Summary

2009 Federal American Recovery and Reinvestment Act (ARRA)

Mitchell E. Bean, Director

March 25, 2009

HOUSE FISCAL AGENCY

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This summary of the American Recovery and Reinvestment Act of 2009 (ARRA) provides Members with a brief explanation of the various provisions of the ARRA. The amount of revenue appropriated in House Bill 4258 is noted with each explanation. As used in this document, "N/A" means that none of the available federal funds are included in HB 4258.

The summary incorporates diagrams to help explain Transportation programs and the State Stabilization Fund, and notes the HFA Fiscal Analysts who provided specific program information. The summary also includes a table that provides information about the impact on Michigan tax revenue associated with major provisions of ARRA and the impact of tobacco tax provisions of the State Children's Health Insurance Program (SCHIP) Act.

It is important to note that federal agencies have until May 1, 2009, to develop program plans that will affect the way some of these programs are administered, and the amount of funding that state and local governments will receive.

This summary groups ARRA program funds as follows:

- **Healthcare/Medicaid** – expected to flow through the Community Health budget.
- **Public Safety** – expected to flow through the budgets for State Police and Military and Veterans Affairs.
- **Environmental Quality/Natural Resources** – expected to flow through budgets for Environmental Quality and Natural Resources.
- **UI/Workforce Training/Energy** – expected to flow through the budget for Energy, Labor, and Economic Growth.
- **Transportation** – expected to flow through the Transportation budget.
- **Education** – expected to flow through the budgets for School Aid (K-12), Higher Education, and (possibly) Community Colleges.
- **Human Services** – expected to flow through the Human Services budget.
- **Telecommunications/Oversight/Housing** – expected to flow through the General Government budget.

As noted in this summary of ARRA provisions:

- Increased federal matching rates for Medicaid will free up approximately $2 billion in state GF/GP.

- The unrestricted portion of the State Fiscal Stabilization Fund contains approximately $291 million in unrestricted funds.
- Provisions relating to Human Services will free up approximately $87 million in GF/GP through 2010.

This will result in a total of approximately $2.4 billion in GF/GP and other unrestricted funds.

The table summarizing the impact of ARRA and SCHIP on state tax revenue notes that through FY 2010-11, state tax revenue is expected to be reduced $216.9 million.

It is important to consider the impact of the ARRA on Michigan's budget in the context of the state budget shortfall:

- In January, a Michigan budget shortfall of $1.4 billion was identified.
- The Executive Budget Recommendation for FY 2009-10 proposed a solution to the $1.4 billion shortfall that included $670 million in budget cuts, $231.5 million in revenue enhancements, and $500 million from the federal stimulus package.
- Year-to-date, FY 2008-09 revenue collections are down approximately $200 million.
- It is anticipated that in May, consensus estimates for both FY 2008-09 and FY 2009-10 will be lowered substantially; when that happens, the shortfall will increase by the same amount that revenue decreases.
- Medicaid and DHS caseloads are expected to increase, and add at least $270 million to the shortfall.

If revenue estimates in May are reduced substantially and the Legislature chooses not to provide for enhanced revenue, reduces revenue further through tax cuts, or chooses not to make cuts approximately equivalent to those proposed in the Executive Recommendation, then most—and perhaps all—of the approximately $2.4 billion resulting from the ARRA would be needed to balance the state budget.

It should also be noted that if the just-described scenario were to occur, the shortfall for the FY 2010-11 budget—which the Legislature will be considering at this time next year—is likely to exceed $2 billion.

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MEDICAID/HEALTHCARE

COBRA Health Insurance for Unemployed Worker

Amount of federal funds in HB 4258: N/A

Information provided by: Bill Fairgrieve

The ARRA provides for federal subsidies to cover 65% of the COBRA premiums to enable people who have been involuntarily terminated from their jobs to maintain their prior employment based health insurance coverage for up to nine months. The subsidy is limited to workers with earnings less than $125,000 ($250,000 for couples). It is unknown how many potentially eligible workers in Michigan would take advantage of this option.

Federal Medicaid Match Rate Increase

Amount of federal funds in HB 4258: N/A

Information provided by: Bill Fairgrieve

The enacted version of the federal stimulus package provides a temporary 6.2% increase in the federal Medicaid rate (FMAP) from October 1, 2008, through December 31, 2010. The federal share of Michigan's Medicaid cost would go from 60.27% to 66.47% in FY 2008-09, and from 63.19% to 69.39% in FY 2009-10.

States with large increases in unemployment would also receive an additional increase in their FMAP rate ranging from 5.5% to 11.5% of the state's Medicaid share after certain adjustments. Based on current unemployment estimates, this would further increase Michigan's FMAP rate by between 3.5% and 4.0% in each fiscal year. The combined increase in the federal share of Michigan's Medicaid costs will lower the amount of state GF/GP funds required to maintain the program, providing savings to Michigan of $2.0 billion through December 2010. There would be further savings to hospitals and nursing homes through a reduction in the amount of provider taxes paid as part of the Quality Assurance Assessment Program (QAAP).

Because federal Medicaid claims are filed based on actual expenditures, the additional revenue is not available to the state until after the expenditures are actually incurred and meet the following conditions:

- The state does not restrict Medicaid eligibility between July 1, 2008 and December 31, 2010.
- The increase would not be available for expenditures on behalf of individuals who become Medicaid eligible through adoption of higher income or asset limits after July 1, 2008.
- The state is in compliance with federal Medicaid prompt payment requirements.
- Depositing or crediting of any funds attributable to the FMAP increase into a reserve fund or rainy day fund is prohibited.

Disproportionate Share Payments to Hospitals

Amount of federal funds in HB 4258: N/A

Information provided by: Bill Fairgrieve

The federal government limits the amount of hospital disproportionate share payments (DSH) that each state is allowed to provide. The federal stimulus legislation increases the annual DSH allotment by 2.5% in FY 2008-09 and FY 2009-10. Michigan's current appropriation for DSH payments is $423.7 million.

Health Information Technology

Amount of federal funds in HB 4258: N/A

Information provided by: Bill Fairgrieve

Provides $19.0 billion in funding for health information technology infrastructure, training, dissemination of best practices, telemedicine, inclusion of health information technology in clinical education, and state grants to promote health information technology. $17.0 billion of the $19.0 billion total is for financial incentives through the Medicare and Medicaid programs to encourage doctors and hospitals to adopt and use certified electronic health records. Federally qualified health centers, rural health clinics, children's hospitals and others will be eligible for funding through the Medicaid program.

Additional funding will be available for state planning and implementation grants and loan programs to expand health information technology. In 2006, Michigan established a Health Information Technology Commission to promote the establishment of an interoperable health care information infrastructure in Michigan. Currently, the FY 2008-09 DCH budget includes a $5.0 million appropriation to support regional health information exchanges (HIEs) throughout the state and a central HIE resource center. This funding is proposed to be eliminated in the FY 2009-10 Executive Budget Recommendation.

Other Health-Related Provisions

Amount of federal funds in HB 4258: N/A

Information provided by: Bill Fairgrieve

The ARRA also includes $1.1 billion for health care effectiveness research; $1.5 billion for construction, modernization, and health IT improvements for federally qualified health centers (FQHCs); $500 million for FQHC grant funding; and $500 million for training of primary care providers.

Prevention and Wellness Fund

Amount of federal funds in HB 4258: N/A

Information provided by: Sue Frey

$1.0 billion is allocated to a new Prevention and Wellness Fund with most of the funding transferred to the Centers for Disease Control and Prevention for various grant programs and other public health initiatives. Funding is targeted to immunization programs ($300 million); clinical and community-based prevention and wellness strategies ($650 million); and health care related infection prevention strategies ($50 million). According to preliminary estimates, Michigan would receive $9.3 million in funding for immunizations.

