

**Summary: Executive Budget Recommendation
for Fiscal Year 2020-21
DEPARTMENT of TRANSPORTATION**



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	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 Vs. FY 2019-20	
			Amount	%
IDG/IDT	\$3,974,300	\$4,063,100	\$88,800	2.2
Federal	1,352,350,100	1,392,546,100	40,196,000	3.0
Local	51,032,000	51,032,000	0	0.0
Private	900,000	900,000	0	0.0
Restricted	3,588,151,600	3,810,731,900	222,580,300	6.2
GF/GP	25,000,000	0	(25,000,000)	(100.0)
Gross	\$5,021,408,000	\$5,259,273,100	\$237,865,100	4.7
FTEs	2,824.3	2,832.3	8.0	0.3

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (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. 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 2019-20 Year-to-Date (YTD) Appropriations	FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
1. State and Local Road and Bridge – Revenue Adjustments	Gross \$3,418,667,700	\$205,283,100
Increase of \$205.3 million Gross for state and local road and bridge programs is based on anticipated increases in available state restricted revenue and federal aid as compared to estimates on which current year budget was based.	Federal 1,065,094,800	48,750,000
	Local 30,003,500	0
	Restricted 2,323,569,400	156,533,100
	GF/GP \$0	\$0

The increase includes \$118.6 million increase in MTF distribution to local road agencies (county road commissions and cities and villages), as well as a \$12.2 million increase in federal aid appropriated for local federal aid road and bridge programs.

Budget also reflects \$39.3 million anticipated increase in STF support, as well as a \$35.6 million increase in appropriated federal aid, for the state trunkline capital program.

The anticipated increase in state restricted revenue reflects increases in baseline MTF revenue (from motor fuel and vehicle registration taxes as distributed according to Act 51), as well as the final phase-in of income tax revenue for road and bridge programs – a \$132.0 million increase from current year (from \$468.0 million in FY 2019-20 to \$600.0 million in FY 2020-21).

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations		FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
2. State Trunkline Maintenance	FTE	760.7	0.0
Includes a baseline increase of \$7.6 million STF to offset increased maintenance material costs.	Gross	\$405,641,800	\$7,625,600
	Restricted	405,641,800	7,625,600
	GF/GP	\$0	\$0
3. Rebuilding Michigan Accountability/Transparency	FTE	0.0	8.0
Provides \$3.0 million STF, and authorizes 8.0 FTE positions, to establish a new office within MDOT, Rebuilding Michigan Office of Accountability and Transparency, to track and communicate expenditures of road projects funded from bonds issued under the State Transportation Commission's January 30, 2020 authorization.	Gross	\$0	\$3,000,000
	Restricted	0	3,000,000
	GF/GP	\$0	\$0
4. State/Local Traffic Signal Billing	Gross	\$600,000	\$2,400,000
Includes \$2.4 million in MTF spending authority for costs of maintenance on shared state/local traffic signals. This continues streamlining of traffic signal billing system that began in current year when \$600,000 MTF was appropriated for costs of signal energy on shared state/local traffic signal installations.	Restricted	600,000	2,400,000
	GF/GP	\$0	\$0
5. Debt Service	Gross	\$213,897,500	(\$13,559,800)
Includes \$200.3 million Gross, a \$13.6 million reduction from FY 2019-20. A \$12.4 million increase in debt service supported by restricted revenue would be offset by a \$26.0 million reduction in debt service on bonds issued in anticipation of federal revenue and repaid with appropriated federal funds.	Federal	81,155,000	(25,974,100)
	Restricted	132,742,500	12,414,300
	GF/GP	\$0	\$0
The change in debt service supported by restricted revenue is primarily due to changes in STF debt service schedules. Appropriated STF debt service would be \$109.9 million in FY 2020-21, \$16.3 million more than shown in current debt service schedules for FY 2020-21 and \$12.4 million more than the FY 2019-20 appropriation. This reflects ongoing STF debt service on previously issued STF bonds, as well as estimated net changes as a result of anticipated 2020 STF bond sales.			
6. General Fund Fixing Michigan Roads and Bridges (Earmark for Local Bridges)	Gross	\$13,000,100	(\$13,000,100)
Removed \$13.0 million GF/GP earmark for local bridge program. [The current year appropriation reflects vetoes, State Administrative Board transfers, and legislative transfers, which left the current year line item with \$13.0 million GF/GP in spending authority, all of which was earmarked in appropriations boilerplate for the local bridge program.]	Restricted	0	0
	GF/GP	\$13,000,100	(\$13,000,100)
7. Transportation Economic Development Fund (TEDF)	Gross	\$42,825,300	(\$1,433,500)
Decreases TEDF program by \$1.4 million to reflect anticipated reduction in available TEDF revenue. The largest TEDF category is the Target Industries competitive grant program (Category A), funded at \$16.4 million, a decrease of \$716,700 as compared to the current year. The TEDF program is established and governed by statute, 1987 PA 231.	Restricted	42,825,300	(1,433,500)
	GF/GP	\$0	\$0
8. Transit Capital	Gross	\$69,620,700	\$7,164,000
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. The increase in CTF support is part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance. Rolls up two current year line items into a single Transit Capital line.	Federal	15,300,000	50,000
	Local	1,250,000	0
	Restricted	53,070,700	7,114,000
	GF/GP	\$0	\$0

