

FY 2017-18: DEPARTMENT OF TRANSPORTATION
Summary: As Reported by House Subcommittee
House Bill 4242 (H-1) Draft 1



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IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
	\$4,013,400	\$4,039,300	\$4,039,300			\$25,900	0.6
Federal	1,314,744,000	1,340,301,200	1,340,301,200			25,557,200	1.9
Local	50,418,500	50,532,000	50,532,000			113,500	0.2
Private	100,000	100,000	100,000			0	0.0
Restricted	2,736,727,700	2,952,470,500	2,952,470,500			215,742,800	7.9
GF/GP	9,750,000	0	0			(9,750,000)	(100.0)
Gross	\$4,115,753,600	\$4,347,443,000	\$4,347,443,000			\$231,689,400	5.6
FTEs	2,918.3	2,918.3	2,727.3			(191.0)	(6.5)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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). 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 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 (SAF) for aeronautics programs.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Debt Service

Executive reduces debt service by \$9.0 million reflecting anticipated debt service schedules. The reduction in federal-aid supported debt service reflects the 2016 refunding of \$607.1 million in federal grant anticipation notes. [Total outstanding transportation-related debt at September 30, 2016, was \$1,578.1 million.] House concurs with Executive.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
Gross	\$237,925,300	(\$8,985,900)
Federal	45,767,900	(7,984,600)
Restricted	192,157,400	(1,001,300)
GF/GP	\$0	\$0

2. Asset Management Council

Executive includes \$250,000 MTF increase for increased costs of data collection and education efforts. The line has not been increased since first established in 2002. House concurs with Executive.

Gross	\$1,626,400	\$250,000
Restricted	1,626,400	250,000
GF/GP	\$0	\$0

3. Information Technology

Executive increases baseline STF support by \$1.0 million to reflect increasing IT costs and increased use of e-construction technology. House concurs with Executive.

