

FY 2015-16: DEPARTMENT OF TRANSPORTATION
Summary: As Reported by House Appropriations Committee
Article XVII, House Bill 4102 (H-1)



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IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
	\$3,786,900	\$3,928,500	\$3,928,500			\$141,600	3.7
Federal	1,223,599,500	1,257,488,000	1,257,488,000			33,888,500	2.8
Local	50,177,100	50,293,500	50,293,500			116,400	0.2
Private	7,866,000	100,000	100,000			(7,766,000)	(98.7)
Restricted	2,154,985,200	2,184,391,400	2,184,391,400			29,406,200	1.4
GF/GP	284,647,900	139,521,100	159,521,100			(125,126,800)	(44.0)
Gross	\$3,725,062,600	\$3,635,722,500	\$3,655,722,500			(\$69,340,100)	(1.9)
FTEs	2,918.3	2,918.3	2,918.3			0.0	0.0

Notes: (1) FY 2014-15 year-to-date figures include mid-year budget adjustments through March 24, 2015 including Executive Order 2015-5 and House Bill 4112. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the revenue in this budget comes 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) and the Comprehensive Transportation Fund (CTF), and to local road agencies. Revenue related to taxes on aviation fuel and aircraft registrations is credited to the State Aeronautics Fund (SAF) for aeronautics programs.

Major Budget Changes From FY 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change	
1. Debt Service	Gross	\$242,318,300	(\$3,457,500)
Reflects anticipated debt service schedules. <u>House</u> concurs with <u>Executive</u> .	Federal	45,726,400	40,500
	Restricted	196,591,900	(3,498,000)
2. Support Services by Other State Departments	Gross	\$46,932,800	(\$414,800)
Interdepartmental grants (IDGs) authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. <u>House</u> concurs with <u>Executive</u> budget which includes \$20.0 million MTF for Department of State vehicle registration tax collection program, and \$2.7 million MTF for Department of Treasury motor fuel tax collection program – both the same as current year funding. Budget reflects a reduction of \$414,800 to reflect agency cost allocation adjustments.	Restricted	46,932,800	(414,800)
3. State Trunkline Maintenance	FTEs	747.7	(4.0)
In addition to changes associated with position transfers (FTE position changes net to zero across the department) and economics, the budget increases baseline support by \$10.0 million STF to reflect increased prices of maintenance materials, slope restoration/erosion control needed on urban freeways, and cost of ongoing problem of copper theft from electrical fixtures. <u>House</u> concurs with <u>Executive</u> .	Gross	\$310,440,500	\$10,251,500
	Restricted	310,440,500	10,251,500

