

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
DEPARTMENT OF TRANSPORTATION**



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	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
<b>IDG/IDT</b>	\$3,786,900	\$0	\$3,786,900	\$3,928,500	\$141,600	3.7
<b>Federal</b>	1,205,821,500	17,778,000	1,223,599,500	1,257,488,000	33,888,500	2.8
<b>Local</b>	50,177,100	0	50,177,100	50,293,500	116,400	0.2
<b>Private</b>	100,000	7,766,000	7,866,000	100,000	(7,766,000)	(98.7)
<b>Restricted</b>	2,154,985,200	0	2,154,985,200	2,184,391,400	29,406,200	1.4
<b>GF/GP</b>	284,647,900	0	284,647,900	139,521,100	(145,126,800)	(51.0)
<b>Gross</b>	<b>\$3,699,518,600</b>	<b>\$25,544,000</b>	<b>\$3,725,062,600</b>	<b>\$3,635,722,500</b>	<b>(\$89,340,100)</b>	<b>(2.4)</b>
<b>FTEs</b>	2,918.3	0.0	2,918.3	2,918.3	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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 Adjusted FY 2014-15 Appropriations**

**1. Debt Service**

Reflects anticipated debt service schedules.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>Gross</b>	<b>\$242,318,300</b>	<b>(\$3,457,500)</b>
Federal	45,726,400	40,500
Restricted	196,591,900	(3,498,000)

**2. Support Services by Other State Departments**

Interdepartmental grants (IDGs) authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Governor's budget 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.

<b>Gross</b>	<b>\$46,932,800</b>	<b>(\$414,800)</b>
Restricted	46,932,800	(414,800)

**3. Finance, Contracts, and Support Services**

Reflects \$150,000 increase in IDG support to better reflect actual cost of accounting service center.

FTE	185.0	0.0
<b>Gross</b>	<b>\$21,311,000</b>	<b>\$150,000</b>
IDG	3,786,900	150,000
Restricted	17,524,100	0

**4. Transportation Planning**

Restores \$80,000 related to the Governor's veto in the current year budget of a boilerplate appropriation.

FTE	141.0	0.0
<b>Gross</b>	<b>\$38,191,800</b>	<b>\$80,000</b>
Federal	19,936,000	64,000
Restricted	18,255,800	16,000

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>5. Design and Engineering Services</b>			
	FTE	1,586.3	4.0
Recognizes transfer of 4.0 FTE positions from State Trunkline Maintenance (FTE position changes net to zero across the department). Increased funding associated with the 4.0 FTEs of \$462,400 is offset by \$834,800 reduction associated with position transfers made in development of the current year budget.	<b>Gross</b>	<b>\$160,088,600</b>	<b>(\$372,400)</b>
	Federal	23,529,800	0
	Restricted	136,558,800	(372,400)
<b>6. State Trunkline Maintenance</b>			
	FTE	747.7	(4.0)
Recognizes transfer of 4.0 FTE positions to Design and Engineering Services (FTE position changes net to zero across the department). Decreased funding associated with the 4.0 FTEs of \$462,400 is offset by \$834,800 increase associated with position transfers made in development of the current year budget. Budget includes additional \$10.0 million support for state trunkline maintenance program 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.	<b>Gross</b>	<b>\$310,440,500</b>	<b>\$10,372,400</b>
	Restricted	310,440,500	10,372,400
<b>7. State Trunkline Road and Bridge Construction</b>			
	<b>Gross</b>	<b>\$824,646,200</b>	<b>\$15,017,200</b>
The proposed FY 2015-16 budget for MDOT's capital road and bridge construction/preservation program is \$839.7 million. The proposed budget reflects a \$14.1 million decrease in restricted Blue Water Bridge Fund support, (Blue Water Bridge Fund revenue in this line in FYs 2013-14 and 2014-15 was unusually high because of the Blue Water Bridge Plaza project). Reduced Blue Water Bridge Fund support is offset by a net increase of \$28.8 million in STF revenue. Among other things, the increase in available STF revenue for this line reflects STF share of increased baseline MTF revenue, \$7.6 million; the redirection of \$12.0 million from the Transportation Economic Development Fund to the STF; and \$3.5 million in reduced STF debt service.	Federal	742,277,800	0
	Local	30,000,000	0
	Restricted	52,368,400	15,017,200
Governor's budget does not assume any increases in transportation revenue from changes to tax rates or tax bases, or changes to current statutory distribution programs.			
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 #19 below.			
<b>8. Local Bridge Program</b>			
	<b>Gross</b>	<b>\$26,477,400</b>	<b>\$351,200</b>
Reflects Act 51 earmarks to this program, including dedication of one-half cent of revenue raised by the motor fuel tax on gasoline.	Restricted	26,477,400	351,200
<b>9. MTF to Local Road Agencies</b>			
	<b>Gross</b>	<b>\$930,801,500</b>	<b>\$28,231,800</b>
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.	Restricted	930,801,500	28,231,800
<b>10. Transportation Economic Development Fund (TEDF)</b>			
	<b>Gross</b>	<b>\$41,515,800</b>	<b>(\$10,745,300)</b>
Reflects redirection of \$12.0 million to the STF, noted above, offset in part by \$1.3 million increase in TEDF revenue. The TEDF reduction would be made from the Targeted Industries category.	Restricted	41,515,800	(10,745,300)
<b>11. Aeronautics Services</b>			
	FTE	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.	<b>Gross</b>	<b>\$7,720,300</b>	<b>(\$663,300)</b>
	Restricted	7,720,300	(663,300)
<b>12. Bus Transit - Local Bus Operating Assistance</b>			
	<b>Gross</b>	<b>\$167,400,000</b>	<b>\$0</b>
Budget does not change CTF state operating assistance to local public transit agencies from current year funding.	Restricted	167,400,000	0
<b>13. Bus Transit - Non-Urban Operating/Capital</b>			
	<b>Gross</b>	<b>\$25,187,900</b>	<b>\$840,000</b>
Recognizes federal non-urban transit grants; reflects MAP-21 funding levels.	Federal	23,187,900	840,000
	Local	2,000,000	0