Gross	\$32,364,500	\$1,000,000
Federal	520,500	0
Restricted	31,844,000	1,000,000
GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2016-17 YTD Appropriations</u>	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
4. MDOT FTE Reductions	FTE 1,969.3	(191.0)
<u>House</u> reduces authorized FTE positions by 191.0 and related funding in various department operating lines. Reductions, as compared to the Executive recommendation, are as follows:	Gross \$173,208,200	(\$20,055,000)
	Restricted 173,208,200	(\$20,055,000)
	GF/GP \$0	\$0
Unclassified salaries: (2.0 FTEs, \$210,000 STF)		
Business support: (2.0 FTEs, \$210,000 STF)		
Finance, contracts, support services: (20.0 FTEs, \$2.1 million STF)		
Transportation planning: (10.0 FTEs, \$1.05 million STF)		
Design & engineering: (150.0 FTE positions, \$15.75 million STF)		
Aeronautics services: (7.0 FTEs, \$735,000 SAF)		
STF reductions of \$19.32 million would be redirected to the State trunkline road and bridge construction program (Item #6, below); the SAF reduction of \$735,000 would be redirected to the Airport Improvement Program, (Item #19 below).		
[The FTEs shown in the FY 2016-17 YTD column on the right are total FTEs authorized in the six operating line items; the dollar figures represent only the STF and SAF funds in those lines.]		
5. State Trunkline Maintenance	FTE 743.7	50.0
<u>Executive</u> recommends increase in baseline funding of \$8.5 million STF targeted for improved drainage and flooding mitigation in Metropolitan Detroit. Also rolls up Welcome center operations, \$4.5 million STF and 50.0 FTEs positions into this line from Design and engineering services.	Gross \$303,948,000	\$13,032,800
<u>House</u> concurs with Executive.	Restricted 303,948,000	\$13,032,800
	GF/GP \$0	\$0
6. State Trunkline Road and Bridge Construction	Gross \$1,062,702,900	\$88,238,900
<u>Executive</u> budget reflects \$68.9 million net increase in state trunkline road and bridge capital construction/preservation program; the anticipated increase in federal aid of \$25.7 million and \$62.5 million in available state restricted STF revenue is partially offset by \$19.2 million reduction in Blue Water Bridge Fund revenue reflecting the end of one-time funding for Blue Water Bridge Plaza expansion project.	Federal 757,714,800	25,652,500
	Local 30,000,000	3,500
	Restricted 274,988,100	62,582,900
	GF/GP \$0	\$0
<u>House</u> budget is \$88.2 million more than current year, \$19.32 million STF higher than Executive reflecting the redirection of STF revenue from MDOT operating lines described in Item #4, above.		
7. Local Federal Aid Road and Bridge Program	Gross \$272,511,000	\$5,889,300
Act 51 mandates that a portion of the federal-aid highway funds made available to the state be suballocated to local road agencies. Federal funds for local road agency construction and preservation programs would increase by \$5.9 million reflecting anticipated available federal revenue.	Restricted 272,511,000	5,889,300
<u>House</u> concurs with Executive.	GF/GP \$0	\$0
8. Local Agency Wetland Mitigation Fund Program	Gross \$4,000,000	(\$3,999,900)
<u>Executive</u> includes this Act 51 earmark, \$2.0 million MTF.	Restricted 4,000,000	(3,999,900)
<u>House</u> includes as a \$100 placeholder, redirects \$2.0 million MTF to local road agency MTF distribution, Item #10, below.	GF/GP \$0	\$0
9. Local Bridge Program	Gross \$27,468,600	\$814,300
<u>Executive</u> budget reflects Act 51 earmarks to this program, including the dedication of one-half cent of the motor fuel tax on gasoline.	Restricted 27,468,600	814,300
<u>House</u> concurs with Executive.	GF/GP \$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
10. MTF to Local Road Agencies	Gross	\$1,233,570,100	\$150,560,500
<u>Executive</u> budget MTF distribution to local road agencies would total \$1,372.1 million, an increase of \$138.6 million. County road commissions would receive \$880.9 million, an increase of \$89.0 million; cities/villages would receive \$491.2 million, an increase of \$49.6 million. These distributions reflect estimated MTF revenue and Act 51 statutory distribution formulas.	Restricted	1,233,570,100	150,560,500
	GF/GP	\$0	\$0
<u>House</u> is \$12.0 million MTF more than Executive. House includes \$10.0 million MTF from a redirection of TEDF Category A funds (Item #11 below) – \$6.6 million to county road commissions; \$3.4 million to cities and villages. House also redirects \$2.0 million MTF from the Local Agency Wetland Mitigation Fund (Item #8, above) – \$1.3 million to county road commissions; \$716,000 to cities and villages			
11. Transportation Economic Development Fund (TEDF)	Gross	\$24,447,500	\$7,671,600
The current year budget reflected the redirection of \$19.8 million in TEDF revenue – \$10.4 million to the STF and \$9.4 million to the state General Fund. <u>Executive</u> budget proposal is \$17.6 million more than the current year reflecting the end of these TEDF revenue shifts, as well as a reduction in estimated TEDF interest revenue.	Restricted	24,447,500	7,671,600
	GF/GP	\$0	\$0
