

FY 2018-19: DEPARTMENT OF TRANSPORTATION
Summary: As Reported by House Appropriations Committee
Article XVII, House Bill 5578 (H-1)



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IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Revised Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
	\$4,039,300	\$4,092,500	\$4,092,500			\$53,200	1.3
Federal	1,340,301,200	1,318,271,700	1,318,271,700			(22,029,500)	(1.6)
Local	50,532,000	50,532,000	50,532,000			0	0.0
Private	100,000	900,000	900,000			800,000	800.0
Restricted	2,954,470,500	3,156,293,700	3,169,293,700			214,823,200	7.3
GF/GP	0	0	0			0	--
Gross	\$4,349,443,000	\$4,530,089,900	\$4,543,089,900			\$193,646,900	4.5
FTEs	2,826.3	2,826.3	2,727.3			(99.0)	(3.5)

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. The Legislature subsequently passed PA 82 of 2018 (House Bill 4321) which appropriated \$175.0 million GF/GP. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, approximately two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with Public Act 51 of 1951 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund for aeronautics programs.

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
1. Reductions in STF-Funded FTE Positions		
House reduces authorized STF-funded FTE positions by 97.0 and related funding by \$10.2 million in various department operating lines, as follows:	FTE 1,787.3	(97.0)
Unclassified salaries: (2.0 FTEs, \$210,000 STF)	Gross NA	(\$10,185,000)
Finance, contracts, support services: (5.0 FTEs, \$525,000 STF)	Restricted NA	(10,185,000)
Transportation planning: (7.0 FTEs, \$735,000 STF)	GF/GP NA	\$0
Design & engineering: (83.0 FTE positions, \$8.7 million STF)		

The House would redirect the \$10.2 million STF to the State trunkline road and bridge construction program (Item #2, below).

[The FTEs shown in the FY 2017-18 YTD column on the right are total FTEs authorized in the four operating line items.]

[In addition to the reduction in STF-funded positions, the House bill would also reduce FTEs in the Aeronautics services appropriation unit (Item #22 below).]

