

FY 2008-09 SUPPLEMENTAL APPROPRIATIONS
Federal American Recovery and Reinvestment Act (Multidepartmental)
Summary: House Bill 4258 (H-1)
As Passed House



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

	Executive*		House		Senate	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Community Health	\$46,509,000	\$0	\$46,709,000	\$0		
Education	962,658,000	0	938,125,000	0		
Energy, Labor & Econ Growth	344,767,700	0	344,767,700	0		
Environmental Quality	248,600,000	0	248,600,000	0		
History, Arts & Libraries	350,000	0	350,000	0		
Human Services	435,041,900	0	435,041,900	0		
Management and Budget	2,000,000	0	2,000,000	0		
Military & Veterans Affairs	7,850,000	0	7,850,000	0		
State Police	1,000,000	0	1,000,000	0		
Treasury	9,300,000	0	9,300,000	0		
TOTAL	\$2,058,076,600	\$0	\$2,033,743,600	\$0		

*Reflects requests from SBO letter of March 13, 2009. (Items requested in March 3 SBO letter for Transportation funds totaling \$873.0 million to be received under ARRA were included in House Bill 4582, which was passed by the House on March 18.)

OVERVIEW

A March 13, 2009 letter from the State Budget Office (SBO) requests FY 2008-09 supplemental spending authority totaling \$2.1 billion for federal funds to be received under the American Recovery and Reinvestment Act (ARRA) of 2009. Generally, these funds are those that have been distributed to the state through formula-based provisions for program-specific purposes. Funds received under ARRA with more discretionary provisions (State Fiscal Stabilization Fund, increased Medicaid match rate, etc.) are not included in this request. An appropriation of \$2.0 million is recommended for the creation of a special office in the Department of Management and Budget to provide statewide oversight, tracking, and accountability of ARRA funds

Recommended boilerplate language would (1) automatically appropriate any additional federal funds awarded to Michigan through recalculation of formulas or under federal redistribution provisions, (2) allow unexpended funds to be carried forward to succeeding fiscal years (work project provisions), and (3) require subrecipients of the funds to comply with all federal requirements regarding certification, assurances, accountability, and transparency.

The House-passed version of House Bill 4258 concurs with all of the items recommended by SBO, with two exceptions:

- The funding amount for Senior Nutrition Services in the Community Health budget is increased by \$200,000 as a technical adjustment (Item 3).
- Recommended funding of \$24.5 million for Education Technology Grants in the Department of Education budget is excluded from the bill (Item 11).

Additionally, the House-passed bill includes boilerplate language related to posting of expenditure detail on the internet and notification of issuing request for proposals (Secs. 206 and 207).

FY 2008-09 Appropriation Items:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
COMMUNITY HEALTH				
1. Byrne Justice Assistance Formula Grants	Gross	\$41,199,000	\$41,199,000	
Recognizes additional \$41.2 million of Byrne formula grant funds available for state and local programs to prevent and control crime. DCH as State Administering Agency will set priorities and allocate funds. DCH stated priorities include: multi-jurisdictional task force drug teams, prescription drug abuse community awareness, problem solving courts, community policing and community prosecution strategies, technology enhancement, local correctional resources, crime lab backlog, public safety communications, and state administration. Some of the planned spending supports the CSG Justice Reinvestment Initiative recommendations for Michigan.	Federal	41,199,000	41,199,000	
2. Crime Victim Assistance and Compensation Formula Grants	Gross	\$1,518,000	\$1,518,000	
Provides additional \$356,000 for compensation to crime victims who suffer bodily injury. Provides additional \$1,162,000 for crime victim justice assistance grants for direct services to crime victims including counseling, advocacy, therapy, shelter and referral. All new funding can be expended for costs allowable under the existing programs.	Federal	1,518,000	1,518,000	
3. Senior Nutrition Services	Gross	\$3,000,000	\$3,200,000	
Increases funding for nutrition and meals programs for seniors provided through area agencies on aging (AAAs) using existing AAA allocation formula. One-time projects will be encouraged including upgrading kitchens, delivery vehicles and meal site infrastructure, as well as addressing existing waiting lists for congregate and home-delivered meals. Increased amount in the House column reflects actual grant award.	Federal	3,000,000	3,200,000	
4. Senior Employment Assistance	Gross	\$792,000	\$792,000	
Provides \$792,000 of additional funding for Senior Community Service Employment Program of subsidized part-time employment for low-income seniors. This will expand the number of employment positions that are supported under the parameters of the current program.	Federal	792,000	792,000	
EDUCATION				
5. Special Education IDEA	Gross	\$426,350,000	\$426,350,000	
Allocates \$400.6 million in federal funds as formula grants to districts by the current formula under Part B; distributes \$13.4 million for handicapped preschool incentive grants (aged 3 through 5) on existing eligibility criteria established in Part B of IDEA; and distributes \$12.4 million for handicapped infants and toddlers based on existing eligibility criteria in Part C of IDEA.	Federal	426,350,000	426,350,000	
6. Disadvantage Children (Title 1-A)	Gross	\$390,100,000	\$390,100,000	
Recognizes \$390.1 million in federal Title I, Part A funds to districts on the existing eligibility criteria established in the Elementary and Secondary Education Act (ESEA) for targeted and education finance incentive grant formulae.	Federal	390,100,000	390,100,000	
7. School Improvement	Gross	\$112,650,000	\$112,650,000	
Recognizes \$112.7 million in federal funds to districts for school improvement purchases based on existing eligibility criteria established in section 1003(g) of Title I of the Elementary and Secondary Education Act (ESEA).	Federal	112,650,000	112,650,000	
8. Homeless Children and Youth	Gross	\$2,452,000	\$2,452,000	
Recognizes \$2.45 million in federal funds to improve the academic achievement of homeless children. The Governor recommends that the grants be disbursed on a competitive basis.	Federal	2,452,000	2,452,000	
9. School Lunch Equipment Assistance	Gross	\$2,490,000	\$2,490,000	
Recognizes \$2.5 million in new federal revenues for competitive grants to districts based upon demonstrated need for equipment assistance with a priority for schools in which more than 50% of students are eligible for free or reduced lunch.	Federal	2,490,000	2,490,000	