<u>House</u> budget would redirect \$10.0 million from TEDF, Category A to the MTF distribution to county road commission and cities and villages, (Item #10 above).			
12. Local Bus Transit	Gross	\$212,277,900	\$5,500,000
<u>Executive</u> recognizes anticipated increase in federal transit grant to non-urban transit agencies. <u>House</u> redirects \$3.5 million CTF to local bus operating from Rail operations and infrastructure, (Item #15a, below)	Federal	24,027,900	2,000,000
	Local	2,000,000	0
	Restricted	186,250,000	3,500,000
	GF/GP	\$0	\$0
13. Intercity Services	Gross	\$6,250,000	\$1,610,000
<u>Executive</u> increases baseline support by \$1.6 million CTF and local matching funds. <u>House</u> concurs with Executive.	Federal	4,500,000	0
	Local	50,000	110,000
	Restricted	1,700,000	1,500,000
	GF/GP	\$0	\$0
14. Detroit Wayne County Port Authority	Gross	\$468,200	(\$468,100)
<u>Executive</u> recommends same funding as current year.	Restricted	468,200	(468,100)
<u>House</u> includes as \$100 placeholder, redirects \$468,100 CTF to Rail operations and infrastructure, below.	GF/GP	\$0	\$0
15a. Rail Operations and Infrastructure	Gross	\$118,894,800	(\$3,935,200)
Current year line item includes operating support for three Amtrak service routes in Michigan, capital assistance for the Detroit-Chicago high speed rail corridor, and a rail economic development program.	Federal	60,100,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	58,594,800	(3,935,200)
<u>Executive</u> recommends \$7.5 million CTF increase identified as for capital improvements along the high-speed rail corridor.	GF/GP	\$0	\$0
<u>House</u> includes \$468,100 CTF from redirection of Detroit/Wayne County Port Authority; redirects \$3.5 million CTF to local bus operating; unrolls \$8.5 million into new Rail freight economic development line item, below.			
15b. Rail Freight Economic Development - NEW	Gross	\$0	\$8,500,000
<u>House</u> establishes a new rail freight economic development line item by redirecting from the Rail operations and infrastructure line, \$6.0 million from the Rail Freight Fund and \$2.5 million CTF.	Restricted	0	8,500,000
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
16. Transit Capital	Gross	\$53,907,100	\$5,496,400
<u>Executive</u> increases CTF support by \$5.5 million to match available federal transit grants to local transit agencies. <u>House</u> concurs with Executive.	Federal	15,300,000	0
	Local	1,250,000	0
	Restricted	37,357,100	5,496,400
	GF/GP	\$0	\$0
17. Service Initiatives	Gross	\$2,889,200	\$500,000
<u>Executive</u> increases CTF support by \$500,000 million to match available federal transit grants for programs targeted for seniors.	Federal	1,650,000	0
<u>House</u> concurs with Executive	Local	325,000	0
	Restricted	914,200	500,000
	GF/GP	\$0	\$0
18. Capital Outlay – State Facilities/Salt Buildings	Gross	\$3,001,500	\$2,500,000
<u>Executive</u> recommends \$2.5 million STF increase for salt buildings and containment systems at counties that perform state trunkline maintenance work for MDOT under contract. <u>House</u> concurs with Executive.	Restricted	3,001,500	2,500,000
	GF/GP	\$0	\$0
19. Airport Improvement Program	Gross	\$97,824,000	(\$3,146,000)
<u>Executive</u> budget is \$3.8 million SAF less than current year, reflecting revenue estimates. Revenue from the redirection of aviation-related sales tax made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015) has been less than originally estimated.	Federal	79,000,000	0
<u>House</u> is \$3.1 million less than current year; includes an additional \$735,000 SAF by redirecting funding from Aeronautics services (Item #4, above).	Local	12,508,500	0
	Restricted	6,315,500	(3,146,000)
	GF/GP	\$0	\$0
20. Detroit Metropolitan Wayne County Airport	Gross	\$8,775,000	(\$2,275,000)
<u>Executive</u> includes \$6.5 million for the Detroit Metro Airport, a reduction of \$2.3 million from the current year. This is an earmark established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015). The reduction reflects revenue estimates. <u>House</u> concurs with Executive.	Restricted	8,775,000	(2,275,000)
	GF/GP	\$0	\$0
21. End of One-Time Special Projects/Grants	Gross	\$9,750,000	(\$9,750,000)
Current year budget includes \$8.5 million in one-time earmarks for projects in Berrien, Lenawee, and Macomb counties and \$1.2 million for erosion control grants to local road agencies. <u>Executive</u> budget reflects the end of these one-time appropriations. <u>House</u> concurs with Executive	GF/GP	\$9,750,000	(\$9,750,000)
22. Technical and Revenue Adjustments	Gross	N/A	(\$5,882,400)
<u>Executive</u> and <u>House</u> reflect other technical and revenue adjustments which reduce appropriated state restricted revenue by \$5.9 million. The largest technical adjustment is a \$4.9 million MTF reduction for the Movable Bridge Fund. The current year budget effectively includes twice the amount prescribed in Act 51.	Restricted	N/A	(5,882,400)
	GF/GP	N/A	\$0
23. Economic Adjustments	Gross	N/A	\$3,255,900
Reflects increased costs of \$3.3 million Gross (\$0.0 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	N/A	25,900
	Federal	N/A	603,100
	Local	N/A	3,500
	Restricted	N/A	2,623,400
	GF/GP	N/A	\$0

