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BILL ANALYSIS



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House Bill 4258 (as enacted)
Sponsor: Representative George Cushingberry
House Committee: Appropriations
Senate Committee: Appropriations

PUBLIC ACT 7 OF 2009

Date Completed: 7-30-09

CONTENT

House Bill 4258 provides for supplemental appropriations for fiscal year (FY) 2008-09. The supplemental appropriations contained in this bill are based on recommendations submitted to the Legislature by the Office of the State Budget (OSB) on March 13, 2009. The House of Representatives approved House Bill 4258 on March 26, 2009. On April 1, 2009, the Senate Appropriations Committee (SAC) adopted a Senate substitute to the bill, which was enacted. House Bill 4258 provides for the appropriation of additional Federal funds to be received by the State of Michigan from funding contained in the American Recovery and Reinvestment Act of 2009 (ARRA). The bill appropriates Federal funds only and does not contain any appropriations supported by State-financed revenue sources. The bill took effect on April 7, 2009.

The House-passed bill differed from the March 13th OSB recommendation in two ways: An additional \$200,000 was appropriated for Senior Nutrition Services as a technical adjustment, and Education Technology grants of \$24.5 million were not included. The SAC concurred with the House changes, but did not appropriate \$108.8 million for the Energy Office in the Department of Energy, Labor, and Economic Growth and reduced funding for School Improvement grants to \$75.0 million, based on newer information from the U.S. Department of Education. The SAC recommendation also included three new boilerplate sections (Sections 208, 209, and 210), and the total appropriation was nearly \$1.9 billion.

Table 1 provides a list of the appropriations contained in the OSB recommendation, the House-passed bill, and the SAC recommendation. The appropriations in House Bill 4258 provides funding for programs in 10 different State departments. The following is a brief summary of all of the line item appropriations contained in the enacted bill.

Department of Community Health

Edward Byrne Justice Assistance Grants: Federal formula grant funds of \$41.2 million for State and local government programs to prevent and reduce crime. Federal requirements provide that a minimum of 58.0% of the funds or \$24.0 million must be passed through to local units of government and the remaining \$17.2 million must be used by state departments. The funding will be distributed to local government by a grant process coordinated by the Office of Drug Control Policy in the Department of Community Health. The funds available for State departments will be used for funding State crime laboratories, public safety communications systems, problem-solving courts, and multijurisdictional task forces.

Crime Victims Assistance and Compensation Formula Grants: Federal formula grant funds of \$1.5 million for crime victims assistance and compensation programs. A total of \$356,000 is to be used for compensation to crime victims who suffer injuries and a total of \$1.2 million will be available for crime victims' justice assistance grants.

Senior Citizen Nutrition Services: Federal formula grant funds of \$3.2 million for funding of nutrition and meals programs for senior citizens provided through Area Agencies on Aging. These funds will be distributed based on existing allocation formulas.

Senior Citizen Employment Assistance: Federal formula grant funding of \$792,000 for a program of part-time employment for low-income senior citizens. This funding will expand the number of employment opportunities under the existing program.

Department of Education

Special Education: Federal formula funding of \$426.4 million to local school districts under provisions of the Federal Individuals with Disabilities Education Act. Of the total funding, \$400.6 million will be distributed to school districts through existing criteria for special education funding, \$13.4 million will be available for handicapped preschool incentive grants, and \$12.4 million for handicapped infants and toddlers. All of these funds will be distributed pursuant to existing Federal special education formulas.

Disadvantaged Children: Federal formula funding of \$390.1 million to provide education opportunities for disadvantaged or at-risk children to be distributed by existing Federal funding formulas.

School Improvement: Federal formula funding of \$75.0 million to provide school improvement purchases targeted to disadvantaged or at-risk children. This funding will be distributed by existing Federal funding formulas.

Homeless Children and Youth: Federal formula funding of \$2.5 million for improving the academic achievement of homeless children. These funds will be distributed by the State Board of Education on a competitive basis.

School Lunch Equipment Assistance: Federal formula funding of \$2.5 million to provide competitive grants to school districts for school lunch equipment assistance. The State Board of Education will distribute these funds on a competitive basis with priority given to local school districts in which not less than 50.0% of the students are eligible for reduced-price or free meals under Federal guidelines.

Emergency Food Assistance: Federal formula funding of \$4.1 million to acquire food commodities through the Federal Emergency Food Assistance Program and to help in the distribution of the food. The State Board of Education will determine the distribution of these funds.

Department of Energy, Labor, and Economic Growth

Unemployment Programs: Federal formula funding of \$850,000 for technology improvements within the Employment Services Agency.

