

**Summary: Executive Budget Recommendation  
for Fiscal Year 2021-22  
DEPARTMENT OF TRANSPORTATION**



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	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
<b>IDG/IDT</b>	\$4,063,100	\$4,044,800	(\$18,300)	(0.5)
<b>Federal</b>	1,424,196,100	1,448,519,000	24,322,900	1.7
<b>Local</b>	80,782,000	80,782,000	0	0.0
<b>Private</b>	900,000	900,000	0	0.0
<b>Restricted</b>	3,597,529,400	3,702,273,400	104,744,000	2.9
<b>GF/GP</b>	0	0	0	--
<b>Gross</b>	<b>\$5,107,470,600</b>	<b>\$5,236,519,200</b>	<b>\$129,048,600</b>	<b>2.5</b>
<b>FTEs</b>	2,824.3	2,942.3	118.0	4.2

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (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.

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>1. State Trunkline Road and Bridge Construction</b>	<b>Gross \$1,327,133,800</b>	<b>\$1,511,200</b>
Appropriation for the state trunkline capital construction program would total \$1.3 billion, a net increase of \$1.5 million. An anticipated increase in available federal-aid is partially offset by a decrease of \$24.3 million in available state restricted STF revenue: Available STF revenue reflects the STF share of estimated MTF revenue from motor fuel and vehicle registration taxes, as well as the STF share of \$600.0 million earmarked for road and bridge programs in the Income Tax Act. Available STF revenue also reflects uses of STF revenue, including debt service and increased state trunkline maintenance costs.	Federal 822,327,100	28,921,700
	Local 30,003,500	0
	Restricted 474,803,200	(27,410,500)
	GF/GP \$0	\$0

The reduction in restricted revenue also reflects a \$3.0 million reduction in the appropriation of Blue Water Bridge Fund revenue, from \$7.1 million to \$4.1 million for Blue Water Bridge capital projects.

<b>2. State Trunkline Maintenance</b>	<b>FTE 760.7</b>	<b>118.0</b>
Includes \$425.9 million STF for state trunkline routine maintenance, a baseline increase of \$10.5 million, exclusive of position transfers and economics. Specific increases include: \$3.5 million for an additional 76.0 FTE positions in permanent direct state maintenance forces, reducing use of temporary winter maintenance employees accordingly; \$2.9 million and 42.0 FTE positions to reestablish direct maintenance forces in Monroe County; and \$4.1 million to reflect increased costs of maintenance materials.	<b>Gross \$405,641,800</b>	<b>\$10,508,800</b>
	Restricted 405,641,800	10,508,800
	GF/GP \$0	\$0