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
2. State Trunkline Road and Bridge Construction		
<u>Executive</u> budget reflects increases in anticipated federal and state restricted revenue sources, including: \$55.1 million increase in available STF revenue; \$1.1 million increase in Blue Water Bridge Fund revenue for Blue Water Bridge capital projects. The STF revenue increase reflects the anticipated increase in ongoing MTF revenue from motor fuel and vehicle registration taxes, as well as the STF share of \$150.0 million in Income Tax revenue that was earmarked to the MTF in the November 2015 Road Funding Package.	Gross	\$1,140,756,800
	Federal	783,367,300
	Local	30,003,500
	Restricted	327,386,000
	GF/GP	\$0
		\$91,617,700
		25,240,400
		0
		66,377,300
		\$0
<u>House</u> increases funding by \$10.2 million as compared to the Executive by redirecting STF revenue associated with the reduction in FTE positions described in Item #1 above.		
3. MTF to Local Road Agencies		
<u>House</u> concurs with <u>Executive</u> and reflects the estimated \$121.3 million increase in MTF distribution to county road commissions, and cities/villages. This increase reflects both an anticipated increase in ongoing MTF revenue from motor fuel and vehicle registration taxes, as well as the local road agency share of \$150.0 million in Income Tax revenue that was earmarked to the MTF in the November 2015 Road Funding Package.	Gross	\$1,372,100,700
	Restricted	1,372,100,700
	GF/GP	\$0
		\$121,331,100
		121,331,100
		\$0
4. GF/GP for Road Programs – One-Time		
<u>Executive</u> : The Governor's proposed budget had recommended the one-time appropriation of \$175.0 million GF/GP in FY 2018-19 for distribution to the STF and local road agencies according to Act 51 formula. This would effectively accelerate by one year the increase in the Income Tax revenue earmark scheduled for FY 2019-20 in the November 2015 Road Funding Package.	Gross	\$0
	GF/GP	\$0
		\$0
<u>House</u> : Subsequent to the presentation of the Governor's budget on February 7, 2018, the Legislature passed an FY 2017-18 supplemental appropriation bill, House Bill 4321, enacted as Public Act 82 of 2018, which appropriated \$175.0 million GF/GP for distribution to the STF and local road agencies. As a result, the House bill does not include the \$175.0 million GF/GP in FY 2018-19 since this was already included for FY 2017-18.		
5. Debt Service		
<u>House</u> concurs with <u>Executive</u> and includes \$219.9 million for debt service, a reduction of \$9.5 million from current year, reflecting anticipated debt service schedules. [Total outstanding transportation-related debt at September 30, 2017 was \$1.4 billion.]	Gross	\$228,939,400
	Federal	37,783,300
	Restricted	191,156,100
	GF/GP	\$0
		(\$9,502,300)
		(1,919,900)
		(7,582,400)
		\$0
6. Support Services by Other State Departments		
<u>House</u> concurs with <u>Executive</u> and provides \$48.4 million for interdepartmental grants (IDGs) that authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Specific IDGs include \$20.0 million MTF for Department of State vehicle registration tax collection program, \$2.7 million MTF for Department of Treasury motor fuel tax collection program, and \$11.8 million STF for Michigan State Police Commercial Vehicle Enforcement program and Criminal Justice Information Center. The net increase across all IDG line items reflects economic increases and cost allocation adjustments.	Gross	\$47,428,400
	Restricted	47,428,400
	GF/GP	\$0
		\$966,200
		966,200
		\$0
7. Asset Management Council		
<u>House</u> concurs with <u>Executive</u> and provides \$1.9 million MTF for ongoing costs of Asset Management Council – primarily pavement condition data collection and analysis, as well as training and education. Budget eliminates \$2.0 million that was added to current year through supplemental appropriation (Public Act 201 of 2017) for inspection and inventory of culverts on the local road system.	Gross	\$3,876,400
	Restricted	3,876,400
	GF/GP	\$0
		(\$2,000,000)
		(2,000,000)
