

FY 2008-09 SUPPLEMENTAL APPROPRIATIONS
Federal American Recovery and Reinvestment Act (Transportation)
Summary: House Bill 4582 as Enacted
Public Act 3 of 2009



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Budget Area	Executive*		House/Senate/Enacted	
	Gross	GF/GP	Gross	GF/GP
Transportation	\$873,005,000	\$0	\$873,005,000	\$0
TOTAL	\$873,005,000	\$0	\$873,005,000	\$0

*Reflects requests from letter of March 3, 2009

OVERVIEW

The supplemental appropriation provides spending authority needed for federal transportation funds *apportioned* to Michigan under the "American Recovery and Reinvestment Act of 2009," (ARRA). The bill recognizes only the ARRA transportation funds *apportioned* to the state through federal formula grants. The State Budget Office has indicated it will submit a separate request for ARRA transportation discretionary grant programs once Michigan's grant awards are known. ARRA transportation funds may be used for 100% of project cost; there is no state or local match requirement.

The House bill, passed on March 18, 2009, reflected the Executive request. The Senate passed the bill without changes on March 26, 2009. The Governor signed the bill into law on March 31, 2009.

FY 2008-09 Appropriation Items:

TRANSPORTATION

1. State Trunkline Federal Aid and Road and Bridge Construction (ARRA)

	<u>Executive</u>	<u>House/Senate/Enacted</u>
Gross	\$635,403,700	\$635,403,700
Federal	635,403,700	635,403,700

On March 2, 2009, the Federal Highway Administration (FHWA) announced the apportionment of highway infrastructure funds to the states under provisions of the ARRA. The amount apportioned to Michigan was \$847.2 million. The requested appropriation represents the state trunkline share of these federal highway funds as provided under Section 10o of 1951 PA 51.

2. Local Federal Aid and Road and Bridge Construction (ARRA)

Gross	\$211,801,300	\$211,801,300
Federal	211,801,300	211,801,300

Section 10o of 1951 PA 51 directs that an average of 25% of federal-aid highway funds available to Michigan be allocated to programs administered by local jurisdictions. The requested appropriation represents the 25% allocation to local jurisdictions of the \$847.2 million in highway funds apportioned to Michigan under the ARRA.

3. Nonurban Operating/Capital (ARRA)

Gross	\$21,930,000	\$21,930,000
Federal	21,930,000	21,930,000

Appropriation represents additional federal transit funds available to Michigan public transit agencies in non-urbanized areas (census population less than 50,000) under the ARRA. These formula funds are distributed in accordance with Section 5311 of the Federal Transit Act. The line item name, *Nonurban Operating/Capital*, is consistent with current year budget descriptions. However, under provisions of the ARRA, the funds can only be used for capital acquisitions, such as bus replacement, not for operating expenses.

[An additional \$109.0 million in Urban formula grants (Section 5307 of the Federal Transit Act) is available to Michigan urban transit agencies under the ARRA. Since Section 5307 funds are granted directly to urban transit agencies, state appropriation is not required.]

FY 2008-09 Appropriation Items:

4. Intercity Services (ARRA)

Section 5311 of the Federal Transit Act requires that 15% of rural formula funds be used to support rural intercity bus service. The requested appropriation represents the 15% share of rural formula transit funds available under the ARRA. Under ARRA, the funds can only be used for capital acquisitions, such as bus replacement, not for operating.

	<u>Executive</u>	<u>House/Senate/Enacted</u>
Gross	\$3,870,000	\$3,870,000
Federal	3,870,000	3,870,000

FY 2008-09 Boilerplate Items:

TRANSPORTATION

1. Boilerplate Appropriation of Additional Funds

Appropriates additional *apportioned* funds which may be made available to Michigan through redistribution of funds not obligated by other states; requires report to Legislature.

Executive **House/Senate/Enacted**

Included Sec. 301

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 projects).

Included Sec. 302

3. Federal Requirements Incorporated by Reference

Requires that local units of government and other subrecipients of appropriated funds comply with all requirements of the ARRA.

Included Sec. 303