

FY 2008-09 SUPPLEMENTAL APPROPRIATIONS
Federal American Recovery and Reinvestment Act
Summary: House Bill 4308 as Enacted
Public Act 39 of 2009



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

Budget Area	Executive*		House		Senate		Enacted	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Education	\$24,533,000	\$0	\$0	\$0	\$24,533,000	\$0	\$24,533,000	\$0
Energy/Labor/Econ Growth	193,156,000	0	193,156,000	0	193,156,000	0	193,156,000	0
Military/Veterans Affairs	457,100	0	457,100	0	457,100	0	457,100	0
Human Services	0	0	500,000	0	0	0	0	0
Transportation	30,400,000	0	0	0	0	0	30,400,000	0
TOTAL	\$248,546,100	\$0	\$194,113,100	\$0	\$218,146,100	\$0	\$248,546,100	\$0

*Reflects remaining ARRA requests from SBO letter of 3/13/09 and new requests from SBO letters of 4/20/09, 5/8/09, and 5/29/09. (May 29 letter containing request for Transportation-related funds was received following House and Senate passage of the bill.)

OVERVIEW

As of June 3, 2009, supplemental requests from the State Budget Office (SBO) for funding from or related to the American Recovery and Reinvestment Act of 2009 (ARRA) totaling \$248.5 million were pending before the Legislature. The enacted version of House Bill 4308 contains appropriations fully implementing those recommendations.

FY 2008-09 Appropriation Items:

EDUCATION

1. 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 (Title I) and that the other 50% be distributed on a competitive basis. The competitive grants would be awarded through the Department of Education's Improving Instruction through Regional Data Initiatives which would provide teachers with real-time access to student data at the classroom level to assist with instructional decisions and would also provide professional development to support the use of the new technology. (3/13/09 SBO letter) House does not include this funding item but does include the appropriation in House Bill 4447 for FY 2008-09; Senate includes the funding.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$24,533,000	--	\$24,533,000	\$24,533,000
Federal	24,533,000	--	24,533,000	24,533,000

FY 2008-09 Appropriation Items:

ENERGY, LABOR, AND ECONOMIC GROWTH

2. Energy Efficiency and Conservation Block Grants

The ARRA allocates \$2.8 billion in direct grants to state and larger local governments, with Michigan's [Bureau of Energy Systems] share being \$19.6 million, at least 60% of which is to be subgranted to local units not eligible for direct EECBG grants. 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 million formula allocation, \$400.0 million is to be distributed by DOE on a competitive basis to states and local units. House Bill 4308 provides the department with sufficient spending authorization should it receive a competitive award. In addition to the state allocation, larger local units are to receive \$57.0 million in direct grants, which are not subject to appropriation. The state's application and energy efficiency strategy, setting forth how it will award subgrants (totaling at least \$11.8 million) is due to the DOE by May 26, 2009. Applications for local units receiving direct awards are due to the DOE by June 25, 2009. (3/13/09 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$26,656,000	\$26,656,000	\$26,656,000	\$26,656,000
Federal	26,656,000	26,656,000	26,656,000	26,656,000

3. State Energy Program

The ARRA appropriates \$3.1 billion for state energy programs, with Michigan's share totaling \$82,035,000. SEP funds are to be expended for various energy efficiency programs that reduce energy and fossil fuel consumption. The department submitted its spending ARRA-SEP plan to the Department of Energy on May 12, 2009. Funds are to be expended for energy efficiency and renewable energy activities in state buildings (\$56.0 million), energy the development of efficiency and renewable energy systems in the private sector (\$23.2 million), the installation of five anemometers to collect information on wind speeds (\$610,000), and administration and oversight (\$2.3 million). (3/13/09 SBO letter)

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

4. Administrative Funding

The Recovery Act provides \$500 million to states for administration of state UI systems. Funds are distributed to states based on their share of federal taxable wages. Funds may be used by state UI agencies to administer the "modernization" provisions enacted into state law (see HB 4785 and HB 4786), improved outreach to individuals to may be eligible for UI benefits, improvement to the state UI operations (including responding to increased demand for services), and re-employment services to UI recipients. The SBO indicates that the UIA will utilize these funds for information technology improvements. (5/8/09 SBO letter)

Gross	\$14,900,000	\$14,900,000	\$14,900,000	\$14,900,000
Federal	14,900,000	14,900,000	14,900,000	14,900,000

FY 2008-09 Appropriation Items:**5. UI Modernization Incentive Payment (One-Third)**

