

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



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Budget Area	Executive*		Senate		House	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Community Health	(\$3,228,300)	(\$848,667,400)	(\$3,228,300)	(\$848,667,400)		
Energy, Labor, & Econ Growth	11,825,000	0	0	0		
Human Services	33,944,500	(14,967,900)	12,994,500	(14,967,900)		
Natural Resources	2,692,000	0	2,692,000	0		
Transportation	8,846,000	0	0	0		
<b>TOTAL</b>	<b>\$54,079,200</b>	<b>(\$863,635,300)</b>	<b>\$12,458,200</b>	<b>(\$863,635,300)</b>		

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

**OVERVIEW**

As of August 27, 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 Senate-passed version of Senate Bill 95 contains all pending ARRA requests, except for the following:

- Requests totaling \$11.8 million in the Energy, Labor, and Economic Growth budget and \$8.8 million in the Transportation budget. (These requests were received following Senate committee action on the bill.)
- A portion (\$21.0 million) of a request related to Federal Child Care and Development Funds in the Human Services 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>
<b>Gross</b>	<b>(\$3,228,300)</b>	<b>(\$3,228,300)</b>	
Federal	965,700,600	965,700,600	
Local	(3,308,300)	(3,308,300)	
Restricted	(116,953,200)	(116,953,200)	
GF/GP	(\$848,667,400)	(\$848,667,400)	

**FY 2008-09 Appropriation Items:**

		<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>
<b>ENERGY, LABOR, AND ECONOMIC GROWTH</b>				
<b>2. ARRA State Energy Efficient Appliance Rebate Program</b>				
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. .	<b>Gross</b>	<b>\$9,600,000</b>	--	--
	Federal	9,600,000	--	--
<b>3. ARRA State Energy Assurance Initiative</b>				
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.	<b>Gross</b>	<b>\$1,120,000</b>	--	--
	Federal	1,120,000	--	--
<b>4. ARRA State Electricity Regulators Assistance</b>				
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	--	--
	<b>Gross</b>	<b>\$1,005,000</b>	--	--
	Federal	1,005,000	--	--
<b>5. ARRA Occupational Safety and Health</b>				
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.	<b>Gross</b>	<b>\$100,000</b>	--	--
	Federal	100,000	--	--
<b>HUMAN SERVICES</b>				
<b>6. ARRA Federal Medicaid FMAP Savings</b>				
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)	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	
	Federal	14,967,900	14,967,900	
	GF/GP	(\$14,967,900)	(\$14,967,900)	
<b>7. ARRA Federal Child Care and Development Funds</b>				
As a result of the ARRA, Michigan will receive \$58.7 million in new federal child care and development funds (CCDF). This 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) <u>Senate</u> includes \$5.7 million for quality improvements and \$1.65 million to restore the day care provider rate cut in EO 2009-22.	<b>Gross</b>	<b>\$28,300,000</b>	<b>\$7,350,000</b>	
	Federal	28,300,000	7,350,000	

**FY 2008-09 Appropriation Items:**

**8. 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)

	<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>
<b>Gross</b>	<b>\$1,488,400</b>	<b>\$1,488,400</b>	
Federal	1,488,400	1,488,400	

**9. 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)

<b>Gross</b>	<b>\$1,331,100</b>	<b>\$1,331,100</b>	
Federal	1,331,100	1,331,100	

**10. 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)

<b>Gross</b>	<b>\$2,825,000</b>	<b>\$2,825,000</b>	
Federal	2,825,000	2,825,000	

**NATURAL RESOURCES**

**11. 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)

<b>Gross</b>	<b>\$2,692,000</b>	<b>\$2,692,000</b>	
Federal	2,692,000	2,692,000	

**TRANSPORTATION**

**12. 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)

<b>Gross</b>	<b>\$8,314,500</b>	--	
Federal	8,314,500	--	

**13. 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)

<b>Gross</b>	<b>\$531,500</b>	--	
Federal	531,500	--	

**FY 2008-09 Boilerplate Items:**

**Executive**

**Senate**

**House**

**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.

Not Included

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

**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

**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