Crime Victim Services

Amount of federal funds in HB 4258: $1.5 million

Information provided by: Sue Frey

$100.0 million is provided for crime victim programs through the federal stimulus package. $47.5 million is for victim assistance programs ($1,162,000 to Michigan), and $47.5 million is for victim compensation ($356,000 to Michigan). Current Michigan crime victims program appropriations total $27,725,400.

Community Service Employment for Older Americans

Amount of federal funds in HB 4258: $0.8 million

Information provided by: Sue Frey

Provides $120 million total to be provided to current grantees according to allotments for 2008. The State of Michigan is to receive $792,000. Current year state funding is $3.2 million. The program subsidizes part-time employment for low-income seniors.

Senior Nutrition Services

Amount of federal funds in HB 4258: $3.2 million

Information provided by: Sue Frey

$100 million is provided for senior meals programs, $65 million for congregate meals, $32 million for home-delivered meals, and $3 million for nutrition services for Native Americans. Michigan will receive $2,113,224 for congregate meals and $1,040,356 for home-delivered meals. Current funding for senior meals in Michigan is $37,922,500.

Women, Infants, and Children Program (WIC)

Amount of federal funds in HB 4258: N/A

Information provided by: Sue Frey

Provides $500 million, of which $100 million will be distributed by formula to states for management information systems. The remaining $400 million will be in reserve should cost of participation exceed budget estimates.

Byrne Justice Assistance Grant Program

Amount of federal funds in HB 4258: $41.2 million

Information provided by: Sue Frey

$2.0 billion is provided for formula grants nationally using existing formula, with $41,198,830 to Michigan through DCH Office of Drug Control Policy and $25.8 million directly to local governments. The DCH funding will support local and state projects.

PUBLIC SAFETY

Community Oriented Policing Services (COPS) Grants

Amount of federal funds in HB 4258: N/A

Information provided by: Jan Wisniewski

$1 billion in grants to support hiring additional law enforcement officers. The ARRA waives the 25 percent local match requirement and the $75,000 salary cap per officer. State and local agencies will probably be required to apply directly to the federal government for the grant funds. The Michigan Commission on Law Enforcement Standards is currently working with local police agencies to determine the amount of police officers needed statewide. The Department of State Police has indicated that if it is eligible to receive any of these funds, it plans to conduct a trooper school.

Byrne Competitive Grants

Amount of federal funds in HB 4258: N/A

Information provided by: Jan Wisniewski

$225 million in competitive grants to support crime prevention, improve the administration of justice, provide services to victims of crime, and other activities. Grants will likely be distributed to state and local police agencies that apply for and qualify for the funding. The Department of State Police has indicated that it will apply for these funds for technology upgrades and projects.

Military Construction, Army National Guard

Amount of federal funds in HB 4258: $7.9 million

Information provided by: Jan Wisniewski

$50 million for planning, design, and construction projects. Funding received by Michigan will likely be a direct allocation to the Department for specific projects. The Department of Military and Veterans Affairs will received $7,850,000 for improvements and maintenance projects for Camp Grayling, Fort Custer, and the Lansing Headquarters for utilities upgrades, energy consumption reduction projects, and road improvements and safety enhancements at these facilities ($7,850,000 being allocated via the 3/13/09 DMB supplemental letter).

Veterans Affairs

Amount of federal funds in HB 4258: N/A

Information provided by: Jan Wisniewski

$150 million in grants for construction of state extended care facilities for veterans. Funding received by Michigan will likely be a direct allocation to the Department for specific projects.

ENVIRONMENTAL QUALITY/NATURAL RESOURCES

Water Pollution Control and Drinking Water Revolving Fund

Amount of federal funds in HB 4258: $237 million

Information provided by: Kirk Lindquist

Funding would be provided for grants to communities for the construction of treatment works and for new funding for loans through the water pollution control and the drinking water revolving fund. Half of the amount provided to Michigan would be used for grants and forgiveness of loans. Water Quality Management planning funds ($1,200,000) are also through the Clean Water State Revolving Fund grant to develop total maximum daily loads for treatment plants and for wastewater operator training. 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

Brownfields Remediation

Amount of federal funds in HB 4258: N/A

Information provided by: Kirk Lindquist

State allocations are not currently available. Funding may be available through a competitive grant process administered by the Federal Environmental Protection Agency.

Superfund Hazardous Waste Cleanup

Amount of federal funds in HB 4258: N/A

Information provided by: Kirk Lindquist

State allocations are not currently available. ARRA includes funding to clean up hazardous and toxic waste sites. Funding may be available through a competitive grant process administered by the Federal Environmental Protection Agency There is a 10% match requirement.

Leaking Underground Storage Tanks

Amount of federal funds in HB 4258: $8 million

Information provided by: Kirk Lindquist

Funds will be used to enforce and clean up underground storage tank contamination. There is no matching requirement.

Diesel Emission Reduction Grants

Amount of federal funds in HB 4258: $1.8 million

Information provided by: Kirk Lindquist

Provides a grant for projects leading to job creation and measurable reductions in diesel emissions.

Department of Interior Resource Management

Amount of federal funds in HB 4258: N/A

Information provided by: Kirk Lindquist

ARRA includes funding Department of Interior capital outlay projects, including roads and bridges, wildlife refuge and hatchery maintenance, dam removal, trail improvement and habitat restoration

projects. It is not clear how much of the allocation might be provided to Michigan (through traditional grant programs for these purposes), and what amount will be retained by the federal agency for national forests and wildlife refuges located in Michigan.

Rural Water and Waste Disposal

Amount of federal funds in HB 4258: N/A

Information provided by: Kirk Lindquist

$1,380,000,000; state allocations are not currently available. Funds would be distributed through state administered grants and loans to help communities develop/improve drinking water and wastewater treatment systems.

Wildland Fire Management

Amount of federal funds in HB 4258: N/A

Information provided by: Kirk Lindquist

ARRA includes funding for wildfire mitigation and prevention efforts on federal lands. Grant funding for specialized wildfire equipment may be available to states, and would be awarded through a competitive grant process.

Watershed and Flood Protection

Amount of federal funds in HB 4258: N/A

Information provided by: Kirk Lindquist

ARRA provides funding to design and build flood protection projects and repair aging dams, and $145.0 million to purchase and restore conservation easements in flood plains.

Fish and Wildlife Service Resource Management

Amount of federal funds in HB 4258: N/A

Information provided by: Kirk Lindquist

Funding may be available to states for stream habitat and habitat restoration projects. Grant funds for specialized wildfire equipment may be available to states, and would be awarded through a competitive grant process.

UI/WORKFORCE TRAINING/ENERGY

Energy Efficiency and Conservation Block Grants

Amount of federal funds in HB 4258: $26.7 million

Information provided by: Mark Wolf

At least $9.7 million to the state; total state allocation and direct allocation to larger local governments is not known. $3.2 billion in grants to larger local governments and states; at least 60% of state funds are re-allocated to smaller local governments. Funds to be used for building energy audits, energy retrofits, use of renewable energy, improved energy efficiency in buildings and transportation. The $26.7 million figure is a DELEG estimate, based on its prior share of State Energy Program funds.

State Energy Program Grants

Amount of federal funds in HB 4258: $82.1 million

Information provided by: Mark Wolf

$3.1 billion distributed to state energy offices based on an equal distribution, population, and energy consumption. To be expended to carry out a state energy plan, which generally aims to improve energy efficiency within the state.

WIA — Adult Employment and Training Activities

Amount of federal funds in HB 4258: $30.9 million

Information provided by: Mark Wolf

$500.0 million allocated to states based on unemployment rates and number of low-income individuals; re-allocated to local areas based on same criteria; funding for job search and training. Most of these funds will be re-allocated to Michigan Works! Agencies.

