

DEPARTMENT OF TRANSPORTATION
Summary of FY 2022-23 Enacted
Public Act 166 of 2022 (House Bill 5783, Article 13)

Analyst: William E. Hamilton

	FY 2021-22 YTD as of 2/9/22	FY 2022-23 Enacted	Difference: Enacted From FY 2021-22 YTD	
			Amount	%
IDG/IDT	\$4,044,800	\$4,123,800	\$79,000	2.0
Federal	1,641,755,300	2,026,480,000	384,724,700	23.4
Local	80,782,000	85,773,500	4,991,500	6.2
Private	900,000	16,800,000	15,900,000	1,766.7
Restricted	3,702,373,400	3,905,021,600	202,648,200	5.5
GF/GP	0	66,250,000	66,250,000	--
Gross	\$5,429,855,500	\$6,104,448,900	\$674,593,400	12.4
FTEs	2,942.3	3,056.3	114.0	3.9

Notes:

- (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022.
- (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, 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 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies (county road commissions and cities/villages). Revenue from aviation fuel and registration taxes, as well as a portion of Airport Parking Tax revenue, is credited to the State Aeronautics Fund for aeronautics programs.

Major Budget Changes from FY 2021-22 YTD Appropriations

		FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Enacted Change
1. Debt Service	Gross	\$253,643,600	(\$28,343,100)
Includes \$225.3 million for debt service on previously issued bonds – bonds issued under a pledge of state restricted revenue or in anticipation of federal grants. The appropriation reflects anticipated debt service schedules. The most significant change is a \$50.6 million shift in fund sources – from federal to STF – used to repay federal grant anticipation refunding bonds sold in 2016.	Federal	50,582,100	(50,582,100)
	Restricted	203,061,500	22,239,000
	GF/GP	\$0	\$0
2. Department Administration and Support	FTE	257.3	7.0
Increases baseline funding by \$1.2 million STF exclusive of economic adjustments or position transfers. Increases include \$1.1 million for 7.0 FTE positions (3.0 FTEs in Business Support; 3.0 FTEs in Finance, Contracts and Support Services; 1.0 FTE in Economic Development). Also includes \$77,400 STF increase to recognize increased costs of security services at MDOT properties.	Gross	\$45,766,000	\$1,184,400
	IDG	4,044,800	0
	Restricted	41,721,200	1,184,400
	GF/GP	\$0	\$0
3. Information Technology	Gross	\$39,512,400	\$1,725,000
Increases baseline STF support by \$1.7 million to reflect increased demands for information technology, specifically for information governance and data analytics, GIS support and administration; server hosting and storage.	Federal	520,500	0
	Restricted	38,991,900	1,725,000
	GF/GP	\$0	\$0

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Major Budget Changes from FY 2021-22 YTD Appropriations

4. Design and Engineering Services

Increases baseline funding by \$9.6 million exclusive of economic adjustments or position transfers. Increases include: \$6.7 million STF for 64.0 FTE positions to support increased construction program; \$1.8 million STF for construction field services support contracts; \$206,000 MTF for a local agency construction administration tool; \$400,000 MTF for traffic signal energy cost allocation; \$475,400 MTF for 2.0 FTE positions to assist local road agencies in National Historic Preservation Act compliance.

	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Enacted Change
FTE	1,506.3	66.0
Gross	\$177,078,900	\$9,575,500
Federal	23,529,800	0
Restricted	153,549,100	9,575,500
GF/GP	\$0	\$0

5. State Trunkline Maintenance

Increases baseline funding by \$15.6 million STF, exclusive of economic adjustments and technical changes. Increases include: \$13.1 million to recognize increase costs associated with maintenance materials and services and \$2.5 million for 22.0 FTE staffing increase.

FTE	880.7	22.0
Gross	\$425,881,200	\$15,594,400
Restricted	425,881,200	15,594,400
GF/GP	\$0	\$0

6. State Trunkline Road and Bridge Construction

The state trunkline capital construction program totals \$1,651.9 million, a net increase of \$323.2 million from FY 2021-22. The \$334.0 million increase in federal funds is due to two things: \$283.4 million represents the state trunkline share, of the additional federal funds available to Michigan under the Infrastructure Investment and Jobs Act (IIJA); an additional \$50.6 million in federal funds is available for the construction program as a result of the end of federal funds used for debt service payments (Item #1, above).

