

MEMORANDUM



DATE: December 5, 2019
TO: House Appropriations Subcommittee on Transportation
FROM: William E. Hamilton
RE: Transportation Work Projects - Revised

On November 14, 2019, the State Budget Office transmitted to the House and Senate Appropriations Committees reports on work project designations.

As you know, appropriation bills authorize spending for a fiscal year period. Spending authority is granted within line items that generally represent statutory programs or agency operations. At the end of each fiscal year, unused spending authorization lapses. A new appropriation is required in order to expend money on specific programs and activities in the subsequent fiscal year.

Work projects are an exception to this one-year-only appropriation limit. Work project designation allows spending authority to be carried forward up to 48 months from the last day of the fiscal year in which the appropriation was originally made. Section 451a of the Management and Budget Act (1984 PA 431) establishes specific criteria for work project designation. The section indicates that a work project must meet all of the following criteria:

- Be for a specific purpose
- Contain a plan to accomplish the work project objective
- Have an estimated completion cost
- Have an estimated completion date

The definition of “work project” in Section 404(6) of the Management and Budget Act indicates that work projects are intended for one-time, non-recurring projects or activities for the purpose of accomplishing a [specific] objective. They are not to be used to simply carryover spending authority for ongoing department operations.

In some cases, work projects are designated in the appropriation act that established the original appropriation, specifically, in appropriations boilerplate. In State Budget Office work project reports, these are identified as *Work Projects Designated in Statute*. In other cases, state departments request that certain specific undertakings be designated as work project appropriations. These are listed in the State Budget Office reports as *Work Projects Not in Statute*. [The term “statute” is a bit off-target in this context; “statute” generally refers to compiled laws, and not appropriation acts. But the term has been established in the State Budget Office reports for a number of years.]

Examples of work projects include information technology projects. There are a number of these in the State Budget Office report since these are often one-time, single-purpose projects that carry over for two or more fiscal years.

There are actually two State Budget Office work project lists: a list of existing work project designations (from prior fiscal years) that will carry on beyond FY 2018-19; a list of new work project appropriations, i.e. work projects from FY 2018-19 appropriations, that would be designated as work projects for the first time.

The Management and Budget Act requires the State Budget Office to notify the House and Senate Appropriations Committees within 45 days of the end of the fiscal year of proposed work projects. Work project designation does not require legislative approval. State Budget Office work project recommendations automatically become effective unless affirmatively disapproved by either the House or Senate Appropriations Committees within 30 days of the State Budget Office notification.

Effectively, the authority of the House and Senate Appropriations Committees to disapprove proposed work projects is limited to: 1.) first time work project requests; 2.) projects that were not previously established as work projects in appropriation acts (“in statute”).

The State Budget Office list includes eight new work projects designations from FY 2018-19 Transportation appropriations. Of these, one was established “in statute”, i.e. appropriation act boilerplate, and seven would be established as work projects at the request of the Michigan Department of Transportation.

In addition to the eight new work projects, the State Budget Office list identifies four previously established Transportation work projects, three from FY 2017-18 appropriations, and one from FY 2016-17 appropriations, that would carry forward beyond September 30, 2019.

These Transportation work projects are shown in the attached table.

In addition to these Transportation budget work projects, the State Budget Office report includes a Michigan State Police work project that uses restricted transportation funds:

Michigan State Police:

Commercial Vehicle Enforcement/Weigh Station Maintenance

The Transportation budget includes an appropriation of restricted transportation funds to the Michigan State Police. The appropriation is shown in the Transportation budget as an Interdepartmental grant (IDG) using the State Trunkline Fund (STF) as a fund source. There is a corresponding IDG fund source in the Michigan State Police budget. In FY 2018-19, the IDG was \$11.9 million STF. This appropriation supports Michigan State Police, Commercial Vehicle [Motor Carrier] Enforcement activities, as well as the transportation portion of Criminal Justice Information Center.

The Michigan State Police has asked for work project designation of the entire \$2.0 million balance from the FY 2018-19 STF IDG appropriation. The work project would be used to support various capital technical and physical improvements at weigh stations in the state. Weigh stations are owned by the Michigan Department of Transportation but operated by the Michigan State Police, Commercial Vehicle Enforcement Division. A similar \$3.4 million work project was established at the end of FY 2017-18, of which, \$2.4 million would be carried forward past September 30, 2019.

Please let me know if you have questions.