WIA — Youth Activities

Amount of federal funds in HB 4258: $73.9 million

Information provided by: Mark Wolf

$1.2 billion allocated to states based on unemployment rates and number of low-income youth; re-allocated to local areas based on same criteria; used for education and job training programs, and necessary supportive services for low-income youth (14-24 under the bill). Most of this funding will be re-allocated to Michigan Works! Agencies.

WIA — Displaced Worker Employment and Training Activities

Amount of federal funds in HB 4258: $78.5 million

Information provided by: Mark Wolf

$1.25 billion allocated to states based on unemployment rates and number of individuals unemployed for at least 15 weeks; re-allocated to areas based on unemployment, plant closings and layoffs, and declining industries; same as adult employment and training services. Most of this funding will be allocated to Michigan Works! Agencies.

Dislocated Workers National Reserve

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

Funds held by Department of Labor to provide National Emergency Grants (NEG) to supplement displaced worker funds to states, local boards, and others, to respond to plant closings and mass layoffs within a community; $200.0 million distributed to states as needed.

YouthBuild Activities

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

Provides disadvantaged youth with employment, education, leadership, and training through rehabilitation or construction of housing for the homeless and low-income families; eligible grantees include community organizations, local boards, and state workforce agencies; $50 million. Primary recipients are local organizations.

Competitive Grants for Worker Training

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

$750.0 million to be awarded competitively, with $500.0 million specifically allocated for grants for worker training and placement in high growth and emerging industry sectors; including labor exchange, and job training in energy efficiency and renewable energy sector, as provided in the Green Jobs Act of 2007; of the balance, priority given to prepare health care workers.

Employment Service Operations

Amount of federal funds in HB 4258: $14.3 million

Information provided by: Mark Wolf

$400.0 million in Wagner-Peyser Act funds distributed to states based on number of civilian workforce, unemployed individuals, individuals unemployed at least 15 weeks; expended for re-employment and job matching assistance for UI claimants under the Wagner-Peyser Act.

Trade Adjustment Assistance

Amount of federal funds in HB 4258: $18.8 million

Information provided by: Mark Wolf

Makes extensive revisions to the trade adjustment assistance program established under the Trade Act of 1974, including extending the program work professional-service workers and public agencies. The $18.8 million figure is a DELEG estimate based on its prior share of Trade Adjustment Assistance funds.

Vocational Rehabilitation Services

Amount of federal funds in HB 4258: $18.1 million

Information provided by: Mark Wolf

$540.0 million distributed among states to be expended for vocational rehabilitation services for persons with disabilities with the general aim of achieving an employment outcome; while a 21.3% state match is required by statue, no match is required for this funding under ARRA. Split between Michigan Rehabilitation Service and Michigan Commission for the Blind.

Independent Living — State Grants

Amount of federal funds in HB 4258: $447,200

Information provided by: Mark Wolf

$18.2 million distributed among states to be expended for independent living services for persons with disabilities, with the general aim of fostering self-sufficiency and independence. Expended by the Michigan Commission for the Blind and for grants to Centers for Independent Living.

Independent Living Centers

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

$87.5 distributed as direct assistance to Centers for Independent Living (CILs) (there are 15 in Michigan, 10 of which receive federal funding) under the Rehabilitation Act of 1973; CILs provide services aimed at fostering self-sufficiency and independence of persons with disabilities. Funds are distributed directly to CILs.

Services for Older Blind Individuals

Amount of federal funds in HB 4258: $1.2 million

Information provided by: Mark Wolf

$34.3 distributed to states to provide independent living services to blind individuals who are at least 55 years of age; services include providing visual aids and mobility assistance equipment, mobility training, Braille instruction, guide services, transportation assistance, independent living skills training, and other services aimed at assisting with daily living activities.

Public Housing Capital Fund

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

$4.0 billion distributed to public housing agencies (PHAs) to be expended in accordance with state PHA plan for development and modernization of public housing projects; deferred maintenance costs; code compliance; management improvements; demolition and replacement; resident relocation; capital expenditures to improve safety and security; homeownership activities; energy efficiency improvements. About 120 Michigan PHAs are to receive funding. HUD estimates $53.4 million will be available.

Elderly, Disabled, and Section 8 Assisted Housing Energy Retrofit

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

$2.25 billion to provide direct grants or loans to property owners receiving affordable housing assistance; to be expended for retrofitting units to improve energy efficiency.

Neighborhood Stabilization Program

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

$2.0 billion awarded competitively the larger local governments and states to provides funding to purchase and develop foreclosed and abandoned homes and blighted properties, and resell them to low and moderate income homebuyers. Award formula still being developed by HUD; it likely

will not be the same formula used in distributing NSP funds available under the Housing and Economic Recovery Act.

Low-Income Housing Tax Credit Program (MSHDA)

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

$2.25 billion in tax credit authority is allocated among state housing authorities to provide federal tax credits for the acquisition, rehabilitation, and construction of affordable housing, with each state allocation based on federal HOME funds received. Would be awarded by MSHDA. HUD estimates $64.0 million will be available. This is not direct funding.

Homeless Assistance Grants

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

$1.5 billion distributed among states and local governments to provide homeless prevention and rapid housing grants for services such as rental assistance, credit repair, security or utility deposit assistance, utility assistance, relocation assistance, and case management. Distributed by formula under McKinney-Vento Homeless Assistance Act. HUD estimates available funds of $53.1 million statewide, with $22.1 million allocated to MSHDA and $31.0 million allocated among 17 larger local governments. Federal funds received by MSHDA are not subject to appropriation.

Extension of Emergency Unemployment Compensation

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

PL 110-252 and PL 110-449 temporarily provide up to 20 weeks of extended unemployment compensation (with an additional 13 weeks of extended benefits, in addition to the 20 weeks, in states with high unemployment) to individuals who have exhausted benefits. Generally, extended benefits are payable for persons who exhausted regular benefits or the 20-weeks of extended benefits prior to the end of March 2009. Extended benefits are entirely federally funded (no impact on state).

ARRA extends the duration of the extended benefits period to December 2009, so displaced workers who exhausted regular benefits or 20 weeks of extended benefits prior to the end of December 2009 are provided 20 weeks of extended benefits (if exhausting regular benefits) or 13 weeks of extended benefits (if exhausting regular compensation, 20 weeks of the extended benefits, and residing in a high unemployment state). ARRA does not extend the number of additional weeks of benefits a person can receive.

Increase Unemployment Compensation (UC) Benefits

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

Increases amount of UC benefits payable by $25 so that a person receives the amount calculated under state law, plus $25; state cannot amend calculation to lower state benefits paid; payable through June 2010; entirely funded by federal government through an advance made to states or a reimbursement; federal funds also provided to support state administrative costs. Known as Federal Additional Compensation (FAC).

Special Transfers for Unemployment Compensation Modernization

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

Incorporates provisions of the proposed Unemployment Insurance Modernization Act (HR 290 of the current 111th Congress). Makes a total of $7.0 billion in incentive payments to states that modernize their UI laws; one-third distributed to states that provide for an "alternate base period" (used to determine eligibility) that includes the most recent calendar quarter; state UC law already includes that provision. Distributes two-third to states that enact changes to UC laws that include two of the following four provisions: 1) permit former part time workers to seek part time work and be eligible for UC benefits; 2) provide UI benefits to claimants who voluntarily leave for compelling family reasons; 3) provide an additional dependent allowance of $15/dependent, subject to a minimum cap of $50; and 4) provides extended benefits to UI recipients who have exhausted benefits and are enrolled in state-approved job training program or program under WIA (like NWLB).

Available in FYs 2009-2011. Funds used for benefits would not be subject to appropriation, although a portion of the funds can be used to UI administration costs. The state law changes must be "permanent law" and "not subject to discontinuation", meaning the provisions can not include a sunset provision or other provision restricting their applicability. The DOL has stated, however, that a state, in the future, may repeal these provisions and not be required to pay back the funds received. DOL estimates available funds of $69.4 million, with potential for an additional $138.9 million if the state enacts certain changes to its UI law. A portion of the funds can be used for administrative costs (amount unknown at this time), which would be subject to appropriation.