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>	
<b>14. Rail Operations and Infrastructure</b>		<b>Gross</b>	<b>\$57,022,400</b>	<b>\$46,068,000</b>
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. Recognizes \$50.0 million in 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)
Budget includes a separate one-time appropriation of \$25.0 million GF/GP for transit capital and rail infrastructure. (See Item #20, below).				
<b>15. Bus Capital/Transit Capital</b>		<b>Gross</b>	<b>\$32,145,300</b>	<b>(\$984,500)</b>
Reflects anticipated federal pass-through grants to transit grants to local transit agencies and related state and federal matching funds. Budget reduces baseline CTF support to balance to anticipated CTF revenue.		Federal	5,000,000	300,000
		Local	1,250,000	0
		Restricted	25,895,300	(1,284,500)
The Governor has requested a \$25.5 million increase in spending authority for this line in the current year to recognize \$17.8 million in federal grants associated with the M-1 Rail project in Detroit, and \$7.7 million in associated private funds. This request was included in supplemental appropriation bill, House Bill 4112, as passed by the House on February 18, 2015.				
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 #20, below).				
<b>16. Service Initiatives</b>		<b>Gross</b>	<b>\$4,197,300</b>	<b>(\$1,847,500)</b>
Budget reduces baseline CTF support to balance to anticipated CTF revenue.		Federal	1,150,000	0
		Local	200,000	0
		Restricted	2,847,300	(1,847,500)
<b>17. Transportation to Work</b>		<b>Gross</b>	<b>\$4,700,000</b>	<b>(\$800,000)</b>
Budget reduces baseline CTF support to balance to anticipated CTF revenue.		Restricted	4,700,000	(800,000)
<b>18. Airport Improvement Program</b>		<b>Gross</b>	<b>\$91,978,000</b>	<b>\$1,065,200</b>
Reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program.		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 #21 below)				
<b>19. State Trunkline Road and Bridge Construction (One-time)</b>		<b>Gross</b>	<b>\$127,000,000</b>	<b>(\$14,000,000)</b>
Provides \$113.0 million in GF/GP funding to ensure that the state match all available federal-aid highway funds. Governor would eliminate one-time GF/GP funding in FY 2016-17.		GF/GP	\$127,000,000	(\$14,000,000)
<b>20. Transit Capital and Rail Infrastructure (One-time)</b>		<b>Gross</b>	<b>\$10,000,000</b>	<b>\$15,000,000</b>
Proposed budget would provide \$25.0 million one-time GF/GP support to match federal transit and rail infrastructure grants. Governor would eliminate one-time GF/GP funding in FY 2016-17.		GF/GP	\$10,000,000	\$15,000,000
<b>21. Airport Safety, Safety, and Improvement Program (One-time)</b>		<b>Gross</b>	<b>\$2,047,900</b>	<b>(\$526,800)</b>
Proposed budget would provide \$1.5 million one-time GF/GP support to match federal Airport Improvement Program funds. Governor would eliminate one-time GF/GP funding in FY 2016-17.		GF/GP	\$2,047,900	(\$526,800)
<b>22. State and Local Road and Bridge Programs (One-time)</b>		<b>Gross</b>	<b>\$144,500,000</b>	<b>(\$144,500,000)</b>
Budget would eliminate current GF/GP line item that provided funding to the STF and to local road agencies according to the Act 51 distribution formula.		GF/GP	\$144,500,000	(\$144,500,000)
<b>23. Regional Transit Authority (One-time)</b>		<b>Gross</b>	<b>\$1,100,000</b>	<b>(\$1,100,000)</b>
Budget would eliminate current GF/GP line item that provided start-up funding for the Southeast Michigan Regional Transit Authority.		GF/GP	\$1,100,000	(\$1,100,000)