Gross	\$1,328,645,000	\$333,224,600
Federal	851,248,800	333,982,100
Local	30,003,500	0
Private	0	10,000,000
Restricted	447,392,700	(10,757,500)
GF/GP	\$0	\$0

The anticipated increase in available federal aid is partially offset by a net decrease of \$10.8 million in state restricted support: available STF revenue declines by \$14.7 million – in part due to increases in STF funded debt service and increased STF funded trunkline maintenance. State restricted revenue also reflects a \$4.0 million increase in appropriated Blue Water Bridge Fund revenue, from \$4.0 million to \$8.1 million, for Blue Water Bridge capital projects.

The enacted budget also includes \$10.0 million in private funds to provide spending authority for potential public-private partnerships.

7. MTF to Local Road Agencies

Includes \$1.9 billion as the estimated MTF distribution to local road agencies (county road commissions, and cities and villages), \$87.6 million more than the current year. This reflects the Act 51 distribution of estimated MTF revenue from motor fuel and vehicle registration taxes as well as local road agency share of \$600.0 million earmarked for road and bridge programs in the Income Tax Act.

Gross	\$1,823,329,700	\$87,645,700
Restricted	1,823,329,700	87,645,700
GF/GP	\$0	\$0

MTF Distribution to Local Road Agencies			
	FY 2021-22	FY 2022-23	Difference
Cities/Villages	\$652,686,200	\$684,060,200	\$31,374,000
County Road Commissions	1,170,643,500	1,226,915,200	56,271,700
Total	\$1,823,329,700	\$1,910,975,400	\$87,645,700

8. Local Federal Aid and Road and Bridge Construction

Includes \$385.0 million to recognize the Act 51 earmark of certain federal-aid highway funds to local road agencies. The \$94.4 million increase reflects the local road agency share of the estimated increase in federal aid from IIJA.

Gross	\$290,587,800	\$94,400,000
Federal	290,587,800	94,400,000
GF/GP	\$0	\$0

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Major Budget Changes from FY 2021-22 YTD Appropriations

		FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Enacted Change
9. Grants to Local Programs (Local Program Fund)	Gross	\$33,000,000	\$0
Includes \$33.0 million for this Act 51 MTF earmark; this appropriation is distributed 64.2% to county road commissions and 35.8% to cities and villages.	Restricted	33,000,000	0
	GF/GP	\$0	\$0
10. Local Bridge Program	Gross	\$27,812,600	(\$831,000)
Includes \$27.0 million for the Local Bridge Program, a program that receives funding from an Act 51 earmark of MTF revenue equal to one-half cent of the motor fuel tax on gasoline. The decrease of \$831,000 reflects the estimated decrease in revenue generated from each penny of the motor fuel tax on gasoline as compared to the FY 2021-22 estimate. Although not specifically recognized in this line item, the program is also allocated a share of local federal aid.	Restricted	27,812,600	(831,000)
	GF/GP	\$0	\$0
11. Blue Water Bridge Operations and Maintenance	FTE	41.0	3.0
Includes \$340,300 baseline increase in Blue Water Bridge Fund support for additional 3.0 FTE positions.	Gross	\$6,714,700	\$340,300
	Restricted	6,714,700	340,300
	GF/GP	\$0	\$0
12. Transportation Economic Development Fund (TEDF)	Gross	\$41,601,900	\$4,349,100
The TEDF grant program is a targeted program established and governed by statute, 1987 PA 231. TEDF revenue comes from two statutory earmarks: an Act 51 earmark of MTF revenue, and an earmark of certain driver's license fees.	Restricted	41,601,900	4,349,100
	GF/GP	\$0	\$0
<p>TEDF funding would total \$46.0 million, an increase of \$4.3 million. The increase in available TEDF revenue is due to a \$3.8 million reduction in TEDF-funded debt service, as well as an anticipated increase in interest credited to the fund. Although not specifically recognized in this line item, the program is also allocated a share of local federal aid.</p>			
13. Aeronautics Services	FTE	46.0	2.0
Includes \$288,800 baseline increase in State Aeronautics Fund support for additional 2.0 FTE positions; rolls up two operating lines into one.	Gross	\$7,127,700	\$288,800
	Restricted	7,127,700	288,800
	GF/GP	\$0	\$0
14. Passenger Transportation Services	FTE	46.0	4.0
Includes \$277,900 CTF baseline increase to support additional 4.0 FTE positions.	Gross	\$7,127,700	\$277,900
	Restricted	7,127,700	277,900
	GF/GP	\$0	\$0
15. Local Bus Transit Programs	Gross	\$226,777,900	\$14,817,700
Includes \$201.7 million CTF for operating assistance to local transit systems, an increase of \$5.0 million. Also recognizes an additional \$9.8 million in federal-aid transit funding to rural transit systems made available under IIJA.	Federal	28,027,900	9,817,700
	Local	2,000,000	0
	Restricted	196,750,000	5,000,000
	GF/GP	\$0	\$0
16. Specialized Services/Transportation to Work	Gross	\$18,438,900	\$8,102,400
Includes \$1.0 million increase in baseline CTF support for program targeted at transportation needs of elderly and disabled persons; rolls up the \$3.9 million CTF Transportation to Work line into this line. Also recognizes \$3.2 million increase in estimated federal support.	Federal	9,900,000	3,227,400
	Local	4,185,000	0
	Restricted	4,353,900	4,875,000
	GF/GP	\$0	\$0