Note: The budget recommends \$226.8 million (\$196.8 CTF and \$28.0 federal) for operating formula distribution to 81 local public transit agencies, unchanged from current year appropriations.]

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations		FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
9. Service Initiatives	Gross	\$7,589,100	\$3,886,000
Increases baseline CTF support by \$3.9 million for program that funds transit-related research, training and development, and demonstration projects. The increase in CTF support is part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance.	Federal	1,650,000	0
	Local	325,000	0
	Restricted	5,614,100	3,886,000
	GF/GP	\$0	\$0
10. Rail Operations and Infrastructure	Gross	\$85,566,700	\$12,000,000
Includes \$12.0 million CTF increase for program that provides capital and operating support for rail passenger service in Michigan as well as rail freight and rail economic development programs. The increase in CTF support is part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance. The executive also rolls up two current year line items into a single Rail Operations and Infrastructure line item.	Federal	10,000,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	75,366,700	12,000,000
	GF/GP	\$0	\$0
11. Marine Passenger	Gross	\$1,500,000	\$5,000,000
Increases baseline CTF support by \$5.0 million for program that supports capital grants for marine passenger (ferry) service in Michigan. The increase, part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance, is intended to begin funding process for replacement of ferries that provide service to Beaver Island and to islands on the St. Mary's River in the eastern Upper Peninsula.	Local	500,000	0
	Restricted	1,000,000	5,000,000
	GF/GP	\$0	\$0
12. Intercity Services	Gross	\$7,860,000	\$2,000,000
Increases baseline CTF support by \$2.0 million for program that supports intercity bus service in Michigan. The increase in CTF support is part of the recommended distribution of \$32.0 million anticipated unreserved CTF fund balance.	Federal	4,500,000	0
	Local	160,000	0
	Private	800,000	0
	Restricted	2,400,000	2,000,000
	GF/GP	\$0	\$0
13. Airport Improvement Program	Gross	\$95,477,300	\$28,207,400
Increases \$28.2 million Gross (\$0 GF/GP) for federal program of capital improvements to eligible local public airports in the state. The increase of reflects anticipated \$27.0 million increase in federal funds related to a new competitive grant application program, and \$1.2 million in matching State Aeronautics Fund support.	Federal	79,000,000	27,000,000
	Local	12,508,500	0
	Restricted	3,968,800	1,207,400
	GF/GP	\$0	\$0
14. Detroit Metropolitan Wayne County Airport	Gross	\$5,850,000	\$1,820,000
Increases \$1.8 million Gross (\$0 GF/GP) from Qualified Airport Fund to reflect 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	5,850,000	1,820,000
	GF/GP	\$0	\$0
15. Elimination of One-Time Items	Gross	\$23,700,000	(\$23,700,000)
Removes two one-time current year projects totaling \$23.7 million (\$12.0 million GF/GP). Of the \$23.7 million, \$1.0 million CTF was appropriated for a dock project related to the Soo Locks expansion project, and \$22.7 million (\$12.0 million GF/GP) was for a rail grade crossing project in Woodhaven Michigan.	Federal	10,700,000	(10,700,000)
	Restricted	1,000,100	(1,000,100)
	GF/GP	\$11,999,900	(\$11,999,900)
16. Economic Adjustments	Gross	NA	\$9,971,200
Reflects increased costs of \$10.0 million Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	88,800
	Federal	NA	1,070,100
	Restricted	NA	8,812,300
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2019-20

Sec. 215. Communication with the Legislature – DELETED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff.