Employment Services: Federal formula funding of \$13.4 million to be distributed to Michigan Works! Agencies to support reemployment services for unemployment insurance claimants.

Michigan Rehabilitation Services: Federal formula funding of \$15.4 million to be distributed by Michigan Rehabilitation Services to provide vocational and occupational training and services for persons with disabilities, with the goal of providing employment opportunities.

Vocational Rehabilitation, Independent Living Grants: Federal formula funding of \$290,700 to provide operational support for Centers for Independent Living in the State.

Workforce Training Program: Federal formula funding of \$183.3 million for training and employment services. The majority of these funds will be distributed to Michigan Works! Agencies for job training services to adults, youths, and displaced workers. A total of \$18.8 million is also provided for job training and employment services under the Federal Trade Adjustment Assistance Program to provide expanded services for workers in the service sector and public agencies.

Michigan Commission for the Blind: Federal formula funding of \$4.1 million to be distributed by the Michigan Commission for the Blind for rehabilitation and independent living services for blind clients. The goal is to provide employment opportunities for blind clients.

Department of Environmental Quality

Pollution Prevention and Technical Assistance Grants: Federal formula funding of \$1.8 million to provide grants to local governments and nonprofits for diesel emission reduction technology for on-road and off-road diesel-powered vehicles and equipment.

Leaking Underground Storage Tank Cleanup Program: Federal formula funding of \$8.0 million to expand the existing State program for remediation and cleanup of contaminated underground storage tanks.

Surface Water: Federal formula funding of \$1.8 million for specific administrative functions of the Department. Of the total funding, \$1.2 million will be distributed to departmental staff to develop total maximum loads for water treatment plants and wastewater operator training, \$100,000 will be used for beach water quality monitoring, and \$500,000 will be used to develop local plans to reduce pollution attributed to storm water runoffs.

Water Pollution Control and Drinking Water Revolving Funds: Federal formula funding of \$237.0 million to enhance existing State programs in the areas of water pollution control and drinking water. Of the total funding, \$171.0 million will be used for pollution control grants and loans and innovative projects to local government, and \$67.0 million will be used for drinking water grants and loans and innovative projects to local government.

Department of History, Arts, and Libraries

Arts and Cultural Grants: Federal formula funding of \$350,000 for arts projects and activities to be determined by the Michigan Council of Arts and Cultural Affairs.

Department of Human Services

Weatherization Assistance Program: Federal formula funding of \$244.0 million for the expansion of the existing program to provide home weatherization assistance for low-income home owners. The Federal funding provides that households with incomes up to 200% of the poverty level qualify for the funding and the maximum level of funding per home is \$6,500. This funding will be distributed through Community Action Agencies.

Food Assistance Program: Federal formula funding of \$150.0 million for the food assistance program, which will provide for a 13.6% increase in food assistance benefits effective on April 1, 2009.

Community Services Block Grants: Federal formula funding of \$36.0 million for Community Services Block Grants. This funding will be distributed to local Community Action Agencies to provide social service programming. The Federal guidelines will make this funding eligible to families up to 200% of the poverty level.

STOP Violence Against Women Program: Federal formula funding of \$4.1 million for the STOP Violence Against Women Program, which will provide support to domestic violence prevention and treatment programs.

Federal AmeriCorps Program: Federal formula funding of \$967,000 for the AmeriCorps volunteer programs. The funding will be distributed by the Michigan Community Services Commission.

Department of Management and Budget

Michigan Economic Recovery Office: Federal funding of \$2.0 million to support the Michigan Economic Recovery Office. This State office will be responsible for the oversight, accounting, and tracking of all of the funds that Michigan will receive under ARRA. The appropriation will provide for three fiscal years of funding for the office and includes authorization for the hiring of 4.0 full-time equated employees.

Department of Military and Veterans Affairs

Special Maintenance Projects: Federal formula funding of \$7.9 million for maintenance and improvement projects at Camp Grayling, Fort Custer, and the Lansing Headquarters. These funds will be used for utility upgrades, energy projects, road improvements, and safety enhancements.

Department of State Police

Federal Antidrug Initiatives: Federal formula funding of \$1.0 million for the prevention of internet crimes against children. These funds will be distributed by the Department on a competitive basis to agencies dealing with the prevention of internet crime against children.

Department of Treasury-Michigan Strategic Fund Agency

Job Creation Services: Federal formula funding of \$300,000 to provide for administrative support to the Community Development Block Grant program.

Community Development Block Grant Program: Federal formula funding of \$9.0 million for the Community Development Block Grant program. This funding will be used to reimburse local governments for infrastructure and housing projects that will create jobs for low- and moderate-income people.