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<u>Major Budget Changes from FY 2021-22 YTD Appropriations</u>		FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Enacted Change
17. Transit Capital		Gross \$109,070,700	\$70,005,400
Recognizes \$41.0 million increase in estimated federal support and \$27.0 million increase in CTF support for program that provides matching funds on behalf of local transit agencies to access federal transit capital grants. The enacted budget also includes \$2.0 million in private funds to provide spending authority for potential public-private partnerships.	Federal	37,000,000	41,000,000
	Local	31,000,000	0
	Private	0	2,000,000
	Restricted	41,070,700	27,005,400
	GF/GP	\$0	\$0
18. Intercity Services		Gross \$8,060,000	\$1,921,800
Provides \$10.0 million for program that supports intercity bus service in Michigan, an increase of \$1.9 million from current year. Budget recognizes additional federal aid for intercity programs made available under IIJA, as well as increased CTF support.	Federal	4,500,000	1,558,800
	Local	160,000	0
	Private	800,000	0
	Restricted	2,600,000	363,000
	GF/GP	\$0	\$0
19. Marine Passenger		Gross \$1,012,000	\$3,952,000
Includes \$5.0 million for program that provides capital grants for marine passenger (ferry) service in Michigan, specifically for ferries that provide service to Beaver Island and to islands on the St. Mary's River in the eastern Upper Peninsula. The appropriation, \$4.0 million more than FY 2021-22, recognizes \$2.6 million in federal aid made available under IIJA, as well as \$1.3 million increased CTF support.	Federal	0	2,652,000
	Local	500,000	0
	Restricted	512,000	1,300,000
	GF/GP	\$0	\$0
20. Rail Operations and Infrastructure		Gross \$104,356,200	\$33,394,500
Includes \$135.9 million for state rail programs, an increase of \$31.5 million from current year, for line item that provides capital and operating support for rail passenger service in Michigan as well as rail freight and rail economic development programs. Budget includes \$10.0 million increase in federal-aid for rail programs as well as \$21.5 million increase in CTF support. [Boilerplate Sec. 707 earmarks \$21.5 million for rail freight program and rail infrastructure.] The enacted budget also includes \$2.0 million in private funds, \$1.9 million more than current year.	Federal	20,000,000	10,000,000
	Local	100,000	0
	Private	100,000	1,900,000
	Restricted	84,156,200	21,494,500
	GF/GP	\$0	\$0
21. Airport Improvement Program (AIP)		Gross \$121,576,500	\$38,885,400
Includes \$158.6 million for program of federal capital assistance to eligible local public airports in the state. Recognizes \$135.0 million in federal AIP funds, an increase of \$29.0 million from current year reflecting higher program funding targets under IIJA. Also recognizes increases in local matching funds and State Aeronautics Fund revenue. This program is shown in the state budget under the line item Airport Safety, Protection, and Improvement (ASAP). The enacted budget also includes \$2.0 million in private funds.	Federal	106,000,000	29,000,000
	Local	12,508,500	4,991,500
	Private	0	2,000,000
	Restricted	3,068,000	2,893,900
	GF/GP	\$0	\$0
22. IIJA Airport Infrastructure Grants		Gross \$0	\$95,000,000
Includes \$95.0 million federal spending authority for a new program, established under IIJA, of federal aid to public airports.	Federal	0	95,000,000
	GF/GP	\$0	\$0
23. Detroit Metropolitan Wayne County Airport		Gross \$5,200,000	\$650,000
Increases Qualified Airport Fund support by \$650,000 reflecting revenue estimates. As provided through 2015 amendments to the State Aeronautics Code, Qualified Airport Fund revenue is appropriated to the Detroit Metropolitan Wayne County Airport.	Restricted	5,200,000	650,000
	GF/GP	\$0	\$0
24. One-Time GF/GP – Priority Grade Separation Projects		Gross \$0	\$12,000,000
Includes \$12.0 million GF/GP; earmarked for Wayne County in boilerplate Sec. 1001.	Restricted	0	0
	GF/GP	\$0	\$12,000,000
25. One-Time GF/GP – Replace Weather Station Equipment		Gross \$0	\$3,900,000
Includes \$3.9 million in one-time GF/GP to replace equipment at 32 state-owned weather stations.	GF/GP	\$0	\$3,900,000