Sec. 270. Remanufactured Parts – DELETED

States legislative intent that the department use of remanufactured parts for repair and maintenance of state motor vehicle fleet.

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

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

Sec. 319. Rest Area Maintenance – DELETED

Requires signs/telephone numbers for reporting unclean and unsafe conditions at rest areas.

Sec. 323. Department-Owned Rail Property Sale RFP – DELETED

Requires the department to develop a solicitation for proposals for the sale of a state-owned rail line between Grayling and Gaylord; stipulates that line be maintained as operational rail line.

Sec. 324. State-Owned Airport Sale RFP – DELETED

Requires the department to develop a solicitation for proposals for the sale of two state-owned airports.

Sec. 353. Prompt Payment – DELETED

Directs department to review contractor payment process; references Special Provision 109.10.

Sec. 357. Local Federal Aid Project Review – DELETED

Directs MDOT to complete project reviews within 120 days; requires system for monitoring review process.

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

Prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations.

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

Prohibits the department from studying the association between highway signs and motorist behavior.

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

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 – DELETED

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

Sec. 386. Toll Credits – DELETED

Directs the 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 – DELETED

Requires the department to post traffic study on the department website.

Sec. 389. Long-Term Obligations – DELETED

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 – DELETED

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 – DELETED

Prohibits the department from performing, or assisting, any other state agency in performing, motor fuel quality testing.

Sec. 393. Best Practices for Public Transportation – DELETED

Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost.

Sec. 394. Priority of Preservation – DELETED

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

Major Boilerplate Changes from FY 2019-20

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.

Sec. 403. Priority of Federal Transit Grants – DELETED

Establishes priority for federal Section 5310 transit grants.

Sec. 601. Warranties – DELETED

Requires the department to maintain documentation to support warranty project acceptance.

Sec. 605. Flood Mitigation – DELETED

Establishes performance measures and reporting requirement related to additional maintenance funding provided for flood mitigation.

Sec. 610. Dead Deer – DELETED

Describes legislative intent regarding priority of cleanup of dead deer and other large animal remains.

Sec. 612. Incentive/Disincentive – DELETED

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

Sec. 613. Report on Engineering Costs – DELETED

Requires report on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs.

Sec. 660. Use of Alternative Materials – DELETED

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires.

Sec. 661. Stakeholder Group to Review Innovated Material and Design – DELETED

Directs the department to establish new stakeholder group; provides reporting requirement.

Sec. 703. Rail Abandonment Notice – DELETED

Requires notification of Legislature when railroad companies file for abandonment of lines.

Sec. 704. Rail Operations and Infrastructure Report – DELETED

Requires report on anticipated expenditures from the Rail Operations and Infrastructure line item.

Sec. 711. Rail Passenger Service Report – DELETED

Requires report on rail passenger service provided by Amtrak under contract with the department.

Sec. 712. Rail Passenger Service RFP – DELETED

Requires the department to develop a solicitation for proposals for operation of daily round-trip rail passenger service between Grand Rapids and Chicago.

Sec. 719. Transit Elderly and Medical Transport Cost per Rider – DELETED

Indicates legislative intent that transit providers identify cost per rider and request proposals from ride sharing companies.

Sec. 752. Notice of Rail Grant and Loan Programs – DELETED

Requires the department to notify representatives of rail industry of rail grant and loan programs.

Sec. 802. MDOT-Owned Airports – DELETED

Legislature encourages the department to find private entities or local public agencies to assume ownership and operating responsibility for department-owned airports.

Sec. 804. MDOT-Owned Airplanes – DELETED

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.

Sec. 806. State Aeronautics Code – DELETED

Requires the department to review website for consistency with state Aeronautics Code.