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
4. State Trunkline Road and Bridge Construction	Gross	\$824,646,200	\$15,017,200
<u>Executive</u> recommended \$839.7 million – \$15.0 million less than the current year – for the capital road and bridge construction/preservation program. This reflects a \$14.1 million decrease in restricted Blue Water Bridge Fund revenue, [Blue Water Bridge Fund revenue appropriated in this line in FYs 2013-14 and 2014-15 was unusually high to reflect the Blue Water Bridge Plaza project]. Reduced Blue Water Bridge Fund support is offset by a net increase of \$28.8 million in available STF revenue. [Part of the increase in STF revenue was due to the transfer of \$12.0 million from the TEDF, as described below.]	Federal	742,277,800	0
	Local	30,000,000	0
	Restricted	52,368,400	15,017,200
<u>House</u> concurs with <u>Executive</u> .			
[Budget also includes a separate one-time appropriation of \$113.0 million GF/GP to match federal aid for state trunkline road and bridge construction. See item #13, below.]			
5. Local Bridge Program	Gross	\$26,477,400	\$351,200
Reflects Act 51 earmarks to this program, including dedication of one-half cent of revenue raised by the motor fuel tax on gasoline. <u>House</u> concurs with <u>Executive</u> .	Restricted	26,477,400	351,200
6. MTF to Local Road Agencies	Gross	\$930,801,500	\$28,231,800
MTF distribution to local road agencies, \$615,734,000 to county road commissions, and \$343,299,300 to cities/villages reflects estimated MTF revenue and Act 51 statutory distribution. <u>House</u> concurs with <u>Executive</u> .	Restricted	930,801,500	28,231,800
7. Transportation Economic Development Fund (TEDF)	Gross	\$41,515,800	(\$10,745,300)
Reflects redirection of \$12.0 million to the STF, noted above, offset in part by an anticipated \$1.3 million increase in TEDF revenue from interest on the TEDF fund balance. The \$12.0 TEDF redirection would be made in House Bill 4440, a bill to amend Public Act 231 of 1987. <u>House</u> concurs with <u>Executive</u> .	Restricted	41,515,800	(10,745,300)
8. Aeronautics Services	FTEs	54.0	0.0
Budget reduces support for Office of Aeronautics to better reflect estimated SAF revenue. Budget would eliminate <i>Air service</i> grant program, funded in the current year at \$289,300. <u>House</u> concurs with <u>Executive</u> .	Gross	\$7,720,300	(\$681,000)
	Restricted	7,720,300	(681,000)
9. Bus Transit - Local Bus Operating Assistance	Gross	\$167,400,000	\$0
Maintains CTF support for local bus operating assistance at current year funding levels. <u>House</u> concurs with <u>Executive</u> .	Restricted	167,400,000	0
10. Rail Operations and Infrastructure	Gross	\$57,022,400	\$46,068,000
Line item supports rail freight economic development programs, as well as rail passenger service, including capital and operating assistance for the <i>Wolverine</i> (Detroit-Chicago) high speed rail corridor. <u>Executive</u> budget recognizes \$50.0 million in anticipated additional Federal Railroad Administration grant for capital improvement along the Detroit-Chicago Accelerated Rail Corridor. Budget reduces baseline CTF support to balance to anticipated CTF revenue.	Federal	10,100,000	50,000,000
	Local	100,000	0
	Private	100,000	0
	Restricted	46,722,400	(3,932,000)

House concurs with Executive.

[Budget also includes a separate one-time appropriation of \$25.0 million GF/GP for transit capital and rail infrastructure. See item #14, below.]

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
11. Bus Capital/Transit Capital	Gross	\$57,689,300	(\$26,528,500)
Reflects anticipated federal pass-through grants to local transit agencies and related state and local matching funds. Budget reduces baseline CTF support to balance to anticipated CTF revenue.	Federal	22,778,000	(17,478,000)
	Local	1,250,000	0
	Private	7,766,000	(7,766,000)
	Restricted	25,895,300	(1,284,500)
The large reduction in FY 2015-16 funding as compared to the current year budget is primarily due to the fact that the adjusted current year-to-date figure includes \$25.5 million related to the M-1 project in Detroit – \$17.8 million federal, and \$7.7 million in associated private funds – added to the current year budget in supplemental appropriation bill, House Bill 4112. These additional funds are not carried into FY 2015-16.			
<u>House</u> concurs with <u>Executive</u> .			
[The proposed FY 2015-16 budget also includes a separate one-time appropriation of \$25.0 million GF/GP for transit capital and rail infrastructure. See item #14 below.]			
12. Airport Improvement Program	Gross	\$91,978,000	\$1,065,200
Executive budget reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program. <u>House</u> concurs with <u>Executive</u> .	Federal	78,578,000	422,000
	Local	12,392,100	116,400
	Restricted	1,007,900	526,800
[Budget includes a separate one-time appropriation of \$1.5 million GF/GP for airport capital program. See Item #15 below.]			
13. State Trunkline Road and Bridge Construction (One-time)	Gross	\$127,000,000	(\$14,000,000)
Executive budget includes \$113.0 million in GF/GP funding to ensure that the state match all available federal-aid highway funds. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$127,000,000	(\$14,000,000)
14. Transit Capital and Rail Infrastructure (One-time)	Gross	\$10,000,000	\$15,000,000
Executive budget would provide \$25.0 million one-time GF/GP support to match federal transit and rail infrastructure grants. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$10,000,000	\$15,000,000
15. Airport Safety, Safety, and Improvement Program (One-time)	Gross	\$2,047,900	(\$526,800)
Executive budget would provide \$1.5 million one-time GF/GP support to match federal Airport Improvement Program funds. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$2,047,900	(\$526,800)
16. State and Local Road and Bridge Programs (One-time)	Gross	\$144,500,000	(\$124,500,000)
Governor would eliminate GF/GP line item that provided funding to the STF and to local road agencies according to the Act 51 distribution formula. <u>House</u> retains this line, funded at \$20.0 million. (See related boilerplate, Section 1002.)	GF/GP	\$144,500,000	(\$124,500,000)
17. Regional Transit Authority (One-time)	Gross	\$1,100,000	(\$1,100,000)
Budget would eliminate current GF/GP line item that provided start-up funding for the Southeast Michigan Regional Transit Authority. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$1,100,000	(\$1,100,000)
18. Economics	Gross	NA	(\$1,548,700)
Reflects net cost reduction of \$1.5 million Gross (\$0 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG	NA	(8,400)
	Restricted	NA	(1,540,300)