<b><u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u></b>		<b><u>FY 2014-15 Adjusted Year-to-Date</u></b>	<b><u>FY 2015-16 Executive Change</u></b>
<b>24. Economics</b>	<b>Gross</b>	<b>NA</b>	<b>(\$1,548,700)</b>
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**

#### ***Executive Boilerplate Deletions***

In general, the Executive Budget Recommendation deletes a large majority of boilerplate language included in the FY 2014-15 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted. For the Department of Transportation, the Executive deletes 41 of 74 boilerplate sections.

#### ***Sec. 270. Remanufactured Parts – DELETED***

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet.

#### ***Sec. 303. Legislative Report – DELETED***

Report of funds received by city, village, and county road commission by legislative district.

#### ***Sec. 307. Rolling Five-Year Plan – DELETED***

Requires Five-Year Plan report to legislature by March 1st.

#### ***Sec. 308. Contract Compliance – DELETED***

Current year language requires department and local road agencies to pursue compliance with contract specifications for construction and maintenance and provides for sanctions for unsatisfactory contractors; also provides for a reporting requirement on the department's prequalification process and unsatisfactory contractor performance rating.

#### ***Sec. 310. State Transportation Commission Minutes/Agenda – DELETED***

Requires department provide copies of minutes and agenda to House and Senate Appropriations Subcommittees on Transportation, House and Senate Fiscal Agencies, and State Budget Director.

#### ***Sec. 319. Rest Area Maintenance – DELETED***

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

#### ***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 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. 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. 383. Report on Use of State Airfleet – REVISED***

Requires quarterly report on use of MDOT-owned aircraft; recovery of department costs. No change from current year other than date reference and minor wording change. Does not include Subsection (5) which directed the department to establish a reciprocal agreement with the Michigan State Police.

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

Section 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). 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." No change from current year other than date references.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 385. DRIC/NITC Reporting Requirement – RETAINED**

Budget retains current year reporting requirements

### **Sec. 393. Best Practices for Public Transportation – DELETED**

Directs 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.

### **Sec. 401. Federal Aid Distribution Report – DELETED**

Requires department to notify local agencies, Legislature, and state budget director on proposed distribution of federal funds between state and local units.

### **Sec. 601. Road Construction Warranties – DELETED**

Encourages use of road construction warranties; reporting requirement.

### **Sec. 603. Traffic Congestion – DELETED**

Directs department to consider traffic congestion as criteria in project selection.

### **Sec. 605. Highway Maintenance Performance Measures – NEW**

Directs that from the additional funds appropriated for State Trunkline Maintenance in Part 1, the department "expend maintenance activities in the current fiscal year to support safety-related, high-priority and deferred routine maintenance needs on Michigan's state trunkline network. Identifies specific outcomes and performance measures.

### **Sec. 610. Dead Deer – DELETED**

Legislative intent language regarding 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. 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. 703. Rail Abandonment Notice – DELETED**

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

### **Sec. 712. Rail Passenger Feasibility Study – DELETED**

Directs 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.

### **Sec. 735. Street Railway Appropriation – REVISED**

Provides for \$0 appropriation to a street railway pursuant to section 10e(22) of 1951 PA 51. No change from current year other than date reference.

### **Sec. 740. Review of CTF Fund Balances – DELETED**

Requires report on unencumbered CTF balance by March 1 of each year.

### **Sec. 741. Transit Buses - Safety Standard Report – DELETED**

Directs the department to study need, feasibility, and costs of increasing safety standard of transit buses; rollover test standard; provides for report due date of December 1, 2014.

### **Sec. 802. Department-Owned Airports – DELETED**

States legislative intent that department find private or local owner/operator of department-owned airports.