FY 2008-09 Appropriation Items:**10. The Emergency Food Assistance Program (TEFAP)**

Recognizes an additional \$4.1 million in federal funds for commodities through TEFAP and to help pay for the costs associated with the distribution of the commodities. TEFAP provides supplemental food to local community action agencies and the Food Bank Council of Michigan through a State Board of Education approved allocation formula.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	\$4,083,000	\$4,083,000	
Federal	4,083,000	4,083,000	

11. Education Technology Grants

Recognizes an additional \$24.5 million in federal Title II, Part D funds for education technology. The Governor recommends that 50% of the grants be distributed to districts based on existing eligibility criteria and that the other 50% disbursed on a competitive basis.

Gross	\$24,533,000	--	
Federal	24,533,000	--	

ENERGY, LABOR AND ECONOMIC GROWTH**12. Energy Efficiency and Conservation Block Grants (EECBG)**

The ARRA appropriates \$2.8 billion to be distributed by statutory formula (PL 110-140) to states and larger cities and counties. States receive 28%, with each state receiving 1.25% (\$9.7 million) of the total state allocation with the balance distributed by a DOE-developed formula. At least 60% of each state's allocation is to be subgranted to local units not eligible for a direct EECBG from DOE. Funds are to be used for various energy efficiency projects within the state and local units that reduce energy and fossil fuel consumption. In addition to the \$2.8 billion formula distribution, \$400.0 million is to be distributed on a competitive basis to states and local units.

Gross	\$26,656,000	\$26,656,000	
Federal	26,656,000	26,656,000	

13. State Energy Program

The ARRA appropriates \$3.1 billion for state energy programs, with Michigan's share totaling \$82.1 million. SEP funds are to be expended for various energy efficiency projects that reduce energy and fossil fuel consumption and include, establishing energy efficiency building codes, financial incentives for energy efficiency and renewable energy measures, building retrofits, synchronizing traffic signals and installing LED lights, and building and industrial retrofits.

Gross	\$82,100,000	\$82,100,000	
Federal	82,100,000	82,100,000	

14. Unemployment Programs

The ARRA appropriates \$400 million under the Wagner-Peyser Act, with the state share totaling \$13.9 million (see UIPL 14-09). The supplemental request uses \$850,000 to provide improvements to the state UIA's worker profiling system, statistical model that identifies UI claimants likely to exhaust benefits.

Gross	\$850,000	\$850,000	
Federal	850,000	850,000	

15. Employment Services

The ARRA appropriates \$400 million under the Wagner-Peyser Act, with the state share totaling \$13.9 million (see UIPL 14-09). Funds are distributed to the 25 Michigan Works! Agencies (MWAs) to provide re-employment services (job search assistance, assessments, etc) to individuals receiving UI benefits.