		\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change	
8. Information Technology		Gross	\$33,465,900	\$2,000,000
<u>House</u> concurs with <u>Executive</u> and increases STF support by \$2.0 million to provide for workstation replacement and application modernization.	Federal	520,500	0	
	Restricted	32,945,400	2,000,000	
	GF/GP	\$0	\$0	
9. Transportation Planning		Gross	\$36,245,200	\$2,750,000
<u>House</u> concurs with <u>Executive</u> and provides \$2.7 million increases in federal authorization reflects anticipated increase in funding for Statewide Planning and Research program. [This change is exclusive of the reduction in FTE positions and STF funding described in Item #1, above.]	Federal	19,250,000	2,750,000	
	Restricted	16,995,200	0	
	GF/GP	\$0	\$0	
10. Design and Engineering Services		Gross	\$161,253,100	\$2,000,000
<u>House</u> concurs with <u>Executive</u> and includes \$2.0 million STF increase as part of \$10.0 million program of priority maintenance of critical state trunkline bridges. An additional \$8.0 million is included State trunkline maintenance.	Federal	23,529,800	0	
	Restricted	137,723,300	2,000,000	
	GF/GP	\$0	\$0	
[This change is exclusive of the reduction in FTE positions and STF funding described in Item #1, above.]				
11. State Trunkline Maintenance		FTE	793.7	0.0
<u>House</u> concurs with <u>Executive</u> and provides \$20.3 million increase in STF support for following specific program areas: Priority maintenance of critical state trunkline bridges program, \$8.0 million; Priority maintenance of culverts, including rehabilitation or replacement, \$8.0 million; \$4.3 million to offset increased maintenance material costs and added state trunkline mileage.	Gross	\$317,593,400	\$20,337,600	
	Restricted	317,593,400	20,337,600	
	GF/GP	\$0	\$0	
12. Local Agency Wetland Mitigation Fund Program		Gross	\$2,000,000	(\$1,500,000)
<u>Executive</u> includes \$2.0 million MTF for this Act 51 earmark.	Restricted	2,000,000	(1,500,000)	
<u>House</u> : Reduces funding to \$500,000 MTF; shifts to new <i>Local grant program</i> line item in TEDF, Item #13b below.	GF/GP	\$0	\$0	
13a. Transportation Economic Development Fund (TEDF)		Gross	\$42,119,100	\$1,229,900
<u>Executive</u> recommends permanent redirection of \$13.0 million of certain drivers' license fee revenue from the TEDF, Target Industries, to the state General Fund. (Requires statutory change.) Also reflects increase in anticipated interest on fund balance.	Restricted	42,119,100	1,229,900	
<u>House</u> retains \$13.0 million in TEDF, Category A.	GF/GP	\$0	\$0	
13b. TEDF/Local Grant Program		Gross	\$0	\$1,500,000
<u>House</u> also includes a new line item, <i>Local grant program</i> , funded at \$1.5 million MTF, shifted from <i>Local agency wetland mitigation fund</i> .	Restricted	0	1,500,000	
	GF/GP	\$0	\$0	
14. Local Bus Transit		Gross	\$216,277,900	\$6,000,000
<u>Executive</u> : Provides \$189.2 million CTF, an increase of \$1.0 million from current year, for local bus operating formula distribution to 81 local public transit agencies. Also recognizes \$2.0 million anticipated increase in federal transit grants to non-urban transit agencies.	Federal	26,027,900	2,000,000	
	Local	2,000,000	0	
	Restricted	188,250,000	4,000,000	
	GF/GP	\$0	\$0	
<u>House</u> : Includes an increase of \$4.0 million CTF, \$3.0 million more than the Executive, as well as recognition of increased federal spending authority.				
15. Transit Capital		Gross	\$59,403,500	\$7,209,100
<u>House</u> concurs with <u>Executive</u> and increases CTF support by \$7.2 million for program that provides matching funds on behalf of local transit agencies to access federal transit capital grants.	Federal	15,300,000	0	
	Local	1,250,000	0	
	Restricted	42,853,500	7,209,100	
	GF/GP	\$0	\$0	
16. Service Initiatives		Gross	\$3,389,200	\$1,200,000
<u>House</u> concurs with <u>Executive</u> and increases CTF support by \$1.2 million for program that funds transit-related research, training and development, and demonstration projects.	Federal	1,650,000	0	
	Local	325,000	0	
	Restricted	1,414,200	1,200,000	
	GF/GP	\$0	\$0	