<b>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</b>	<b>FY 2020-21 YTD (as of 2/11/21)</b>	<b>Executive Change from YTD</b>
<b>3. MTF to Local Road Agencies</b>	<b>Gross \$1,770,488,600</b>	<b>\$52,841,100</b>
The estimated MTF distribution to local road agencies (county road commissions, and cities and villages) would total \$1.8 billion, \$52.8 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.	Restricted 1,770,488,600	52,841,100
	GF/GP \$0	\$0
<b>4. Local Bridge Program</b>	<b>Gross \$27,000,100</b>	<b>\$812,500</b>
Includes \$27.8 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 increase reflects an increase in estimated gasoline tax revenue as compared to the current-year estimate. Although not specifically recognized in the budget, the program is also allocated a share of local federal aid.	Restricted 27,000,100	812,500
	GF/GP \$0	\$0
Note that as described further below, the Governor has proposed a one-time current-year supplemental appropriation of \$300.0 million GF/GP for the repair or replacement of approximately 120 critical bridges owned by local road agencies.		
<b>5. Debt Service</b>	<b>Gross \$215,096,300</b>	<b>\$38,547,300</b>
Includes \$253.6 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. Increased STF debt service is offset, in part, by a reduction in debt service on bonds issued using a pledge of federal revenue.	Federal 55,180,900	(4,598,800)
	Restricted 159,915,400	43,146,100
	GF/GP \$0	\$0
<b>6. Transportation Economic Development Fund (TEDF)</b>	<b>Gross \$28,794,500</b>	<b>\$12,807,400</b>
Includes \$41.6 million for the TEDF program, an increase of \$12.8 million. The increase primarily reflects the restoration of \$13.0 million to the TEDF/Target Industries categorical program; the current-year budget had redirected \$13.0 million in driver's license fee revenue from the TEDF to the state General Fund. The TEDF program is a targeted program established and governed by statute, 1987 PA 231.	Restricted 28,794,500	12,807,400
	GF/GP \$0	\$0
<b>7. Local Bus Transit</b>	<b>Gross \$193,750,000</b>	<b>\$3,000,000</b>
Provides \$196.7 million in state operating assistance to local transit systems, an increase of \$3.0 million CTF. The current-year budget included a \$3.0 million CTF reduction as part of an agreement to shift \$18.0 million in auto-related sales tax from the CTF to cover a deficit in the Transportation Administration Collection Fund in the Department of State budget.	Restricted 193,750,000	3,000,000
	GF/GP \$0	\$0
<b>8. Rail Operations and Infrastructure</b>	<b>Gross \$98,738,000</b>	<b>\$5,618,200</b>
Includes \$104.4 million for state rail programs including capital and operating support for rail passenger service in Michigan as well as rail freight and rail economic development programs. Increased CTF support reflects estimated increase in available CTF revenue.	Federal 20,000,000	0
	Local 100,000	0
	Private 100,000	0
	Restricted 78,538,000	5,618,200
	GF/GP \$0	\$0
<b>9. Intercity Services</b>	<b>Gross \$7,260,000</b>	<b>\$800,000</b>
Increases CTF support by \$800,000 for program that supports intercity bus service in Michigan. Increased CTF support reflects estimated increase in available CTF revenue.	Federal 4,500,000	0
	Local 160,000	0
	Private 800,000	0
	Restricted 1,800,000	800,000
	GF/GP \$0	\$0

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<b>10. Marine Passenger</b>	<b>Gross</b>	<b>\$928,000</b>	<b>\$84,000</b>
Increases state restricted CTF support to \$512,000 reflecting increase in available CTF revenue. This program 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.	Local	500,000	0
	Restricted	428,000	84,000
	GF/GP	\$0	\$0
<b>11. Airport Improvement Program (AIP)</b>	<b>Gross</b>	<b>\$121,076,500</b>	<b>\$500,000</b>
Includes \$121.6 million for program of federal aid for capital improvements to eligible local public airports in the state. The increase reflects an increase in estimated available State Aeronautics Fund revenue. In this line item, State Aeronautics Fund is used to provide matching funds for federal AIP grants.	Federal	106,000,000	0
	Local	12,508,500	0
	Restricted	2,568,000	500,000
	GF/GP	\$0	\$0
<b>12. Detroit Metropolitan Wayne County Airport</b>	<b>Gross</b>	<b>\$4,303,000</b>	<b>\$897,000</b>
Increases Qualified Airport Fund support by \$897,000 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	4,303,000	897,000
	GF/GP	\$0	\$0
<b>13. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$2,254,600)</b>
Reflects net decrease of \$2.3 million Gross (\$0 GF/GP). Budgeted increases for salaries and wages (negotiated 2.0% increase on October 1, 2021 and 1.0% on April 1, 2022), and increases related to actuarially required retirement contributions, worker's compensation, and building occupancy charges, are offset by a reduction in calculated contributions for retiree medical benefits.	IDGs	NA	(18,300)
	Federal	NA	(315,500)
	Restricted	NA	(1,920,800)
	GF/GP	NA	\$0