Gross	\$13,350,000	\$13,350,000	
Federal	13,350,000	13,350,000	

16. Michigan Rehabilitation Services (MRS)

The ARRA appropriates \$540 million for Vocational Rehabilitation State Grants, with Michigan's share \$18.1 million. Funds are allocated to the MRS for vocational rehabilitation services (vocational and occupational training and other services) for persons with disabilities, with the general aim of achieving an employment outcome.

Gross	\$15,407,400	\$15,407,400	
Federal	15,407,400	15,407,400	

17. Vocational Rehabilitation, Independent Living Grants

The ARRA appropriates \$18.2 million, with Michigan's share \$447,200. A portion of the funds are re-granted to provide operational support for the Centers for Independent Living in the state.

Gross	\$290,700	\$290,700	
Federal	290,700	290,700	

FY 2008-09 Appropriation Items:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
18. Workforce Training Programs Subgrantees	Gross	\$202,050,000	\$202,050,000	
\$183.3 million is made available under the Workforce Investment Act to provide employment and training services to adults, disadvantaged youth, and displaced workers. Funds are to be expended to provide employment services (job search assistance, assessments, career counseling) and job training. Additional funds are made available under the Trade Act (Trade Adjustment Assistance) to provide employment and training services and other assistance to individuals laid off from employment because of trade reasons. The bulk of funds are re-allocated to the 25 Michigan Works! Agencies, with a portion set aside by the department for statewide activities, administration, and rapid response activities.	Federal	202,050,000	202,050,000	
19. Michigan Commission for the Blind	Gross	\$4,063,600	\$4,063,600	
The ARRA appropriates \$540 million for Vocational Rehabilitation State Grants, with Michigan's share \$18.1 million. \$2.7 million is allocated to the MCB for vocational rehabilitation services for persons with disabilities with the general aim of achieving an employment outcome. Funds are also available to provide independent living services to blind individuals (\$156,500), and with additional funding to provide independent living services to older individuals (55 years+) who are blind.	Federal	4,063,600	4,063,600	
ENVIRONMENTAL QUALITY				
20. Pollution Prevention and Technical Assistance	Gross	\$1,800,000	\$1,800,000	
Diesel emission reduction grants will be provided to local governments and nonprofit owners of on- and off-road vehicles and equipment. California Air Resource Board approved technologies will be applied.	Federal	1,800,000	1,800,000	
21. Leaking Underground Storage Tank Cleanup Program	Gross	\$8,000,000	\$8,000,000	
Provides funding for remediation of contaminated underground storage tank sites. A cleanup site list is not currently available.	Federal	8,000,000	8,000,000	
22. Surface Water	Gross	\$1,800,000	\$1,800,000	
Funds will be used by the DEQ for Water Division staff to develop total maximum daily loads for treatment plants and for wastewater operator training (\$1.2 million). Local governments will receive \$100,000 for beach water quality monitoring to identify which beaches are impaired and in need of restoration, and \$500,000 to develop local plans to reduce pollutants traced to storm water discharges.	Federal	1,800,000	1,800,000	
23. Water Pollution Control and Drinking Water Revolving Fund	Gross	\$237,000,000	\$237,000,000	
Funds will be distributed to municipal wastewater system operators through existing revolving loan fund programs. The normal 20% match is waived under ARRA funded program. Funds will be provided for projects under the Clean Water State Revolving Fund (\$171.0 million) and the Drinking Water Revolving Fund (\$67.0 million). Half of these allocations are to be used for grants and forgiveness of loans, and 20% is to be available for innovative projects.	Federal	237,000,000	237,000,000	
HISTORY, ARTS, AND LIBRARIES				
24. Arts and Cultural Grants	Gross	\$350,000	\$350,000	
Provides federal funding from the National Foundation of the Arts and the Humanities, National Endowment for the Arts, for art projects and activities to be determined by the Michigan Council for Arts and Cultural Affairs. The Council administers arts and cultural grants for non-profit organizations to encourage, initiate, and facilitate an enriched artistic, cultural, and creative environment. The Council will follow federal guidelines for evaluation of program quality and selection of grant recipients.	Federal	350,000	350,000	