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
17. Transportation to Work		Gross	\$3,700,000
<u>House</u> concurs with <u>Executive</u> and increases in CTF funding in support of Blue Water Transportation Commission's Job Access/Reverse Commute program.	Restricted	3,700,000	175,000
	GF/GP	\$0	\$0
18. Detroit Wayne County Port Authority		Gross	\$200,000
<u>Executive</u> had included \$468,200 CTF, a \$268,200 increase as compared to current year.	Restricted	200,000	0
	GF/GP	\$0	\$0
<u>House</u> provides same funding as current year, \$200,000 CTF; shifts \$168,200 to <i>Rail operations and infrastructure</i> , \$100,000 to <i>Marine passenger</i> .			
19a. Rail Operations and Infrastructure/Rail Freight Economic Dev.		Gross	\$115,991,500
<u>Executive</u> : Included \$7.5 million CTF increase for program that includes capital and operating support for rail passenger service in Michigan. Also reduces federal funds by \$50.1 million from the current year to better align with anticipated federal grants. The Governor had proposed rolling two current lines, <i>Rail operations and infrastructure</i> , and <i>Rail freight economic development</i> , into a single line.	Federal	60,100,000	(50,100,000)
	Local	100,000	0
	Private	100,000	0
	Restricted	55,691,500	4,716,500
	GF/GP	\$0	\$0
<u>House</u> : Keeps two lines unrolled; includes \$4.5 million CTF baseline increase - \$3.0 million less than the Executive – plus \$168,200 directed from the Detroit Wayne County Port Authority line.			
19b. Rail Freight Economic Development		Gross	\$8,768,200
<u>House</u> retains <i>Rail freight economic development</i> line item at current year funding level: \$6.0 million from the Rail Freight Fund and \$2.5 million CTF.	Restricted	8,768,200	0
	GF/GP	\$0	\$0
20. Intercity Services		Gross	\$8,060,000
<u>House</u> concurs with <u>Executive</u> and recognizes anticipated private funds made available for program that supports intercity bus service in Michigan. Reduces CTF support by \$1.5 million.	Federal	4,500,000	0
	Local	160,000	0
	Private	0	800,000
	Restricted	3,400,000	(1,500,000)
	GF/GP	\$0	\$0
21. Marine Passenger		Gross	\$400,000
<u>Executive</u> : Same as current year funding, \$400,000 CTF.	Restricted	400,000	100,000
<u>House</u> recommends \$500,000 CTF, \$100,000 more than the Executive; shifts funds from Detroit Wayne County Port Authority line.	GF/GP	\$0	\$0
22. Aviation Services		FTE	48.0
<u>Executive</u> budget recognized minor revenue adjustment of \$1,300.		Gross	\$7,596,100
<u>House</u> unrolls into two lines: <i>Aviation services</i> , \$5.6 million with 36.0 FTE positions; and <i>Airfleet operations and maintenance</i> , \$1.8 million and 10.0 FTEs – a net decrease of \$300,000 in State Aeronautics Fund support and 2.0 FTE positions. The House bill would shift the \$300,000 to the Airport Improvement Program line item, below.	Restricted	7,596,100	(300,000)
	GF/GP	\$0	\$0
23. Airport Improvement Program		Gross	\$93,943,000
<u>Executive</u> increases State Aeronautics Fund support by \$570,200.	Federal	79,000,000	0
<u>House</u> increases by \$870,000, using \$300,000 shifted from Aeronautics services appropriation unit.	Local	12,508,500	0
	Restricted	2,434,500	870,200
	GF/GP	\$0	\$0
24. Detroit Metropolitan Wayne County Airport		Gross	\$6,500,000
<u>House</u> concurs with <u>Executive</u> and reduces Qualified Airport Fund support for Detroit Metro Airport by almost \$1.0 million to reflect revenue estimates. The Qualified Airport Fund was established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015).	Restricted	6,500,000	(975,000)
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2017-18 YTD Appropriations</u>	<u>FY 2017-18 Year-to-Date (as of 2/7/18)</u>	<u>FY 2018-19 House Change</u>
25. Economic Adjustments	Gross	NA
<u>House</u> concurs with <u>Executive</u> and recognizes increased costs of \$5.9 million	IDG	\$5,926,400
Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing),	Federal	53,200
actuarially required retirement contributions, worker's compensation, building	Restricted	936,000
occupancy charges, and other economic adjustments.	GF/GP	4,937,200
		\$0