Extended Benefits (Unemployment Insurance Agency)

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

Provides that the Extended Benefits program (permanent program established in federal law) is to be, temporarily, financed 100% by the federal government, rather than the traditional 50-50 split among the states and the federal government.

Waives Interest Due on Title XII Cash-Flow Advances to State UI Trust Funds

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

Waives, through December 2010, any interest due on advances made to state unemployment trust funds necessary to meet costs of providing benefits. According to public testimony for the UIA director, Michigan is estimated to owe $41.0 million in interest payments in FY 2009. 2009 PA 1 suspends the solvency tax because of this provision. DOL estimates $41.0 million will be available in CY 2009. This is not direct funding.

Special Transfers for Unemployment Compensation Modernization

Amount of federal funds in HB 4258: N/A

Information provided by: Mark Wolf

$500.0 million distributed among state unemployment agencies for administrative costs, improved outreach, and operations improvements, including information technology upgrades and other service improvements to meet increased demand for services, and re-employment services.

DOL estimates $14.9 million will be available. Amount of modernization funds that may be used for administrative costs has not yet been determined.

TRANSPORTATION

Total transportation infrastructure funding available to the state under ARRA formula-driven programs is $873,005,000. The amount of additional funding which may be available through redistribution of unobligated funds from other states, or from discretionary programs, can not be estimated at this time. The State Budget Office has indicated that it will make separate supplemental requests once those additional and/or discretionary funds are identified.

Funding for existing highway, transit, rail passenger, and aeronautics programs is provided by ARRA in addition to amounts already appropriated by the federal government for the programs. Funds authorized in ARRA are not subject to obligation limitation.

Highway Infrastructure Programs

Amount of federal funds in HB 4582: $847.2 million

Information provided by: William Hamilton

The ARRA appropriates a total of $27.5 billion for highway infrastructure programs. After various set-asides, $26.66 billion would be apportioned to states—half in the same proportion as 2008 obligation limitation, and half in proportion to 2009 federal Surface Transportation Program (STP) funding.

The state is required to obligate 50 percent of the funds within 120 days of federal apportionment (effectively by June 30, 2009) with the remaining funds obligated within one year of the apportionment date (effectively by March 2, 2010). Funds not obligated by these deadlines are subject to reapportionment to other states. Note that the 120-day deadline does not apply to the 30% funds suballocated by population as described below; 30% funds are subject to a one-year obligation deadline.

The term obligate means that the funds are obligated for a specific eligible project. Funds are obligated prior to bid letting, contract award, and construction. ARRA provides for funds to remain available for obligation through September 30, 2010.

While the funds are available over two fiscal years (2009 and 2010), they are not allocated over the two-year fiscal period; all funds can be obligated in 2009 if the Michigan Department of Transportation (MDOT) and local road agencies can get projects under contract quickly enough. MDOT has indicated that it intends to meet obligation deadlines and will seek to capture funds reapportioned from other states.

State Suballocation: The ARRA suballocates funds within the state (see Chart A on page 16) in part on a programmatic basis and in part on a population (geographic) basis:

3% set aside for Enhancement Program ..... $25.4 million

30% allocated to areas within a state based on population under and placed under control of Metropolitan Planning Organizations (MPOs) ..... $254.2 million

67% which may be used for any eligible project anywhere in state ..... $567.6 million

In addition to federal ARRA requirements, state law (1951 PA 51) requires that an average of 25% of most federal program funds be allocated to programs administered by local jurisdictions.

Division of ARRA highway funds between state trunkline programs and local agency programs, based on Act 51 requirements (see Chart B on page 16), is reflected in HB 4582 as follows: $635.4 million for state trunkline road and bridge construction programs; $211.8 million for local road agency road and bridge construction programs. State suballocation of Michigan's ARRA highway funds will be in accordance with both federal programmatic/population requirements and state jurisdictional requirements.

Project Eligibility: Because ARRA provides additional funding for existing federal-aid programs, projects have to meet current federal program requirements, including planning, environmental clearance, and inclusion in an MPO Transportation Improvement Program (TIP), or the State Transportation Improvement Program (STIP). Eligibility and process requirements are established in 23 USC.

As with the current federal-aid highway program, only certain types of roads and streets are eligible for federal aid. Roads and streets serving strictly local needs, such as subdivision streets or minor/local rural roads are not eligible for federal aid participation. In addition, federal-aid highway funds participate only in eligible capital construction or reconstruction costs, not in routine maintenance or acquisition of equipment.

The ARRA includes additional requirements that priority be given to projects that can be completed within three years, and are within economically distressed areas as defined in federal law. ARRA provides for federal aid at 100% of eligible project cost; there would be no match requirement. (Federal-aid highway programs typically require a 20% non-federal match.)

Project Selection: State Trunkline Projects: MDOT released a list (posted in the MDOT website) of 139 state trunkline Stimulus Candidate Projects with an estimated project cost of $739.9 million. The total estimated cost exceeds the $635.4 million in ARRA formula funding available for state trunkline projects; MDOT included additional projects in anticipation of receiving funds redistributed from other states.

One of the principal criteria for project selection was readiness. Given the relatively short deadlines of ARRA, many projects on the MDOT list had already completed the environmental clearance and preliminary engineering process. Other projects are for Capital Preventive Maintenance which can be designed relatively quickly.

MDOT indicated that practical considerations, such as coordination with other state/local projects, guided project selection. MDOT also identified projects that would further its pavement management goals. A number of MDOT's proposed ARRA projects had been listed on the MDOT Draft 2009-2013 Five Year Transportation Program. ARRA funds would simply advance many 2010 projects into the 2009 construction season, or would provide funds for projects for which funding sources had not been previously identified. Additionally, MDOT released a list (posted in the MDOT website) of projects for which they are seeking funding under ARRA discretionary programs.

Project Selection: Local Agency Projects: Selection of local agency projects will follow the same process that governs the current local federal-aid highway program. In urbanized areas the process is administered by MPOs. In non-urban areas, the process of project identification and selection is performed by Rural Task Forces (comprised of local units of government, including county road commissions, cities, villages, townships, and transit agencies) within designated state regions. MDOT identifies the amount available for local federal aid projects within each MPO or Rural Task Force area. This local federal aid target is based on the Act 51 allocation of

25% federal funds to local agency programs ($211.8 million ARRA funds), and programmatic and population distribution requirements of federal law. Working through the MPO or Rural Task Force process, local units of government identify and prioritize eligible projects within the spending target. Both state and local projects must meet general federal eligibility and planning requirements, and the specific ARRA requirements.

Funding to Transit Agencies

Amount of federal funds in HB 4582: $25.7 million

Information provided by: William Hamilton

The ARRA appropriates $6.9 billion in federal capital assistance to transit agencies, of which 80% or $5.5 billion is distributed to agencies in urbanized areas by formula (46 USC 5307). Urbanized area funds are distributed directly to urban transit agencies. The ARRA would allocate 10%, approximately $600 million, using rural area formula (49 USC 5311). Another 10% is distributed under 49 USC 5340, a program which recognizes fast-growing/high-density areas; Section 5340 funds are redistributed to state Section 5307 and 5311 programs. These transit grants would purchase buses, capital equipment, or facilities.

Michigan's $134.8 million in transit funding is divided as follows: $109.0 million for urbanized area formula funds; $21.9 million for rural formula funds (transit); and $3.8 million for rural formula funds (intercity). Rural formula transit funds are included in HB 4582; because urbanized area funds are distributed directly to transit agencies, they do not have to be appropriated at the state level.

The ARRA requires obligation of 50% of funds 180 days following notice of apportionment by the Federal Transit Administration, with the remaining funds obligated within one year of apportionment. Funds not obligated with these deadlines would be redistributed to other states. ARRA also indicates that transit funds remain available until September 30, 2010. Administrative and program management expenses, which the ARRA both allows and limits, are made available until September 30, 2012.