Boilerplate Items

Sec. 203: Appropriates any additional Federal funds that Michigan departments may receive as a result of other states' not fully using formula funds authorized under ARRA.

Sec. 204: Establishes work project status for the appropriations in the bill. This allows unspent funds at the close of FY 2008-09 to carry forward into the next fiscal year and be spent based on the current fiscal year provisions.

Sec. 205: Requires that all recipients of the funds appropriated in this bill follow all of the reporting requirements established by the Federal government.

Sec. 206: Requires that the Michigan Economic Recovery Office develop a system to post and maintain on the internet a detailed listing of all of the expenditures in this bill.

Sec. 207: Requires any State department that uses a competitive grant process for the distribution of funds in this bill to provide reports to the Legislature and the Office of the State Budget before issuing any request for proposals.

Sec. 208: Provides notification to recipients of Federal ARRA funds that the grants are temporary in nature, and expresses the intent of the Legislature that when these funds are spent, the program funding levels will not be continued.

Sec. 209: Requires the Michigan Economy Recovery Office to provide a written statement to all recipients of the Federal ARRA funds that the funds are temporary in nature.

Sec. 210: Prohibits Federal ARRA funds from being distributed to nongovernmental agencies for the purposes of conducting political organizing activities.

Table 1

| American Recovery and Reinvestment Act | |
|---|-----------------------|
| Pending Federal Funds Supplemental Appropriations Contained in House Bill 4258 | |
| Department/Program | Actual Dollars |
| Community Health | |
| Byrne Justice Assistance Grants..... | \$41,199,000 |
| Justice Assistance Grants..... | 1,162,000 |
| Crime Victims Rights Services Grants | 356,000 |
| Aging Nutrition Services | 3,200,000 |
| Aging Employment Assistance | 792,000 |
| Subtotal Community Health | 46,709,000 |
| Education | |
| Special Education | 400,608,000 |
| Handicapped Preschool Incentive Grants..... | 13,396,000 |
| Handicapped Infants and Toddlers Grants..... | 12,346,000 |
| Disadvantaged Children At-Risk Funding..... | 390,100,000 |
| At-Risk School Improvement Grants | 75,000,000 |
| Homeless Children and Youth Grants..... | 2,452,000 |
| School Lunch Equipment Assistance | 2,490,000 |
| Emergency Food Assistance Program | 4,083,000 |
| Subtotal Education..... | 900,475,000 |
| Energy, Labor, and Economic Growth | |
| Unemployment Programs..... | 850,000 |
| Employment Services..... | 13,350,000 |
| Michigan Rehabilitation Service | 15,407,400 |
| Vocational Rehab. Independent Living | 290,700 |
| Workforce Training Program Subgrantees | 202,050,000 |
| Commission for the Blind..... | 4,063,600 |
| Subtotal Energy, Labor, & Economic Growth..... | 236,011,700 |

| American Recovery and Reinvestment Act | |
|---|------------------------|
| Pending Federal Funds Supplemental Appropriations Contained in House Bill 4258 | |
| Department/Program | Actual Dollars |
| Environmental Quality | |
| Pollution Prevention and Tech. Assistance | 1,800,000 |
| Leaking Underground Storage Tank Cleanup Program | 8,000,000 |
| Surface Water Program | 1,800,000 |
| Water Pollution Control and Drinking Water Revolving Fund | 237,000,000 |
| Subtotal Environmental Quality | 248,600,000 |
| History, Arts, and Libraries | |
| Arts and Cultural Grants | 350,000 |
| Subtotal History, Arts, and Libraries | 350,000 |
| Human Services | |
| Michigan Community Service Commission..... | 967,000 |
| Community Services Block Grants..... | 36,000,000 |
| Weatherization Assistance Program..... | 244,000,000 |
| Domestic Violence Prevention and Treatment | 4,074,900 |
| Food Assistance Program | 150,000,000 |
| Subtotal Human Services..... | 435,041,900 |
| Management and Budget | |
| Michigan Economic Recovery Office..... | 2,000,000 |
| Subtotal Management and Budget | 2,000,000 |
| Military and Veterans Affairs | |
| Special Maintenance for Nat'l Guard Facilities | 7,850,000 |
| Subtotal Military and Veterans Affairs | 7,850,000 |
| State Police | |
| Federal Antidrug Initiatives | 1,000,000 |
| Subtotal State Police | 1,000,000 |
| Treasury-Michigan Strategic Fund | |
| Job Creation Services | 300,000 |
| Community Development Block Grants | 9,000,000 |
| Subtotal Treasury-Strategic Fund | 9,300,000 |
| Total Supplemental Recommendations | \$1,887,337,600 |

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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.