Major Boilerplate Changes From FY 2017-18

Sec. 215. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. Executive had deleted; the House retains.

Sec. 217. Report on Proposed Federal Rule Changes – RETAINED

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law. Executive had deleted; the House retains.

Sec. 270. Remanufactured Parts – RETAINED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet. Executive had deleted; the House retains.

Sec. 305. Lease of Space in Public Transportation Property – RETAINED

Authorizes rental of department-owned public transportation properties at competitive market rates; requires that revenue from tenants be placed in an account to maintain/improve property. Executive had deleted; the House retains.

Sec. 319. Rest Area Maintenance – RETAINED

Requires signs/telephone numbers for reporting unclean and unsafe conditions at rest areas. Executive had deleted; the House retains.

Sec. 353. Prompt Payment – RETAINED

Directs department to review contractor payment process; references Special Provision 109.10. Executive had deleted; the House retains.

Sec. 357. Local Federal Aid Project Review – RETAINED

Directs MDOT to complete project reviews within 120 days; requires system for monitoring review process. Executive had deleted; the House retains.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – RETAINED

Prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations. Executive had deleted; the House retains.

Sec. 376. Prohibition on Studies of Highway Signs and Motorist Behavior – RETAINED

Prohibits the department from studying the association between highway signs and motorist behavior. Executive had deleted; the House retains.

Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees – RETAINED

Requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Provides reporting requirement. Executive had deleted; the House retains.

Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor. Executive had deleted; the House retains.

Sec. 386. Toll Credits – NEW

House includes new section which directs department to use toll credits as a method in financing federal-aid highway projects; established priority in using toll credits; requires report on toll credits earned and year-end balance.

Sec. 387. Traffic Studies – NEW

House includes new section which requires the department to post results of traffic studies on department website.

Sec. 388. Review and Report on Performance Audit Standards – NEW

House includes new section which directs department to review and report on costs and benefits of performance audits of local road agencies required under Public Act 298 of 2012.

Major Boilerplate Changes From FY 2017-18

Sec. 389. Long-Term Obligations – NEW

House includes new section which requires the department to notify Legislature within 30 days of entering into long-term agreements that obligate future payments.

Sec. 390. Report on Restricted Funds and Accounts – NEW

House includes new section which requires the department to report on statutory authority for, revenue source and distribution, and ending balances of restricted funds and accounts.

Sec. 391. Prohibition on Motor Fuel Quality Testing – NEW

House includes new section which prohibits the department from performing or assisting any other state agency in performing, motor fuel quality testing.

Sec. 393. Best Practices for Public Transportation – RETAINED

Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost. Executive had deleted; the House retains.

Sec. 394. Priority of Preservation – RETAINED

Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority. Executive had deleted; the House retains.

Sec. 396. Assurance that Contractors Have Ability to Perform Work – RETAINED

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work. Executive had deleted; the House retains.

Sec. 397. Report on Work Project Balances and Federal Earmarks – RETAINED

Requires the department to report on work project balances and unexpended federal earmarks. Executive had deleted; the House retains.

Sec. 403. Priority of Federal Transit Grants – RETAINED

Establishes priority for federal Section 5310 transit grants. Executive had deleted; the House retains.

Sec. 606. Project on I-94/between M60 and Sargent Road in Jackson County – DELETED

Expresses Legislative intent with respect to project. House concurs with Executive and deletes.

Sec. 610. Dead Deer – RETAINED

Describes legislative intent regarding priority of cleanup of dead deer and other large animal remains. Executive had deleted; the House retains.

Sec. 612. Incentive/Disincentive – RETAINED

Requires department to establish guidelines for use of incentive/disincentive contracts; establishes a reporting requirement; report due January 1st of each year. Executive had deleted; the House retains.

Sec. 613. Report on Engineering Costs – MODIFIED

Requires report on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs. Executive had deleted; the House retains and adds “design life” as report element.

Sec. 660. Use of Alternative Materials – RETAINED

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires. Executive had deleted; the House retains.

Sec. 703. Rail Abandonment Notice – RETAINED

Requires notification of Legislature when railroad companies file for abandonment of lines. Executive had deleted; the House retains.

Sec. 704. Rail Operations and Infrastructure Report – RETAINED

Requires report on anticipated expenditures from the rail operations and infrastructure line item. Executive had deleted; the House retains.

Sec. 750. Rail Economic Development – RETAINED

Directs department to spend not less than \$2.5 million CTF from Rail freight economic development line for rail freight economic development. Executive had deleted; the House retains.

Sec. 802. MDOT-Owned Airports – RETAINED

Legislature encourages the department to find private entities or local public agencies to assume ownership and operating responsibility for department-owned airports. Executive had deleted; the House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 803. MDOT-Owned Airplanes – MODIFIED

Requires the department to request proposals for management of the state airfleet; also requires the department to sell one of two state-owned planes.

Executive had deleted; the House retains subsections requiring the department to seek RFP for 3rd party management of the state airfleet.

Sec. 804. Airfleet Operations and Maintenance – Contingent Appropriation – NEW

House prohibits the department from spending funds appropriated for airfleet operations and maintenance if the department owns 5 or more aircraft; requires the department to notify when it owns four aircraft or fewer.