Grants in Aid for Airports

Amount of federal funds in HB 4582: N/A

Information provided by: William Hamilton

The ARRA provides $1.1 billion nation-wide for the Secretary of Transportation to make discretionary Grants in Aid for Airports. ARRA requires that 50% of funds made available under the act be obligated within 120 days of enactment, with the remaining amounts obligated within one year of enactment. There is currently no estimate of the amount of funds Michigan might receive. Additional funds for Michigan will require state appropriation.

Other Provisions

Amount of federal funds in HB 4582: N/A

Information provided by: William Hamilton

The ARRA provides non-formula grants of $1.5 billion nationally for discretionary surface transportation grants; $750 million for fixed guideway modernization grants (for light rail or bus rapid transit), and $750 million for Capital Investment/New Starts already in construction or final design phase. MDOT has posted on its website a list of projects for which it will try to obtain discretionary grant funding.

Chart A

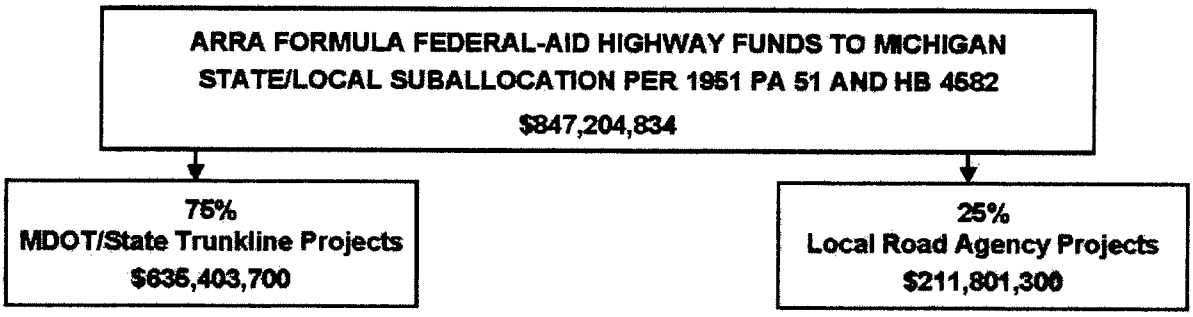
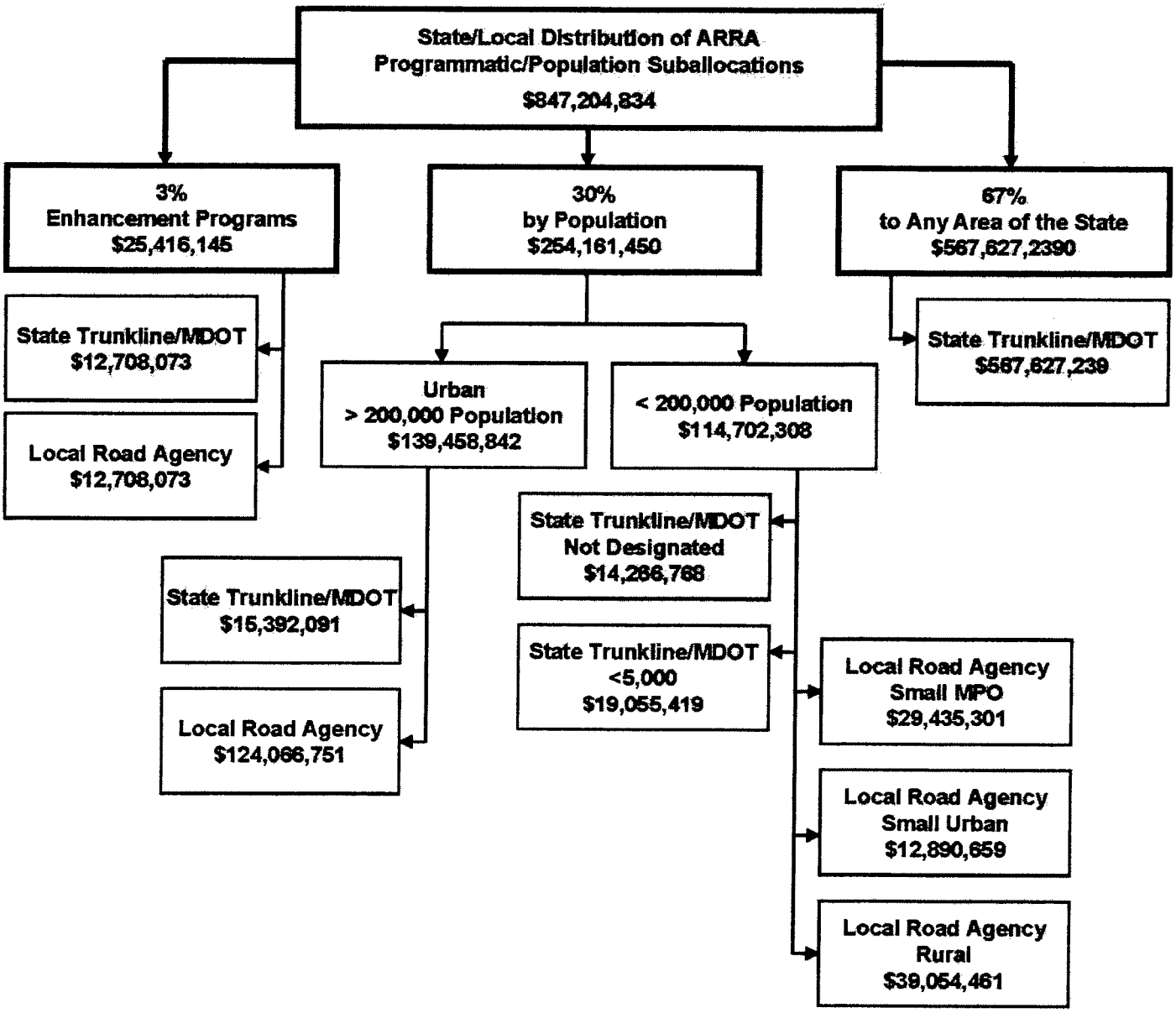


Chart B



EDUCATION

State Fiscal Stabilization Fund

Amount of federal funds in HB 4258: N/A

Information provided by: Mary Ann Cleary, Bethany Wicksall, Kyle Jen, and Ben Gielczyk

The bulk of the State Fiscal Stabilization Fund is provided in state allocations. 81.8% of it is provided for K-12 Education and Higher Education. The other 18.2% could be used for any government services. According to FFIS, Michigan's total allocation is estimated at approximately $1.6 billion.

Of the 81.8% ($1.31 billion for Michigan) directed towards K-12/Higher Education, the first allocation must be used to maintain the greater of FY 2007-08 or FY 2008-09 funding levels for K-12/Higher Education funding in FYs 2009-10 and 2010-11. (Higher Education includes appropriations to public universities and community colleges but not state financial aid programs.)

The balance of funds remaining, after funding levels are restored, is earmarked for education and would go to K-12 purposes including early childhood programs. Specifically, it would be distributed to districts based on their Federal Title I allocations. Districts could use the funds for any activity authorized by the Elementary and Secondary Education Act, the Individuals with Disabilities Education Act, the Adult and Family Literacy Act, or the Perkins Career and Technical Education Act or for modernization, renovation or repair of public school facilities.

The state allocations also include maintenance-of-effort (MOE) requirements that "state support" for both K-12 and Higher Education must maintain at least FY 2005-06 funding levels. For Higher Education, there is currently a buffer of about $65 million that the FY 2008-09 budget is over the FY 2005-06 budget. For K-12, there is currently a buffer of about $386.0 million (after adjusting for January pupils and taxable value changes).