### **Major Boilerplate Changes from FY 2020-21**

#### **Legislative Directives, Restrictions, and Reporting Requirements – DELETED**

The executive does not retain a number of boilerplate sections that established legislative directives to the department, made restrictions on the use of appropriations, or established reporting requirements. Deleted sections are: Sec. 215, regarding staff communications with the legislature; Sec. 216, report on FTE positions and remote work; Sec. 217, establishes restrictions on use of work project balances; Sec. 218, regarding transfers between line items within budget; Sec. 219, concerning record retention; Sec. 220, report on impact of new legislation; Sec. 270, regarding remanufactured parts; Sec. 301(2), regarding hearings for setting bridge tolls; Sec. 305, regarding rental of space in public transportation facilities; Sec. 308, report on real estate holdings and sales; Sec. 309, report on employee accountability systems; Sec. 313(3), report on State Infrastructure Bank; Sec. 319, signs for rest area maintenance reporting; Sec. 328, report on FOIA compliance and costs; Sec. 353, review of contractor payment process; Sec. 357, local federal aid project review timeliness; Sec. 375, prohibition on reimbursement for groundbreaking ceremonies; Sec. 376, prohibition on study of billboards and driver behavior; Sec. 377, restrictions on employment of former director; Sec. 378, report on international hazardous materials routing; Sec. 381, required use of E-Verify system; Sec. 382, timeliness of final cost settlement of local federal aid projects; Sec. 383(4), restriction on the state airfleet transport of legislators; Sec. 386, use of toll credits; Sec. 387, Posting of traffic study results; Sec. 389, reporting on long-term obligations; Sec. 390, report on restricted fund balances; Sec. 391, prohibits department from motor fuel quality testing; Sec. 393, best practices in public transportation; Sec. 394, requires road preservation as top priority; Sec. 399, requires 10% minimum for capital preventive maintenance; Sec. 505, requires the department to host meetings on state and federal grant opportunities; Sec. 601, requires documentation of warranty projects; Sec. 612, report on incentive/disincentive contracts; Sec. 613, report on construction project design and engineering cost; Sec. 660, use of alternative road surface materials; Sec. 661, innovative material stakeholder group; Sec. 703, rail abandonment notice; Sec. 704, report on rail operations and infrastructure program obligations; Sec. 719, estimated transit cost per rider/use of ride-sharing companies; Sec. 720, farebox recovery target; Sec. 752, required meeting with rail industry trade group; Sec. 753, guidelines for marine passenger grant program.

**Supplemental Recommendations for FY 2020-21 Appropriations**

**FY 2020-21  
Recommendation**

**1. Local Bridge Bundling Initiative**

Governor recommends \$300.0 million GF/GP in one-time funding for the replacement or capital rehabilitation of approximately 120 bridges owned by local road agencies. Bridges would be selected for project funding based on several criteria; bridges currently closed to traffic or which are weight-restricted will have funding priority. Local matching funds would not be required; program funds would cover 100% of project cost, including design engineering. The Michigan Department of Transportation intends to use innovative contracting methods, including the “bundling” of several bridge projects into a single contract, to maximize efficiencies in design and delivery.

<b>Gross</b>	<b>\$300,000,000</b>
GF/GP	\$300,000,000

**2. Federal Coronavirus Relief Package – Transportation Funding**

Includes \$387.1 million in federal funds allocated to Michigan under the federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Funding Includes \$70.0 million in support of local airports (\$68.0 million for primary airports, and \$2.0 million for general aviation airports), \$55.8 million for local public transit programs (\$55.4 million for rural transit systems, and \$339,400 for a program targeted at mobility needs of seniors and persons with disabilities); and \$261.3 million for highway construction programs. CRRSAA highway program funds would be allocated between state trunkline infrastructure programs, \$196.0 million, and local road agency infrastructure programs, \$65.3 million. Note that approximately \$70.0 million in federal transit funding under CRRSAA is awarded directly to six urban transit systems in Michigan and does not flow through the state appropriations.

<b>Gross</b>	<b>\$387,074.400</b>
Federal	387,074,400
GF/GP	\$0