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<u>Major Budget Changes from FY 2021-22 YTD Appropriations</u>		FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Enacted Change
26. Basic Marine Dock Project	Gross	\$0	\$700,000
Includes one-time funding of \$700,000 CTF for improvements to the Basic Marine dock in Escanaba, Michigan.	Restricted	0	700,000
	GF/GP	\$0	\$0
27. Magnetic Roadway Sweepers	Gross	\$0	\$350,000
Includes one-time funding of \$350,000 GF/GP for the purchase of a type a roadway sweeper; defined in boilerplate section, Sec. 613.	Restricted	0	0
	GF/GP	\$0	\$350,000
28. Upper Peninsula Freight Rail Infrastructure	Gross	\$0	\$550,000
Includes \$550,000 CTF in one-time funding for a Chippewa County freight economic development project. The project is defined in boilerplate section, Sec. 1003.	Restricted	0	550,000
	GF/GP	\$0	\$0
29. Airport Infrastructure Grants	Gross	\$0	\$25,000,000
Includes one-time funding of \$25.0 million GF/GP. Related boilerplate Sec. 1005 earmarks this line item for the Wayne County Airport Authority.	Restricted	0	0
	GF/GP	\$0	\$25,000,000
30. Technical assistance, planning, and IJA match grants	Gross	\$0	\$25,000,000
Includes one-time funding of \$25.0 million GF/GP. As defined in boilerplate Sec. 1004, the line will support grants available to local units of government and planning organization under the IJA.	Restricted	0	0
	GF/GP	\$0	\$25,000,000
31. Economic Adjustments	Gross	NA	\$9,981,600
Reflects increased costs of \$10.0 million Gross (\$0 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2022 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	79,000
	Federal	NA	1,006,100
	Restricted	NA	8,896,500
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2021-22

The Governor's signing letter stated that several sections of 2022 PA 166 were unenforceable in that they violated various sections of the Michigan Constitution:

- Article 3, Section 2: Separation of powers of government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Sections 215, 217, 218, 353, 357, 382, 601, and 660(2) in the Transportation budget were specifically cited as unenforceable, as described below

Sec. 215. Communication with the Legislature – RETAINED (UNENFORCEABLE)

Retains section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. *The Governor's signing letter indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

Sec. 217. Work Project Limits – RETAINED (UNENFORCEABLE)

Retains section that requires that work project balances be exhausted before expenditure from part 1 appropriations. *The Governor's signing letter indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

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Major Boilerplate Changes from FY 2021-22

Sec. 218. State Administrative Board Transfers – RETAINED (UNENFORCEABLE)

Retains section that provides for the legislature to intertransfer funds within departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. *The Governor's signing letter indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers, as well as two sections under Article 4 the Michigan Constitution: Section 22 which requires that all legislation be by bill, and Section 33 which prescribes how bills are enacted into law.*

Sec. 224. Remote Work/Utilization of Staffing – NEW

Includes new intent language: "that departments maximize the efficiency of the state workforce and, where possible, prioritize in-person work", and that executive branch agencies post in-person, remote, or hybrid work policy on its website.

Sec. 302. Report on Debt Service Coverage – REVISED

Enacted budget revises section related to debt service limits and constitutionally restricted transportation revenue; the revised section retains a reporting requirement.

