	--	\$150,000
Federal	150,000	--	150,000

ENERGY, LABOR, AND ECONOMIC GROWTH**3. ARRA State Energy Efficient Appliance Rebate Program**

The ARRA provides \$300.0 million for the State Energy Efficient Appliance Rebate Program established in Section 124 of the Energy Policy Act of 2005, 42 USC 15821. (This is the first year funding has been made.) Funds are to be used to provide consumers with a rebate for the purchase of a energy efficient household appliance. Funds will be used for certain dishwashers, refrigerators, oil furnaces, propane furnaces, propane hot water heaters, and solar hot water heaters. Federal portion of administrative costs total \$350,000, with another \$350,000 in state funds for administration. .

Gross	\$9,600,000	--	\$9,600,000
Federal	9,600,000	--	9,600,000

4. ARRA State Energy Assurance Initiative

The ARRA provides \$40.0 million in formula grants to states for the Enhancing State Government Energy Assurance Capabilities and Planning for Smart Grid Resiliency Initiative to assist states in developing plans to integrate new energy portfolios (renewable energy, etc) and new applications (such as the Smart Grid), in energy assurance and emergency preparedness plans. The Bureau of Energy Systems will work with the Public Service Commission and the State Police to update emergency response plans, enhance the agencies' ability to quantify the impact of energy disruptions, train staff, and conduct emergency planning exercises.

Gross	\$1,120,000	--	\$1,120,000
Federal	1,120,000	--	1,120,000

5. ARRA State Electricity Regulators Assistance

The ARRA provides \$46.0 million in formula grants to state utility regulatory commissions to enhance their regulatory capacity to implement a number of electricity-related initiatives under the act. Funds may be used by states "to hire additional staff so they can ensure appropriate technical expertise will be dedicated to regulatory activities pertaining to ARRA electricity-related initiatives" including "energy efficiency, electricity-based renewable energy, energy storage, smart grid, electric and hybrid-electric vehicles, demand-response equipment, coal with carbon capture and storage, and transmission." Supports 6 limited-term employees.

FTE	6.0	--	6.0
Gross	\$1,005,000	--	\$1,005,000
Federal	1,005,000	--	1,005,000

6. ARRA Occupational Safety and Health

The ARRA provides \$3.75 million in grants to states with a OSHA State Plan (i.e. state, rather than federal jurisdiction) to assist states enhance enforcement resources to oversee sites and industries impacted by Recovery Act projects. MIOSHA will focus enforcement activities during the design and start-up stages of a project. Funds will also be used by MIOSHA to provide compliance assistance to small employers. Funds require a \$100,000 match, with funding available from the SET Fund.

Gross	\$100,000	--	\$100,000
Federal	100,000	--	100,000

HUMAN SERVICES**7. ARRA Federal Medicaid FMAP Savings**

As a result of the ARRA, Michigan's federal Medicaid FMAP rate for the current fiscal year is increased from 60.27% to 66.47%. The result is that federal IV-E funded services in FY 2008-09 will have greater federal financial participation which results in GF/GP savings. The programs that are funded with federal IV-E are foster care payments and adoption subsidies. (6/10/09 SBO letter)

Gross	\$0	\$0	\$0
Federal	14,967,900	14,967,900	14,967,900
GF/GP	(\$14,967,900)	(\$14,967,900)	(\$14,967,900)

FY 2008-09 Appropriation Items:**8. ARRA Federal Child Care and Development Funds**

As a result of the ARRA, Michigan will receive \$58.7 million in new federal child care and development funds (CCDF). This requested supplemental would appropriate \$28.3 million of new CCDF funds for the following purposes through fiscal year 2010-11: \$5.7 million for quality improvements, \$3.85 million to consolidate departmental pay percentages from 5 to 2, \$14.85 million to restore the day care provider rate cut in Executive Order 2009-22, and \$3.9 million to consolidate shelter areas I-IV into one shelter area. (6/23/09 SBO letter) Senate and House include \$5.7 million for quality improvements and \$1.65 million to restore the day care provider rate cut in EO 2009-22 through September 30, 2009.