In addition to the state allocations described above, $5.0 billion of the State Fiscal Stabilization Fund is reserved for competitive grants to states that have made significant progress by FY 2009-10 in achieving equity in teacher distribution, improving data collection and use, and improving academic assessments. It is unclear how much of this Michigan might receive.

The state may use the 18.2% ($291 million for Michigan) remaining for public safety and other government services which may include further assistance for K-12 and Higher Education including modernization, renovation, or repair of public school facilities or institution of higher education facilities.

Higher Education

Amount of federal funds in HB 4258: N/A

Information provided by: Kyle Jen and Ben Gielczyk

Includes increased funding for Pell Grants and federal Work Study program. Additionally, the federal tuition tax credit would be temporarily expanded and made partially refundable. These funds would not pass through the state budget. Funds will be awarded directly to postsecondary students through existing formulas/processes. These changes would increase available financial aid for college students in Michigan, though, potentially alleviating the need for state-funded financial aid.

Education Grants to K-12 Districts

Amount of federal funds in HB 4258: $938.1 million

Information provided by: Mary Ann Cleary and Bethany Wicksall

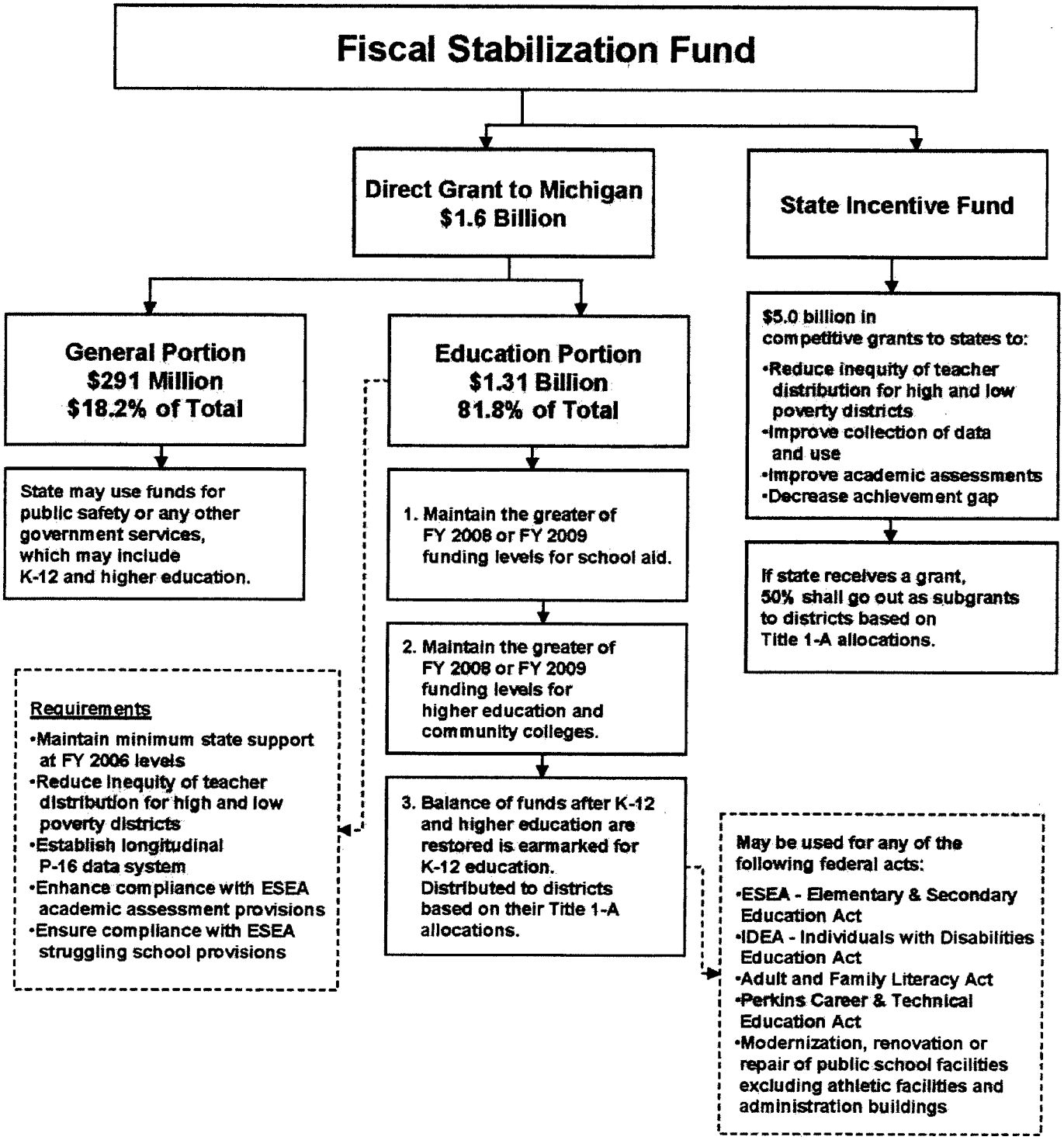
Under the proposal there is Title I-A (for Disadvantaged students) funding of $502.75 million for use in FYs 2009-10 and 2010-11 which is distributed as follows:

- Approximately $195.1 million will go out as formula grants to be used for current Title I-A targeted grants.
- Approximately $195.1 million will be used for education finance incentive grants distributed through the current formula of which states are encouraged to use a portion of the funds for early childhood programs.
- $112.65 million to be used for school improvement grants to districts failing to meet NCLB requirements of which states are encouraged to use up to 40% for middle and high school students.

Additionally, there is IDEA (special education) funding of $426.35 million for FYs 2009-10 and 2010-11 in formula grants including preschool grants and grants to infants and toddlers.

There is approximately $24.5 million for Michigan in Education Technology grants to be used in FYs 2009-10 and 2010-11; $2.45 million for education for homeless youth and children grants; and Teacher Incentive funding available to states to develop and implement innovative principal and teacher compensation models for recruitment and retention efforts in high-need schools and subjects.

The state, with approval of the Secretary of Education, may treat state fiscal stabilization funds as non-federal funds for any requirement for any other federal education program related to MOE or the Secretary of Education may waive or modify any requirement related to MOE for a state or school district for FYs 2008-09, 2009-10, and 2010-11.


Fiscal Stabilization Fund
Direct Grant to Michigan
$1.6 Billion
State Incentive Fund
General Portion
$291 Million
$18.2% of Total
Education Portion
$1.31 Billion
81.8% of Total
$5.0 billion in competitive grants to states to:
•Reduce inequity of teacher distribution for high and low poverty districts
•Improve collection of data and use
•Improve academic assessments
•Decrease achievement gap
State may use funds for public safety or any other government services, which may include K-12 and higher education.
1. Maintain the greater of FY 2008 or FY 2009 funding levels for school aid.
If state receives a grant, 50% shall go out as subgrants to districts based on Title 1-A allocations.
2. Maintain the greater of FY 2008 or FY 2009 funding levels for higher education and community colleges.
Requirements
•Maintain minimum state support at FY 2006 levels
•Reduce inequity of teacher distribution for high and low poverty districts
•Establish longitudinal P-16 data system
•Enhance compliance with ESEA academic assessment provisions
•Ensure compliance with ESEA struggling school provisions
3. Balance of funds after K-12 and higher education are restored is earmarked for K-12 education. Distributed to districts based on their Title 1-A allocations.
May be used for any of the following federal acts:
•ESEA - Elementary & Secondary Education Act
•IDEA - Individuals with Disabilities Education Act
•Adult and Family Literacy Act
•Perkins Career & Technical Education Act
•Modernization, renovation or repair of public school facilities excluding athletic facilities and administration buildings

HUMAN SERVICES

Federal Medical Assistance Percentage

Amount of federal funds in HB 4258: N/A

Information provided by: Bob Schneider and Kevin Koorstra

Provides a 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) through the first quarter of FY 2011. For DHS, the new federal funding will offset GF/GP costs within the foster care and adoption subsidy programs. ARRA prohibits the state from depositing FMAP increase revenue into a rainy day fund. Michigan allocation is $42,248,200 gross; $18,777,000 for FY 09; $18,777,000 for FY 10; remainder during the first quarter of FY 11.