Sec. 353. Prompt Payment – RETAINED (UNENFORCEABLE)

Directs department to review contractor payment process; references Special Provision 109.10. *The Governor's signing letter indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

Sec. 357. Local Federal Aid Project Review – RETAINED (UNENFORCEABLE)

Directs MDOT to complete project reviews within 120 days; requires system for monitoring review process. *The Governor's signing letter indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.*

Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED (UNENFORCEABLE)

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor. *The Governor's signing letter indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 4, Section 25 of the Michigan Constitution which prohibits amending statutes by reference.*

Sec. 395. Authority to Transfer Between Construction/Maintenance – NEW

Authorizes the department to transfer up to \$10.0 million from the state trunkline road and bridge construction line item to state trunkline maintenance for certain specified activities.

Sec. 399. Capital Preventive Maintenance – REVISED

Requires the department to make capital preventive maintenance a program priority. The enacted budget modifies to indicate not less than \$100.0 million be allocated for capital preventive maintenance treatments for pavement preservation.

Sec. 503(2). Local Bridge Fund Lapse and Carry-Forward Authority – REVISED

Section provides for the lapse of restricted funds; revised to also provide for carry-forward spending authority for Local Bridge Fund.

Sec. 602. Impact of Electric Vehicles Study and Alternative Funding Study – NEW

Requires the department to study the potential impact of electric vehicles on MTF revenue including the feasibility of VMT as a basis for transportation funding in replacement of motor fuel taxes.

Sec. 603. Mackinac Bridge Report – NEW

Includes new reporting requirement including the following: that the department report by December 31, 2023 on the operational condition of the Mackinac bridge, its long-term viability, the costs of preventative maintenance and potential upgrades, and the cost and feasibility of constructing a separate method of transporting commercial, emergency, and passenger vehicle traffic.

Sec. 613. Earmark for Industrial Magnetic Roadway Sweepers – NEW

Directs the use of the \$350,000 STF appropriation for the procurement of industrial magnet roadway sweepers.

Sec. 660. Use of Alternative Materials – RETAINED (UNENFORCEABLE)

Encourages the department to examine the use of alternative road surface materials; establishes a state transportation innovation council. *The Governor's signing letter indicated that subsection 2, which establishes a state transportation innovation council, was unenforceable in that it violates Article 4, Section 24 of the Michigan Constitution which directs that no law may embrace more than one subject.*

Major Boilerplate Changes from FY 2021-22

Sec. 707. Rail Strategic Plan – REVISED

Section provides for a rail strategic plan and establishes reporting requirements. The enacted budget retains but modifies to direct that from the funds appropriated in part 1 for rail operations and infrastructure not less than \$21.5 million be allocated for support of rail-related economic development projects and rail freight system preservation projects.

Sec. 757. Rail Passenger Corridor Investment Plan – NEW

Directs the department to include both the New Buffalo/Traverse City and Ann Arbor/Traverse City routes in the rail passenger corridor investment plan.

Sec. 1001. Priority Rail Grade Crossing/Separation Initiative – NEW

Earmarks the \$12.0 million GF/GP priority rail grade crossing/separation initiative line item for Wayne County.

Sec. 1002. Basic Marine Dock Project – NEW

Defines the one-time \$700,000 line item for the Basic Marine dock project in Escanaba.

Sec. 1003. Upper Peninsula Freight Rail Infrastructure Project (Chippewa County) – NEW

Defines the one-time \$550,000 line item. Specifies that funding supports a Chippewa County freight economic development project.

Sec. 1004. Technical Assistance, Planning, IIJA Match – NEW

Defines the part-1 one-time \$25.0 million line item. Funds generally supports grants to local units to support technical assistance, planning, and IIJA match requirements.

Sec. 1005. Airport Infrastructure Grants – NEW

Earmarks the \$25.0 million one-time line item for Wayne County Airport Authority.

FY 2021-22 Supplemental Appropriation Items
Public Act 166 of 2022 (House Bill 5783, Article 15)

**Appropriation
Change**

1. Aviation Services – Private Funding for Study

Includes \$350,000 of private funds to support a feasibility study related to the deployment of small unmanned aerial systems for just-in-time delivery, medical transport, or other small-scale uses.

Gross	\$350,000
Private	350,000
GF/GP	\$0

2. IIJA Airport Infrastructure Grants

Includes \$12.0 million GF/GP to provide the state's share of required non-federal matching funds over the five-year life of the new capital grant program established under the Infrastructure Investment and Jobs Act (IIJA).

Gross	\$12,000,000
GF/GP	\$12,000,000