FY 2008-09 Appropriation Items:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
HUMAN SERVICES				
25. Weatherization Assistance Program	Gross	\$244,000,000	\$244,000,000	
Recognizes \$244 million in new federal revenue expected to be available to Michigan from the \$5 billion federal increase for weatherization assistance. Program distributes funding to low-income households for the weatherization of homes. Stimulus act increases program eligibility to households with income up to 200% of the federal poverty level and increases the cap on assistance to \$6,500 per household. Funding in Michigan is primarily distributed to community action agencies.	Federal	244,000,000	244,000,000	
26. Food Assistance Program	Gross	\$150,000,000	\$150,000,000	
Increases Michigan funding for food assistance by \$150 million; new funding will be used to support a 13.6% increase in food assistance benefits effective April 1, 2009.	Federal	150,000,000	150,000,000	
27. Community Services Block Grants	Gross	\$36,000,000	\$36,000,000	
Federal stimulus act increased funding for Community Services Block Grants by \$1 billion, with Michigan's allocation estimated at around \$36 million. The CSBG program provides funding to local community action agencies to support social service programming such as emergency services and shelters, food pantries, and other support programs. Act allows states to increase eligibility guidelines for the program from 125% of federal poverty level to 200% of the poverty level. One percent of the allocation must be used for benefit enrollment coordination activities.	Federal	36,000,000	36,000,000	
28. STOP Violence Against Women Programs	Gross	\$4,074,900	\$4,074,900	
Appropriates \$4.1 million in federal revenue from the stimulus act for the STOP Violence Against Women program, which supports domestic violence prevention and treatment programs.	Federal	4,074,900	4,074,900	
29. Federal AmeriCorps Program	Gross	\$967,000	\$967,000	
Recognizes an additional \$967,000 in program revenue appropriated to the Michigan Community Service Commission line item to support AmeriCorps volunteer programs.	Federal	967,000	967,000	
MANAGEMENT AND BUDGET				
30. Michigan Economic Recovery Office	FTEs	4.0	4.0	
Appropriates federal funds for 4.0 FTE positions and for the Michigan Economic Recovery Office to be created within DMB to provide statewide oversight, tracking, and accountability of ARRA funds. Funding would be used for office costs for 3 years, including development and maintenance of a Michigan Economic Recovery Website (3/13/09 letter).	Gross	\$2,000,000	\$2,000,000	
	Federal	2,000,000	2,000,000	
MILITARY AND VETERANS AFFAIRS				
31. Special Maintenance - Federal	Gross	\$7,850,000	\$7,850,000	
Provides federal funds for maintenance and improvement projects at Camp Grayling, Fort Custer, and the Lansing Headquarters including necessary utilities upgrades, energy consumption reduction projects, road improvements, and safety enhancements. These projects must be under contract by September 30, 2009 to receive these funds.	Federal	7,850,000	7,850,000	
STATE POLICE				
32. Federal Antidrug Initiatives	Gross	\$1,000,000	\$1,000,000	
Provides federal funds for the prevention of internet crimes against children. These funds will be distributed on a competitive basis to internet crimes against children affiliate agencies. No state or local match is required.	Federal	1,000,000	1,000,000	
TREASURY - MICHIGAN STRATEGIC FUND				
33. Job Creation Services	Gross	\$300,000	\$300,000	
Provides federal funds for technical support and related services to support the Community Development Block Grant program.	Federal	300,000	300,000	

FY 2008-09 Appropriation Items:**34. Community Development Block Grant Program (CDBG)**

Provides additional \$9.0 million federal authorization to support the CDBG program. Funding will be used to reimburse local communities for infrastructure enhancements and housing projects that create jobs within the low to moderate income range as specified in federal program guidelines.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	\$9,000,000	\$9,000,000	
Federal	9,000,000	9,000,000	

FY 2008-09 Boilerplate Items:**GENERAL****1. Boilerplate Appropriation of Additional Funds**

Appropriates any additional funds awarded to Michigan through recalculation of formulas or under federal redistribution provisions; requires report to Legislature.

Included Sec. 203

2. Carry-Forward Authority

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

Included Sec. 204

3. Federal Requirements Incorporated by Reference

Requires subrecipients of funds appropriated to comply with all federal requirements regarding certification, assurances, accountability, and transparency; allows for transfer of funds to subrecipient departments through interdepartmental grants.

Included Sec. 205

4. Posting of Expenditure Detail on Internet

Requires the Michigan Economic Recovery Office to develop, post, and maintain an Internet site which lists all state expenditures of federal funds and all reports required by the ARRA.

Not Included Sec. 206

5. Notification of Issuing RFPs

Requires departments that utilize a competitive subgrant process to disburse federal funding to notify the appropriations committees, fiscal agencies, and State Budget Office prior to the issuance of requests for proposal.

Not Included Sec. 207