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BILL ANALYSIS



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House Bill 4258 (Substitute H-1 as passed by the House)
Sponsor: Representative George Cushingberry
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 3-31-09

CONTENT

House Bill 4258 (H-1) would provide 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 (H-1) on March 26, 2009. House Bill 4258 (H-1) 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 House-passed bill contains \$2.0 billion of appropriations supported by Federal funds. The bill only contains the appropriation of Federal funds and does not contain any appropriations supported by State-financed revenue sources.

Table 1 provides a list of the appropriations contained in the OSB recommendation and the House-passed bill. The appropriations in House Bill 4258 (H-1) would provide funding for programs in 10 different State departments. The following is a brief summary of the line item appropriations contained in House Bill 4258 (H-1):

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 will 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 multi-jurisdictional 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 \$112.7 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.

Education Technology Grants: Federal formula funding of \$24.5 million for education technology grants to local school districts. Of the total grants, 50.0% will be distributed under Federal grant criteria and 50.0% will be distributed on a competitive basis as determined by the State Board of Education.

Department of Energy, Labor, and Economic Growth

State Energy Program: Federal formula funding of \$108.8 million for energy programs to be distributed pursuant to Federal requirements and competitive grants. Of the total grants, \$26.7 million will be used for energy efficiency block grants to support energy efficiency projects in State and local governments. At least 60.0% of these funds must be distributed to local units of government whose population levels disqualify them from receiving energy block grant funds directly from the Federal government. The remaining \$82.1 million of the funding is dedicated to the State Energy Office. These funds will be spent for various energy efficiency projects including establishing energy efficient building codes, financial incentives for energy efficiency, and other energy activities. The

distribution of these funds will be determined by the 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 will be used 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 will be used to expand the existing State program for remediation and cleanup of contaminated underground storage tanks.

Surface Water: Federal formula funding of \$1.8 million will be used 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 will be used 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 will be used 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 the 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 the 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.

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

Posting of Expenditure Details: 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.

Notification of Issuing Requests for Proposals: 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 prior to the issuance of any request for proposals.

Fiscal Analyst: Gary S. Olson

Table 1

American Recovery and Reinvestment Act Pending Federal Funds Supplemental Appropriations Contained in House Bill 4258 (H-1) (Actual Dollars)		
Department/Program	OSB Recommendation	House-Passed
Community Health		
Byrne Justice Assistance Grants.....	\$41,199,000	\$41,199,000
Justice Assistance Grants.....	1,162,000	1,162,000
Crime Victims Rights Services Grants	356,000	356,000
Aging Nutrition Services	3,000,000	3,200,000
Aging Employment Assistance	792,000	792,000
Subtotal Community Health	46,509,000	46,709,000
Education		
Special Education	400,608,000	400,608,000
Handicapped Preschool Incentive Grants.....	13,396,000	13,396,000
Handicapped Infants and Toddlers Grants.....	12,346,000	12,346,000
Disadvantaged Children At-Risk Funding.....	390,100,000	390,100,000
At-Risk School Improvement Grants	112,650,000	112,650,000
Homeless Children and Youth Grants.....	2,452,000	2,452,000
School Lunch Equipment Assistance	2,490,000	2,490,000
Emergency Food Assistance Program	4,083,000	4,083,000
Education Technology.....	24,533,000	0
Subtotal Education.....	962,658,000	938,125,000

**American Recovery and Reinvestment Act
Pending Federal Funds Supplemental Appropriations Contained in House Bill 4258 (H-1)
(Actual Dollars)**

Department/Program	OSB Recommendation	House-Passed
Energy, Labor, and Economic Growth		
Energy Office	108,756,000	108,756,000
Unemployment Programs.....	850,000	850,000
Employment Services.....	13,350,000	13,350,000
Michigan Rehabilitation Service	15,407,400	15,407,400
Vocational Rehabilitation Independent Living.....	290,700	290,700
Workforce Training Program Subgrantees	202,050,000	202,050,000
Commission for the Blind	4,063,600	4,063,600
Subtotal Energy, Labor, and Economic Growth	344,767,700	344,767,700
Environmental Quality		
Pollution Prevention and Technical Assistance.....	1,800,000	1,800,000
Leaking Underground Storage Tank Cleanup Program ..	8,000,000	8,000,000
Surface Water Program	1,800,000	1,800,000
Water Pollution Control and Drinking Water Revolving Fund	237,000,000	237,000,000
Subtotal Environmental Quality	248,600,000	248,600,000
History, Arts, and Libraries		
Arts and Cultural Grants	350,000	350,000
Subtotal History, Arts, and Libraries.....	350,000	350,000
Human Services		
Michigan Community Service Commission.....	967,000	967,000
Community Services Block Grants.....	36,000,000	36,000,000
Weatherization Assistance Program.....	244,000,000	244,000,000
Domestic Violence Prevention and Treatment	4,074,900	4,074,900
Food Assistance Program	150,000,000	150,000,000
Subtotal Human Services.....	435,041,900	435,041,900
Management and Budget		
Michigan Economic Recovery Office.....	2,000,000	2,000,000
Subtotal Management and Budget	2,000,000	2,000,000
Military and Veterans Affairs		
Special Maintenance for National Guard Facilities.....	7,850,000	7,850,000
Subtotal Military and Veterans Affairs.....	7,850,000	7,850,000
State Police		
Federal Antidrug Initiatives	1,000,000	1,000,000
Subtotal State Police	1,000,000	1,000,000
Treasury-Michigan Strategic Fund		
Job Creation Services	300,000	300,000
Community Development Block Grants.....	9,000,000	9,000,000
Subtotal Treasury-Strategic Fund	9,300,000	9,300,000
Total Supplemental Recommendations	\$2,058,076,600	\$2,033,743,600

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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.