STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

March 5, 2012

Mr. John D. Niemela, Director
County Road Association of Michigan
P.O. Box 12067
Lansing, Michigan 48901-2067

Ms. Summer Minnick, Director of State Affairs
Michigan Municipal League
208 North Capital Avenue, 1st Floor
Lansing, Michigan 48933

Dear Mr. Niemela and Ms. Minnick:

Submission of Final Bills for Local Agency Projects for the
American Recovery and Reconstruction Act of 2009

The initial date for final submission of billings for the American Recovery and Reconstruction Act of 2009 (ARRA) was originally set at September 30, 2015; however, the Federal Highway Administration headquarters has since issued new guidance documentation which requests all field offices to shorten that timeframe by two years. **The new date for final submission of billings is now set at September 30, 2013.**

Enclosed is a copy of the guidance memorandum from Mr. Jacob Lew, Director of the Federal Office of Management and Budget, which notifies field offices to expedite the completion of these projects. The vast majority of projects authorized under the ARRA have been completed and are in the final stages of billing and reporting. As of March 1, 2012, only the billing portion of the projects remain to be completed.

If you have any questions, or need further information, please contact Mr. Rudolph S. Cadena, Local Agency Programs Engineer, at (517) 335-2233.

Sincerely,

Matthew W. DeLong, Administrator
Development Services Division

BOHD:LAP:RC:vs
Enclosure
cc: R. Cadena, K. Cooper, M. Harbison, B. Kadzban, D. McBurrows, P. Boyd, M. Conklin, M. Sanchez

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

September 15, 2011

M-11-34

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: JACOB J. LEW
DIRECTOR

SUBJECT: Accelerating Spending of Remaining Funds from the American Recovery and Reinvestment Act for Discretionary Grant Programs

In light of the current economic climate and the urgent need to put Americans back to work, it is imperative that we exhaust all available options to drive the economy forward and create jobs. That is why the President submitted the American Jobs Act to Congress on September 12th, 2011, which will put more people back to work and more money in the pockets of working Americans. And that is why we must also ensure that existing Government programs are doing everything to ensure that funds are spent as quickly and efficiently as possible to drive job creation right now.

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 ("Recovery Act"). As the Congress made clear in enacting the Recovery Act, two of its primary purposes have been to "preserve and create jobs and promote economic recovery" and to "assist those most impacted by the recession." To that end, the Congress directed the President and the heads of Federal departments and agencies ("agencies") to "manage and expend the funds made available in this Act so as to achieve the purposes [of the Act], including commencing expenditures and activities as quickly as possible consistent with prudent management."

In underscoring the importance of spending Recovery Act funds quickly and efficiently, the President established a goal that by September 30, 2010, 70 percent of Recovery Act funding should be spent (i.e., both obligated and outlayed). That goal was met, and this focused implementation has been instrumental in driving the positive effects of the Recovery Act on the economy and job creation. According to the most recent report from the Congressional Budget Office, the Recovery Act has raised real GDP by as much as 2.5 percent compared to what it otherwise would have been, lowered the unemployment rate by as much as 1.6 percent, and increased the number of people employed by nearly three million.

Nearly 85 percent of Recovery funds have now been paid out and the vast majority of remaining funds have already been obligated for projects that communities are counting on for job creation. Despite the rapid pace of spending of Recovery Act funds over the past 30 months, there remain billions in discretionary Recovery Act funds that, although they have been obligated, have not yet been outlayed. In light of the current economic situation and the need for further economic stimulus, it is critical that agencies spend these remaining funds as quickly and efficiently as possible.

Accordingly, subject to the exceptions described below, Federal agencies are hereby directed to accelerate the spending of remaining Recovery Act funds in discretionary grant programs (including formula grant programs that received discretionary funding in the Recovery Act), consistent with existing laws and regulations and programmatic objectives. If those funds have not been spent by September 30, 2013, agencies shall reclaim them to the extent permitted by law.

Acceleration of Unspent Discretionary Grant Funds

In order to ensure that remaining Recovery Act balances are spent in an expeditious fashion, Federal agencies should establish aggressive targets, consistent with programmatic objectives, for outlaying remaining funds. To that end, subject to certain exceptions, Federal agencies are directed to take steps to complete Recovery Act projects by September 30, 2013. This new policy would compress the period of availability for the bulk of remaining funds in discretionary grant programs into the next two years.

In executing this policy, Federal agencies should work collaboratively and transparently with recipients of discretionary Recovery Act grants to accelerate the spending rate for all awarded funds while still achieving core programmatic objectives. Agencies are encouraged to reduce administrative hurdles that can delay expenditure of funds, as well as decrease delays between receipt of invoices and outlaying corresponding funds. In addition, agencies should implement programmatic safeguards to protect against unnecessary delays that would otherwise extend current spending timelines beyond the new deadline established in this memorandum. Although this policy is limited to discretionary Recovery Act grant programs, agencies should also establish appropriate safeguards for ensuring the integrity of current spending timelines for other types of Federal assistance and contracts, and encourage the acceleration of spending for these funds as well where possible.

Federal agencies may request waivers from the September 30, 2013 deadline for discretionary grant funds where contractual commitments by the grantee with vendors or sub-recipients prevent adjusting the timeline for spending, where a project must undergo a complex environmental review that cannot be completed within this timeframe, where programs are long-term by design (such as the majority of the High Speed Rail program) and therefore acceleration would compromise core programmatic goals, or where other special circumstances exist. Agencies should request such waivers sparingly, and they will be granted only due to compelling legal, policy, or operational challenges. Agencies must submit all proposed waivers to OMB for review and approval by September 30, 2012. Any waiver requests must be made directly by the head of the agency.

Agencies should clearly communicate the requirements of this memorandum to grant recipients through adding these requirements to new grant agreements, modifying terms and conditions of existing grant agreements, or other appropriate written means consistent with law.

Reclamation of Unspent Discretionary Grant Funds after Deadline

Agencies should revise the terms of Recovery Act discretionary grant agreements, to the extent permitted by law, to provide for reclamation of funds that remain unspent after September 30, 2013, absent a waiver issued by OMB pursuant to this memorandum.

Section 1306 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, amended Title XVI of the Recovery Act to require the rescission and return to the General Fund of the Treasury certain funds that a Federal agency "withdraws or recaptures for any reason" and that "have not been obligated by a State to a local government or for a specific project." Agencies should consider whether this rescission-and-return requirement would apply to unspent Recovery Act funds for discretionary grant programs that are reclaimed under the policy set forth in this memorandum.

By September 30, 2012, agencies must submit to OMB any waiver requests from this policy and have established a process for the reclamation of funds and suspension of activities for balances that remain unspent after September 30, 2013 and are not subject to a waiver.