Food Assistance

Amount of federal funds in HB 4258: $150 million

Information provided by: Bob Schneider and Kevin Koorstra

Increases the food assistance benefit level by 13.6%. The increase is phased out over the next few years as annual cost of living adjustments catch up to the one-time increase in the benefit level. No state cost impact; benefits are federally-funded. Michigan allocation is $800,000,000 gross over the next several years.

Provides additional federal funding for food assistance program administrative expenses based on state's share of food assistance households as reported through the most recent 12 months. 75% based on states share of households, and 25% based on change in caseload. Michigan allocation is $12,441,500 gross.

Child Support

Amount of federal funds in HB 4258: N/A

Information provided by: Bob Schneider and Kevin Koorstra

Restores the authority of states to use federal child support incentive payments as match to draw down additional federal dollars, reversing a 2006 change in federal law which prohibited this use of incentive payments. New available revenue should eliminate the need for $16.7 million in GF/GP hold harmless funding in FY 2009 and FY 2010. Michigan allocation is $98,000,000 gross, which represents federal revenue that will now match state child support incentive revenue; $49,000,000 for FY 09; $49,000,000 for FY 10.

TANF

Amount of federal funds in HB 4258: N/A

Information provided by: Bob Schneider and Kevin Koorstra

Creates a new temporary emergency TANF fund of $5 billion that would meet 80% of costs of increased TANF basic assistance, non-recurrent short term benefits, and subsidized employment caseloads. States would be eligible for funding if caseloads increase compared to corresponding quarter in either FY07 or FY08. Total emergency fund and TANF contingency fund allocations for FYs 2009 and 2010 combined cannot exceed 50% of the annual TANF grant ($387.6 million for Michigan). Conference bill also broadens the use of TANF carryforward funds beyond basic assistance programs. Allocation for Michigan is unknown.

Weatherization

Amount of federal funds in HB 4258: $244 million

Information provided by: Bob Schneider and Kevin Koorstra

Adds $5.0 billion for weatherization assistance for low-income households. Changes income eligibility level from 150% to 200% of poverty level and changes maximum assistance level from $2,500 to $6,500. Also changes the date for partially weatherized homes that can receive further assistance from between September 30, 1975, to September 30, 1979, to September 30, 1975, to September 30, 1994. No change in funding formula, with around $244,000,000 to be awarded to Michigan over the two-year period.

Child Care Development Fund (CCDF)

Amount of federal funds in HB 4258: N/A

Information provided by: Bob Schneider and Kevin Koorstra

$2 billion in new funding for child care and child development programs. The bulk of this funding goes toward child day care subsidies, however some federal funding is also used for programs and services delivered through the Early Childhood Investment Corporation (ECIC). Bill specifies funding is to supplement and not supplant GF/GP for child care assistance. Michigan allocation is $58,681,000 gross.

Community Services Block Grant (CSBG)

Amount of federal funds in HB 4258: $36 million

Information provided by: Bob Schneider and Kevin Koorstra

Provides an additional $1 billion over two years for Community Services Block Grant program, which supports social services programs administered through regional community action agencies; Michigan is expected to receive $36,000,000 over the two-year period. ARRA expands eligibility guidelines for the program from 125% of poverty line to 200% of poverty line. One percent of the amount distributed must be used for benefit enrollment coordination activities.

TELECOMMUNICATIONS/OVERSIGHT/HOUSING

Broadband: National Telecommunications and Information Administration

Amount of federal funds in HB 4258: N/A

Information provided by: Viola Bay Wild

The ARRA appropriates $4.7 billion for a new Broadband Technology Opportunities Program in the National Telecommunications and Information Administration (NTIA) of the U.S. Department of Commerce. The amount of funding for individual states is not currently available. Funds will be distributed through a competitive grant process, and at least one grant will be awarded per state. Funding is available the day of enactment and is to be used to increase broadband access and usage in unserved and underserved areas. The ARRA requires the Federal Communications Commission to develop a national broadband plan within one year. The NTIA Grant program would distribute $4.7 billion, and requires the following grant recipient criteria:

- Any entity may apply for a grant, including municipalities, public/private partnerships, and private companies. Entities must provide 20% of the proposed project's total cost—a financial hardship waiver is available. $4.35 billion is available until September 30, 2010, for competitive grants to expand broadband deployment in unserved and underserved areas. $200 million is designated for the expansion of public computer center capacity, including at community colleges and public libraries, and $250 million is designated for projects that encourage sustainable broadband adoption.
- Conditions of grants include adhering to a build-out schedule and to interconnection and non-discrimination requirements established by the NTIA. Grant recipients are not required to meet certain broadband speed thresholds, but the NTIA is expected to consider and encourage the highest possible broadband speeds.
- $650 million is appropriated to NTIA for the Digital TV Converter Box Program, which offered citizens coupons for the purchase of TV converter boxes. The program ran out of funding earlier this year.

Broadband: Rural Utilities Service (USDA) Grant Program

Amount of federal funds in HB 4258: N/A

Information provided by: Viola Bay Wild

The ARRA appropriates $2.5 billion to an existing broadband development program for loans, loan guarantees and grants administered by the Rural Utilities Service within the USDA. The amount of funding for individual states is not currently available. Funds will be available the day of enactment, and will be distributed through a competitive process. ARRA funding is for broadband infrastructure projects that serve primarily rural areas. The following criteria will apply:

- At least 75% of area shall be in a rural area without sufficient access to high speed broadband service to aid economic development; this determination shall be made by the Secretary of Agriculture.
- Priority shall be given to projects that will deliver users a choice of more than one service provider, provide service to the highest proportion of rural residents that do not have broadband access, and can commence promptly after approval.

- Projects that receive this funding would be ineligible to receive funding from the Broadband Deployment Grant Program.

Michigan Economic Recovery Office

Amount of federal funds in HB 4258: $2 million

Information provided by: Viola Bay Wild

ARRA funding is to be used for 4.0 FTEs and for creation of the Michigan Economic Recovery Office in the Department of Management and Budget to provide statewide oversight, tracking, and accountability of ARRA funds. Funding would be dedicated for office costs for three years, including the development and maintenance of a Michigan Economic Recovery Website.

Community Development Block Grant Program

Amount of federal funds in HB 4258: $9.3 million

Information provided by: Viola Bay Wild

The ARRA provides an additional $34.7 million for the Community Development Block Grant (CDBG) program in Michigan. Of this amount, up to $9.6 million will be administered by the MEDC for grants to non-entitlement communities and $25.1 million will be allocated by HUD directly to entitlement communities (larger cities and urban counties in the state) in Michigan. MEDC-administered 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 by the federal CDBG program guidelines.

The Table on the following page—**Estimated State Fiscal Impact of Major Provisions of the ARRA and Tobacco Tax Provisions of SCHIP by Fund**—includes the state fiscal impact of the ARRA provisions and the federal tobacco tax increases. These changes will affect state income tax and tobacco tax revenue. A brief description of the provisions follows:

Expansion of the Federal Earned Income Tax Credit (EITC)
Increases the federal EITC for 2009 and 2010. The Michigan EITC is equal to 10% of the federal EITC in tax year (TY) 2008 and 20% of the federal EITC in TY 2009 and subsequent years. Because the credits are not realized until a taxpayer's return is filed, the impacts will be delayed until FY 2009-10 and FY 2010-11.

Bonus Depreciation
Extends the 50% bonus depreciation awarded for TY 2008 at the federal level through TY 2009. The higher level of depreciation in TY 2008 and TY 2009, reduces the level of depreciation that can be taken in future years. Although Michigan "decoupled" the MBT from federal level changes in bonus depreciation, there will still be an impact through the Michigan income tax.