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	\$28,300,000	\$7,350,000	\$7,350,000
Federal	28,300,000	7,350,000	7,350,000

9. ARRA AmeriCorps

Increases federal AmeriCorps competitive grant funding by \$1.5 million. This new federal revenue will be used to enhance volunteer service programs. This \$1.5 million is in addition to the \$967,000 in ARRA funding already appropriated in HB 4258 (2009 PA 7). (7/31/09 SBO letter)

Gross	\$1,488,400	\$1,488,400	\$1,488,400
Federal	1,488,400	1,488,400	1,488,400

10. ARRA Local Office Field Staff

Increases federal funding by \$1.3 million for local office staff and central support accounts to fund overtime costs resulting from an increase in food assistance applications and rising food assistance program caseloads. The ARRA allocates the State \$6.2 million in federal funding for food assistance administration funding for FY 2008-09. HB 4310 (2009 PA 64) appropriates \$2.0 million in federal ARRA food assistance administration funding for 200 limited term eligibility specialists and for food assistance outreach. (7/31/09 SBO letter)

Gross	\$1,331,100	\$1,331,100	\$1,331,100
Federal	1,331,100	1,331,100	1,331,100

11. ARRA On-line Food Assistance Applications

Increases federal funding by \$2.8 million to fund a new online food assistance application and changes to DHS information systems to comply with new federal reporting requirements. The ARRA allocates the State \$6.2 million in federal funding for food assistance administration funding for FY 2008-09. HB 4310 (2009 PA 64) appropriates \$2.0 million in federal ARRA food assistance administration funding for 200 limited term eligibility specialists and for food assistance outreach. (7/31/09 SBO letter)

Gross	\$2,825,000	\$2,825,000	\$2,825,000
Federal	2,825,000	2,825,000	2,825,000

NATURAL RESOURCES**12. ARRA Federal Funding Forest Pest Control**

Appropriates additional federal revenue made available as a result of the ARRA to combat invasive species through direct control efforts, statewide, to slow the spread of, or eradicate, invasive species statewide. The Department of Natural Resources will use contracts and department staff to restore high quality forest and natural communities, as well as create high value areas for wildlife, such as deer yards and elk meadows. (7/8/09 SBO letter)

Gross	\$2,692,000	\$2,692,000	\$2,692,000
Federal	2,692,000	2,692,000	2,692,000

TRANSPORTATION**13. ARRA Ferry Dock and Terminal Funding**

Appropriates additional federal revenue to the Local federal aid and road and bridge line item. Additional funds made available as a result of the ARRA through discretionary grant-application programs: \$7.1 million to the Detroit-Wayne County Port Authority for design and construction of an off-shore wharf and for additional space at passenger terminal facility at the Detroit City Dock; \$1.2 million to the Eastern Upper Peninsula Transportation Authority for various improvements to Ste. Mary's River Ferry system. (8/27/09 SBO letter)

Gross	\$8,314,500	--	\$8,314,500
Federal	8,314,500	--	8,314,500

FY 2008-09 Appropriation Items:**14. ARRA Bus Capital Grants**

Appropriates additional federal transit funds made available as a result of the ARRA. Funds made available to four transit systems, Battle Creek, Bay Metro, Saginaw Transit, and SMART to retrofit and refurbish eligible transit buses with demonstration hybrid technology installations. (8/27/09 SBO letter)

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	\$531,500	--	\$531,500
Federal	531,500	--	531,500

FY 2008-09 Boilerplate Items:**GENERAL****1. Temporary Nature of ARRA Funds**

States that ARRA funds are temporary in nature and that program funding levels and state employees supported by the funds will not be continued.

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
	Not Included	Sec. 203	Sec. 203

2. Boilerplate Appropriation of Additional Funds

Appropriates any additional ARRA funds awarded to Michigan through recalculation of formulas or under federal redistribution provisions; requires report to Legislature. (Multiple SBO letters)

Included	Sec. 210	Sec. 210
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3. Carry-Forward Authority

Provides for the carry-forward of unexpended ARRA funds into the succeeding fiscal year in conformance with Section 451a of the Management and Budget Act (work project provisions). (Multiple SBO letters)

Included	Sec. 211	Sec. 211
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4. Federal Requirements Incorporated by Reference

Requires subrecipients of ARRA funds appropriated to comply with all federal requirements regarding certification, assurances, accountability, and transparency. (Multiple SBO letters)

Included	Sec. 212	Sec. 212
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