Major Boilerplate Changes From FY 2014-15

Sec. 315. Priority Roads Project Report – NEW

Requires a report, due November 1, 2015, on projects funded in full or in part through the priority roads investment program.

Major Boilerplate Changes From FY 2014-15

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.

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. In his signing letter dated June 13, 2013, the Governor indicates that this boilerplate section "is considered enforceable to the extent that it does not alter or amend Act 51 of 1951 requiring local cost sharing."

Sec. 383. Report on Use of State Airfleet – RETAINED

Requires quarterly report on use of MDOT-owned aircraft; recovery of department costs. No change from current year other than date reference.

Sec. 384. Detroit River International Crossing (DRIC) – RETAINED

Restricts the department's ability to obligate the state to expend state transportation revenue on the project, referenced by the Executive as the *New International Trade Crossing* (NITC). The current year budget states that "an expenditure for staff resources used in connection with project activities, which expenditure is subject to full and prompt reimbursement from Canada, shall not be considered an expenditure of state transportation resources."

Sec. 385 Detroit River International Crossing (DRIC) – RETAINED

Provides reporting requirements.

Sec. 394. Priority of Preservation – RETAINED

Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority.

Sec. 601. Road Construction Warranties – MODIFIED

Directs the department to work with the road construction and engineering consulting community on warranty program; identifies warranty considerations; provides a general reporting requirement as well as a report specific to the Auditor General's report on monitoring of warranties.

Sec. 605. Outcomes and Performance Measures for Maintenance – NEW

Executive budget included section which requires the department to identify outcomes and performance measures for increased part 1 funding for state trunkline maintenance. [The budget includes a \$10.0 million increase in baseline funding.] House concurs with Executive.

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.

Sec. 712. Rail Passenger Feasibility Study – DELETED

Current year language directed the department to study feasibility of rail passenger service between Holland and Detroit, by way of Grand Rapids and Lansing; provides for report due date of May 1, 2015. This appears to be a one-time report.

Sec. 713. Commuter Rail Report – NEW

Directs the department to report on status of commuter rail demonstration projects on or before November 1, 2015, including on the disposition of rail cars leased by the department.

Sec. 1001. Matching Federal-Aid Highway Funds – MODIFIED

Indicates that the one-time GF/GP appropriation for state trunkline road and bridge construction shall be used to ensure that the state is able to match all available federal-aid highway funds.

Sec. 1002. State and Local Road and Bridge Programs – RETAINED

Includes language directing use of one-time GF/GP appropriation.

Sec. 1003. Bus Capital/Rail Infrastructure – RETAINED

Retains reporting requirement on use of one-time GF/GP appropriation for transit capital and rail infrastructure.

Sec. 1005. Regional Transit Authority – DELETED

Current year budget includes section description of \$1.1 million appropriation to the RTA. [The proposed FY 2015-16 budget does not include this one-time line item.]

Sec. 1006. Detroit/Windsor Rail Tunnel – DELETED

Current year boilerplate included appropriation of \$10.0 million to the department to help facilitate the construction of a new rail tunnel under the Detroit River between Detroit and Windsor Ontario.