The Recovery Act provides \$7.0 billion to states for enacting certain changes to the state UI laws that expand coverage. One-third of the funding is distributed for enacting an "alternate base period". (The base period is the one-year period used to determine if a claimant is monetarily eligible for UI benefits. It typically is the first 4 of the last 5 completed calendar quarters. The alternate base period, under the Michigan Employment Security Act (MCL 421.45) is the four most recent completed calendar, and is used to determine eligibility if a claimant has insufficient wages within the standard base period. The Recovery Act provides that funds can be used for the payment of benefits, or UI or employment administrative costs. The department indicates that the funds will be used for information technology upgrades (\$24 million) and administrative costs to meet the increased demand for claims (\$45 million). (5/8/09 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Gross	\$69,500,000	\$69,500,000	\$69,500,000	\$69,500,000
Federal	69,500,000	69,500,000	69,500,000	69,500,000

MILITARY AND VETERANS AFFAIRS**6. Grand Rapids Veterans' Home**

Provides 65% federal funding for fire suppression sprinkler system improvements at the Grand Rapids Veterans' Home. This is a critical project and the department must meet all of the Federal requirements by June 15, 2009. The 35% state match will come from available Income and Assessment funds. (4/20/09 SBO letter)

	Gross	\$457,100	\$457,100	\$457,100	\$457,100
Federal	297,100	297,100	297,100	297,100	297,100
Restricted	160,000	160,000	160,000	160,000	160,000

HUMAN SERVICES**7. Crisis Assistance - Food Assistance Outreach**

Appropriates \$300,000 in federal stimulus funding for food assistance administration. \$150,000 is for the Center for Civil Justice and \$150,000 is for Elder Law of Michigan to enhance current outreach efforts aimed at increasing participation of eligible low-income households in the federally-funded food assistance program.

	Gross	--	\$300,000	--	--
Federal	--	300,000	--	--	--

8. Food Bank Funding - Food Assistance Outreach

Provides \$200,000 in federal stimulus funding for food assistance administration to the Food Bank Council of Michigan to assist Michigan food banks in collaborating with other anti-hunger partners in outreach efforts aimed at increasing the participation of eligible low-income families in the federally-funded food assistance program.

	Gross	--	\$200,000	--	--
Federal	--	200,000	--	--	--

TRANSPORTATION**9. Discretionary Airport Improvement Projects**

Provides spending authority for discretionary airport improvement projects funded with 100% federal aid under the ARRA. The Federal Aviation Administration (FAA) awarded projects to five Michigan airports: Gogebic-Iron Airport (\$200,000), Muskegon County Airport (\$800,000), Sawyer International Airport (\$1,700,000), MBS International Airport (\$12,700,000), and Detroit Metropolitan Wayne County Airport (\$15,000,000). Projects were selected by the FAA from eligible projects on airport five year plans, based on FAA priorities. The department indicates that there are very stringent timelines for expenditure of funds; airports have only 15 days from formal grant offer to execute contracts and proceed with work.

	Gross	\$30,400,000	--	--	\$30,400,000
Federal	\$30,400,000	--	--	--	\$30,400,000

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. (All three SBO letters)

Executive **House** **Senate** **Enacted**

Included Sec. 203 Sec. 203 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). (All three SBO letters)

Included Sec. 204 Sec. 204 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. (All three SBO letters)

Included Sec. 205 Sec. 205 Sec. 205

4. Posting of Expenditure Detail on Internet

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

-- -- Sec. 401 Sec. 206

EDUCATION

5. Education Technology Grants

Specifies that 50% of education technology funds be used for formula grants and 50% be used for competitive grants.

-- -- Sec. 301 Sec. 301

ENERGY, LABOR, AND ECONOMIC GROWTH

6. Use of UI Modernization Funds (One-Third)

Provides that the \$69.5 million received for the UI modernization incentive payment will be expended for technology improvements and administrative costs necessary to meet increased demand for UI services. (5/8/09 SBO letter)

Included Sec. 401 Sec. 402 Sec. 402

7. Unemployment Insurance RFP Process

Requires department to complete request for proposal process for the modernization of the unemployment insurance computer system by July 31, 2009. A similar boilerplate section was included in the Senate-passed and House subcommittee versions of the FY 2009-10 DELEG budget (section 332 of Senate Bill 243); that section has a deadline of October 1, 2009.

-- -- Sec. 404 Sec. 404

HUMAN SERVICES

8. Crisis Prevention - Food Assistance Outreach

Specifies that the \$300,000 appropriated for crisis assistance will be distributed to the Center for Civil Justice and Elder Law of Michigan to enhance current food assistance outreach efforts. Each organization will receive \$150,000.

-- Sec. 501 -- --

9. Food Bank Funding - Food Assistance Outreach

Specifies that the \$200,000 appropriated for crisis assistance will be distributed to the Food Bank Council of Michigan to assist food banks to collaborate with partners on food assistance outreach.

-- Sec. 502 -- --