



STATE OF MICHIGAN

DEPARTMENT OF MANAGEMENT & BUDGET
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

LISA WEBB SHARPE
DIRECTOR

April 17, 2009

MEMORANDUM

TO: Department Directors
Department Chief Financial Officers
Department Administrative Officers
Department Purchasing Personnel
Department Chief Accountants

FROM: Lisa Webb Sharpe, Director *LWS*
Department of Management and Budget

Robert L. Emerson *RE*
State Budget Director

Leslee Fritz *LF*
Director, Michigan Economic Recovery Office

SUBJECT: Statewide Guidance Regarding Federal Funds Received Under American Recovery and Reinvestment Act (ARRA)

On Tuesday, February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). This Act provides \$787 billion of federally financed economic stimulus funding through a combination of spending programs and reductions in business and individual taxes.

The State of Michigan will receive several billion dollars of ARRA funds during fiscal years 2009 and 2010. In fact, Governor Granholm recently signed supplemental appropriation acts for fiscal year 2009 totaling over \$2.7 billion. The Governor has identified the following key priorities for spending these economic recovery funds:

- Create new jobs and jumpstart Michigan's economy;
- Train Michigan workers and educate Michigan students for the good jobs here today, and the new jobs we create tomorrow;
- Rebuild Michigan infrastructure -- roads, bridges, water and sewer systems, mass transit, broadband, health information technology, and schools;
- Provide assistance for struggling Michigan families, helping them make ends meet; and
- Invest in energy efficiency and renewable energy technologies to create jobs, save money, and reduce our reliance on fossil fuels.

The ARRA establishes extensive requirements for the use of these federal funds. In Michigan, this will include approximately 50 formula and discretionary grants and approximately 15 entitlement and anti-cyclical programs. Many of these requirements relate to contracting and the issuance of grants to subrecipients. Also, Section 1512 of the law requires each state to provide accountability and transparency in the appropriation, allotment, disbursement, and expenditure of the funds. Michigan has been selected as one of sixteen states to be monitored by the U.S Government Accountability Office over the next three years to provide an analysis of the use of funds under the ARRA, including our compliance with relevant contracting, accounting, reporting and transparency requirements.

The attached document provides initial guidance to State agencies regarding the use of ARRA funds, including contracting and grant requirements and accounting, reporting and transparency requirements. This document incorporates the AARA budgetary instructions included in the April 7, 2009, memorandum sent to State department and agency budget directors by Deputy State Budget Director Nancy Duncan. As additional information or further clarification regarding the use of ARRA funds becomes available, from the federal Office of Management and Budget or other federal agencies, this document will be updated as necessary. Guidance provided in the attached document is not intended to be exhaustive and each State agency receiving federal ARRA funds is responsible for identifying and complying with any additional requirements established by individual federal granting agencies.

If you or your staff has questions related to guidance on contracting requirements described in the attached document, please contact Elise Lancaster, State Purchasing Director. If you have questions related to the budgetary, accounting, or reporting and transparency guidance, please contact Mike Moody or Laura Mester within the Office of the State Budget. If you have general questions about the ARRA or the State of Michigan's implementation of the ARRA, please contact Leslee Fritz, Michigan Economic Recovery Office.

Attachment

c: Nancy Duncan, SBO
Elise Lancaster, DMB
Claire McKenna, Michigan Economic Recovery Office
Laura Mester, OFM
Mike Moody, OFM
Rose Wilson, DMB