Section 179 Expensing
Maintains the current treatment for tangible property placed in service in TY 2008 to TY 2009 by allowing increased deductions for qualified property.

Net Operating Loss (NOL) Carryback
A small business with average gross receipts of $15 million or less and a NOL may offset that loss against income earned in the previous five years as opposed to the prior two years as provided under current law. This enables small businesses to offset a 2008 NOL more quickly.

Exclusion of Unemployment Insurance (UI) Benefits from Income
Unemployment compensation is included in the federal definition of adjusted gross income (AGI), which is the starting point for the Michigan income tax. The ARRA allows the exclusion of up to $2,400 of unemployment insurance benefits from a taxpayer's gross income for TY 2009.

Additional Unemployment Benefits
Unemployment compensation will increase by $25 per week, which will increase AGI, and thus Michigan income tax revenue.

Federal Tobacco Tax Increase
In combination with State Children's Health Insurance Program (SCHIP) changes, the federal tax on cigarettes was increased 62-cents per pack and the federal tax on other tobacco products (OTP) was increased by varying amounts. Cigarette consumption is expected to decline, which will reduce the state's cigarette tax collections. However, even though the federal tax on OTP will increase, the price differential between cigarettes and OTP should result in increased consumption of OTP and an increase in the OTP tax.

Estimated State Fiscal Impact of Major Provisions of the ARRA and Tobacco Tax Provisions of SCHIP by Fund

(Millions of Dollars)

	FY 2008-09				
	GF/GP	SAF	Medicaid	Other	Total
ARRA (all changes are state income tax related)					
Expansion of Federal EITC	$0.0	$0.0	$0.0	$0.0	$0.0
Bonus Depreciation	(1.2)	(0.3)	0.0	0.0	(1.5)
Section 179 Expensing	(1.2)	(0.4)	0.0	0.0	(1.6)
5-yr Carryback of NOLs	(23.8)	(1.2)	0.0	0.0	(25.0)
Exclusion of UI Benefits from Gross Income	(16.9)	(3.1)	0.0	0.0	(20.0)
Additional UI Benefits	21.1	3.9	0.0	0.0	24.9
Subtotal Federal Stimulus	**($22.1)**	**($1.2)**	**$0.0**	**$0.0**	**($23.2)**
Tobacco Tax					
Increase Federal Tax on Cigarettes	(5.8)	(12.2)	(9.3)	(2.0)	(29.3)
Increase Federal Tax on OTP	0.3	0.0	0.9	0.0	1.2
Subtotal Tobacco Tax Increase	**(5.5)**	**(12.2)**	**(8.4)**	**(2.0)**	**(28.1)**
TOTAL FY 2008-09	**($27.6)**	**($13.4)**	**($8.4)**	**($2.0)**	**($51.3)**

	FY 2009-10				
	GF/GP	SAF	Medicaid	Other	Total
ARRA (all changes are state income tax related)					
Expansion of Federal EITC	($14.2)	$0.0	$0.0	$0.0	($14.2)
Bonus Depreciation	(3.5)	(1.0)	0.0	0.0	(4.5)
Section 179 Expensing	(3.7)	(1.1)	0.0	0.0	(4.8)
5-yr Carryback of NOLs	3.8	0.2	0.0	0.0	4.0
Exclusion of UI Benefits from Gross Income	(20.3)	(3.7)	0.0	0.0	(24.0)
Additional UI Benefits	42.2	7.7	0.0	0.0	49.9
Subtotal Federal Stimulus	**$4.3**	**$2.1**	**$0.0**	**$0.0**	**$6.4**
Tobacco Tax					
Increase Federal Tax on Cigarettes	(11.3)	(23.8)	(18.2)	(3.8)	(57.1)
Increase Federal Tax on OTP	0.6	0.0	1.9	0.0	2.5
Subtotal Tobacco Tax Increase	**(10.7)**	**(23.8)**	**(16.3)**	**(3.8)**	**(54.6)**
TOTAL FY 2009-10	**($6.4)**	**($21.7)**	**($16.3)**	**($3.8)**	**($48.2)**

	FY 2010-11				
	GF/GP	SAF	Medicaid	Other	Total
ARRA (all changes are state income tax related)					
Expansion of Federal EITC	($15.8)	$0.0	$0.0	$0.0	($15.8)
Bonus Depreciation	0.8	0.2	0.0	0.0	1.0
Section 179 Expensing	0.8	0.2	0.0	0.0	1.0
5-yr Carryback of NOLs	3.8	0.2	0.0	0.0	4.0
Exclusion of UI Benefits from Gross Income	0.0	0.0	0.0	0.0	0.0
Additional UI Benefits	7.0	1.3	0.0	0.0	8.3
Subtotal Federal Stimulus	**($3.4)**	**$1.9**	**$0.0**	**$0.0**	**($1.5)**
Tobacco Tax					
Increase Federal Tax on Cigarettes	(9.5)	(20.1)	(15.4)	(3.3)	(48.3)
Increase Federal Tax on OTP	0.7	0.0	2.0	0.0	2.7
Subtotal Tobacco Tax Increase	**(8.8)**	**(20.1)**	**(13.4)**	**(3.3)**	**(45.6)**
TOTAL FY 2010-11	**($12.2)**	**($18.2)**	**($13.4)**	**($3.3)**	**($47.1)**

ARRA Allocations (MICHIGAN)

($$ in thousands)

	Michigan	TOTAL
Fiscal Stabilization Education*	$1,309,834	$39,743,346
Fiscal Stablization - General Purpose (Flex Fund)	$294,677	$8,842,652
Medicaid (GAO estimates)	$2,270,000	$87,135,000
Highways & Bridges	$847,205	$26,810,000
Transit Capital Grants	$134,823	$6,733,700
Rail Modernization (Fixed Guideway)	$133	$742,500
Drinking Water SRF	$67,976	$1,965,190
Clean Water SRF	$171,126	$3,929,999
Weatherization	$279,864	$5,000,000
State Energy Program	$109,986	$3,100,000
Emergency Food & Shelter	$5,308	$99,000
Commodity Assistance/ TEFAP	$4,083	$100,000
Prevention Health BG	N/A	N/A
Immunization	$9,298	$300,000
Foster Care/Adoption Assistance**	$53,386	$843,468
Elderly Nutrition	$3,448	$97,711
Child Care	$58,681	$1,955,092
Head Start	$21,992	$663,262
Community Services BG	$36,843	$979,623
Title I – Grants to LEAs	$390,100	$9,927,096
Title I – School Improvement Grants	$112,650	$2,980,018
Special Education – Part B	$414,004	$11,334,855
Special Education – Part C	$12,346	$354,210
Vocational Rehabilitation	$16,809	$486,849
Education Technology	$24,533	$630,794
McKinney-Vento Homeless Assistance	$2,452	$70,000
School Lunch Equipment	$2,490	$89,913
Public Housing Capital Fund	$53,737	$2,999,045
HOME	$49,805	$1,754,503
Homelessness Prevention	$53,408	$1,496,998
Crime Victims Assitance	$1,922	$94,998
Internet Crimes Against Children	$969	$49,992
Violence Against Women	$7,050	$225,000
Byrne/JAG	$67,875	$1,978,400
UI State Admin Grants	$16,060	$499,975
Employment Service	$14,195	$397,062
Community Service for Older Americans	$3,889	$120,000
WIA-Adult	$31,169	$500,000
WIA-Youth	$74,696	$1,182,000
Dislocated Workers	$137,711	$1,250,000
Total	**$7,141,453**	**$227,461,482**

** Includes funding for school modernization. FFIS total does not reflect $5 billion in state incentive grants.*

*** HFA estimates.*

Source: FFIS 3/23/2009