Major Boilerplate Changes From FY 2016-17

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 deletes. 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 deletes. House retains.

Major Boilerplate Changes From FY 2016-17

Sec. 270. Remanufactured Parts – RETAINED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet.
Executive deletes. House retains.

Sec. 305. Rental of Public Transportation Properties – RETAINED

Authorizes department to rent space to public or private tenants at market rates; requires the department charge transit agencies and intercity bus tenants equal rates; requires the department to use rental revenue to maintain and improve the property.
Executive deletes. House retains.

Sec. 313(3). State Infrastructure Bank Report – RETAINED

Section 313 provides guidance to department regarding the State Infrastructure Bank. Executive retains guidance language but deletes subsection that requires report. House retains reporting requirement.

Sec. 353. Prompt Payment – RETAINED

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

Sec. 357. Local Federal Aid Project Review – RETAINED

Directs MDOT to complete local federal aid project reviews within 120 days.
Executive deletes. House retains.

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

Prohibits department from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations.
Executive deletes. 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 deletes. House retains.

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

Requires department to use the E-Verify system to verify legal status of contractor and subcontractor new hires.
Executive deletes. House retains.

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

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

Sec. 383(5). Report on Use of State Airfleet – DELETED

Subsection states legislative intent that department work with Michigan State Police on employing fixed winged aircraft.
Executive and House delete.

Sec. 386. Toll Credits – NEW

House includes new section directing the department to use all available toll credits, sets priority order for use of toll credits.

Sec. 393. Best Practices for Public Transportation – RETAINED

Requires MDOT to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost.
Executive deletes. House retains.

Sec. 394. Priority of Preservation – RETAINED

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

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

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work.
Executive and House delete.

Sec. 505. Road Innovation Fund Report – DELETED

Required the department to prepare a report on the amount of MTF revenue withheld if the Roads Innovation Fund created as part of the November, 2015 Road Funding Plan had not been released on or before October 1, 2016.
Executive and House delete; Road Innovation Fund funds were released in 2016.

Sec. 601. Road Construction Warranties – REVISED

Directs the department to work with the road construction and engineering consulting community on warranty program; identifies warranty considerations; and provides reporting requirements.
Executive deletes. House retains subsection 5 which requires department to maintain documentation; review and evaluate consultant evaluation requirements.

Sec. 605. Flood Mitigation – NEW

New section establishes performance measures related to additional maintenance funding provided for flood mitigation.
Executive and House include.

Major Boilerplate Changes From FY 2016-17

Sec. 610. *Dead Deer* – DELETED

Section that indicates legislative intent with regard to cleanup of dead deer and other large animal remains.
Executive and House delete.

Sec. 612. *Incentive/Disincentive* – RETAINED

Requires department to establish guidelines for use of incentive/disincentive contracts; reporting requirement.
Executive deletes. House retains.

Sec. 613. *Report on Engineering Costs* – NEW

House includes new reporting requirement on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs.

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 deletes. House retains.

Sec. 703. *Rail Abandonment Notice* – RETAINED

Requires notice to Legislature when railroad companies file for abandonment of lines.
Executive deletes. House retains.

Sec. 704. *Rail Operations and Infrastructure Report* – REVISED

Requires report on anticipated expenditures from the rail operations and infrastructure line item.
Executive changes “expenditures” to “obligations”. House concurs with Executive.

Sec. 705. *City of Woodhaven Grade Separation* – DELETED

Indicates legislative intent that department assist the city of Woodhaven in established rail/street grade separation.
Executive and House delete.

Sec. 711. *Rail Passenger Service (AMTRAK)* – REVISED

Provides for reporting requirement.
Executive retains. House includes additional report element – fare revenue and fare revenue as a percentage of operating cost.

Sec. 712. *Rail Economic Development* – NEW

House includes guidance language regarding new rail freight economic development line item.

Sec. 802. *MDOT-Owned Airports* – RETAINED

Section encourages department to find private entities or local public agencies to assume ownership of state owned airports.
Executive deletes. House retains.

Sec. 803. *MDOT-Owned Airplanes* – REVISED

Section requires the department to request proposals for management of the state airfleet.
Executive deletes. House revises to require the sale of two state-owned planes.

Sec. 1001. *One-time Special Projects* – DELETED

Executive and House delete one-time earmarks for projects in Berrien, Lenawee, and Macomb counties.