

FY 2014-15: DEPARTMENT OF TRANSPORTATION
Summary: As Reported by House Appropriations Committee
Article XVII, House Bill 5313 (H-1)



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IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
	\$3,625,100	\$3,786,900	\$3,786,900			\$161,800	4.5
Federal	1,198,885,500	1,205,885,500	1,205,885,500			7,000,000	0.6
Local	50,177,100	50,177,100	50,177,100			0	0.0
Private	100,000	100,000	100,000			0	0.0
Restricted	2,225,029,000	2,155,001,200	2,155,001,200			(70,027,800)	(3.1)
GF/GP	121,300,000	254,047,900	391,047,900			269,747,900	222.4
Gross	\$3,599,116,700	\$3,668,998,600	\$3,805,998,600			\$206,881,900	5.7
FTEs	2,918.3	2,918.3	2,918.3			0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Executive figures do not reflect revisions submitted subsequent to House subcommittee action.

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 60% 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.

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 Year-to-Date (as of 2/5/14)</u>	<u>FY 2014-15 House Change</u>
1. Debt Service	Gross	\$242,321,100	(\$2,800)
House bill concurs with Governor, reflects anticipated debt service schedules.	Federal	45,912,200	(185,800)
	Restricted	196,408,900	183,000
	FTEs	141.0	0.0
2. Transportation Planning	Gross	\$38,283,400	\$477,200
House bill concurs with Governor and recognizes economic adjustments of \$477,200; shift of \$1.5 million from STF to MTF to reflect reallocation of staff for Local agency program activity.	Federal	20,000,000	0
	Restricted	18,283,400	477,200
	FTEs	1,500.8	85.5
3. Design and Engineering Services	Gross	\$144,461,200	\$15,627,400
House bill concurs with Governor, recognizes economic adjustments, \$2.9 million; position transfers, \$9.2 million; and increase in baseline MTF support for Local agency program, \$3.5 million. Roll-ups of <i>Intelligent transportation systems</i> line into <i>Engineering services</i> .	Federal	23,529,800	0
	Restricted	120,931,400	15,627,400
	FTEs	808.7	(61.0)
4. State Trunkline Maintenance	Gross	\$275,689,500	\$34,751,800
House bill concurs with Governor, recognizes economic adjustments, \$1.0 million; reduction associated with position transfers (\$6.2 million); and increase in baseline STF funding, \$40.0 million.	Restricted	275,689,500	34,751,800

Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided \$100.0 million GF/GP for *Special winter road maintenance*, of which, the department would receive \$39.1 million. This figure is not included in the above YTD total.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
5. State Trunkline Road and Bridge Construction	Gross	\$868,193,500	(\$43,547,300)
House bill concurs with Governor, recommends \$824.6 million for MDOT's capital road and bridge construction/preservation program. Change from current year represents net changes in estimated available revenue as follows:	Federal	742,092,000	185,800
	Local	30,000,000	0
	Restricted	96,101,500	(43,733,100)
<p>Increase in federal funds of \$185,800 attributable to reduction in debt service attributable to federal funds. Net reduction in state restricted revenue due to reduction in Blue Water Bridge Fund appropriation, (\$8.5 million); increase in STF share of estimated MTF revenue, \$14.6 million; increase in estimated miscellaneous STF revenue, \$5.9 million; restoration of driver's license fee revenue to the Transportation Economic Development Fund, (\$13.0 million); increase in available STF due to reduction in STF debt service, \$1.6 million; economic increases in STF funded administrative units, (\$5.0 million); STF shift to State trunkline maintenance, (\$40.0 million); net of other miscellaneous STF revenue and program adjustments, \$620,400.</p> <p>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 separate one-time GF/GP appropriations for state trunkline road and bridge construction - See Items 20a and 20b, below.</p>			
6. Local Bridge Program	Gross	\$21,381,600	\$5,095,800
Restores \$5.0 million Act 51 earmark to this program. [This is a technical adjustment.]	Restricted	21,381,600	5,095,800
7. MTF to Local Road Agencies	Gross	\$908,098,400	\$22,703,100
MTF distribution to county road commissions, \$597,608,200, and cities/villages, \$333,193,300, reflects estimated MTF revenue and Act 51 statutory distribution. Budget includes a separate one-time GF/GP appropriation for local road agencies - See Item #20b , below.	Restricted	908,098,400	22,703,100
<p>Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided \$100.0 million GF/GP for <i>Special winter road maintenance</i>, of which local road agencies would receive \$60.9 million. This figure is not included in the above YTD total.</p>			
8. Transportation Economic Development Fund (TEDF)	Gross	\$32,058,200	\$9,457,600
House bill concurs with Governor, reflects restoration of \$12.0 million in driver's license fee revenue which had previously been redirected to the STF; offset in part by \$1.7 million increase in TEDF debt service, and \$880,000 reduction in estimated fund balance interest earnings.	Restricted	32,058,200	9,457,600
9. Bus Transit - Local Bus Operating Assistance	Gross	\$166,624,000	\$776,000
House bill concurs with Governor, increases CTF state operating assistance to local public transit agencies.	Restricted	166,624,000	776,000
10. Discretionary State Operating	Gross	\$5,400,000	(\$5,400,000)
House bill concurs with Governor, does not retain \$5.4 million <i>Discretionary state operating</i> line item, first established in FY 2012-13 budget.	Restricted	5,400,000	(5,400,000)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
11. Rail Operations and Infrastructure/Wolverine	Gross	\$43,925,000	\$13,097,400
Line item supports rail freight economic development programs, as well as rail passenger service, including capital and operating assistance for Amtrak <i>Wolverine</i> (Pontiac-Detroit-Chicago) service – part of a high-speed rail corridor. House bill concurs with Governor, recognizes \$7.0 million in additional federal funds, \$2.1 million increase in baseline CTF support, and \$4.0 million anticipated increase in Rail Freight Fund support. Rolls up \$19.3 million <i>Wolverine</i> line item into <i>Rail operations and infrastructure</i> line.	Federal	3,100,000	7,000,000
	Local	100,000	0
	Private	100,000	0
	Restricted	40,625,000	6,097,400
Budget includes a separate one-time \$10.0 million GF/GP appropriation for transit capital and rail infrastructure - See Item 21 , below.			
Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided \$11.7 million in additional spending authority to recognize a TIGER grant for high-speed rail corridor. This figure is not included in the above YTD total.			
12. Marine Passenger Service	Gross	\$400,000	\$0
No change proposed from current year funding.	Restricted	400,000	0
Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided \$300,000 GF/GP in new spending authority for the Beaver Island Transportation Authority. This figure is not included in the above YTD total.			
13. Municipal Credit Program	Gross	\$2,000,000	\$0
No change in current Act 51 earmark for transit services in Southeast Michigan.	Restricted	2,000,000	0
14. Bus Capital/Transit Capital	Gross	\$32,145,300	\$0
Reflects anticipated federal pass-through grants to transit grants to local transit agencies and related state and federal matching funds. House concurs with Governor, no change from current year.	Federal	5,000,000	0
	Local	1,250,000	0
	Restricted	25,895,300	0
Budget includes a separate one-time appropriation of \$10.0 million GF/GP for transit capital and rail infrastructure - See Item 21 , below.			
15. Van Pooling	Gross	\$807,000	(\$612,000)
Provides CTF funds for matching federal transit grants. House concurs with Governor, reduces CTF to reflect anticipated program activity.	Restricted	807,000	(612,800)
16. Service Initiatives	Gross	\$1,682,900	\$2,514,400
House concurs with Governor, includes \$2.5 million increase in baseline CTF support.	Federal	1,150,000	0
	Local	200,000	0
	Restricted	332,900	2,514,100
17. Transportation to Work	Gross	\$4,700,000	\$0
Reflects anticipated federal MAP-21 funding and related local matching funds.	CTF	4,700,000	0
18. Airport Improvement Program	Gross	\$93,104,300	(\$1,126,300)
Reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program.	Federal	78,578,000	0
	Local	12,392,100	0
	Restricted	2,134,200	(1,126,300)
Budget includes a separate one-time appropriation of \$2.0 million GF/GP for airport capital program - See Item 22 , below.			
19. Priority Roads Investment Program	Gross	\$115,000,000	(\$115,000,000)
Eliminates one-time line item funded through the Roads and Risks Reserve Fund.	Restricted	115,000,000	(115,000,000)

One-Time General Fund for Road and Bridge Programs
Governor had recommended \$242.0 million GF/GP for the state trunkline construction program. The **House** bill split this GF/GP appropriation into two separate line items, as described below:

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		<u>FY 2013-14 Year-to-Date (as of 2/5/14)</u>	<u>FY 2014-15 House Change</u>
20a. Federal Aid Match for State Trunkline Road and Bridge Construction /State Trunkline Road and Bridge Construction	Gross	\$121,300,000	\$5,700,000
House bill includes one-time \$127.0 million GF/GP to match available federal aid for state trunkline program – a \$5.7 million increase as compared to similar current-year line item. (See related boilerplate Sec. 1001 .)	GF/GP	\$121,300,000	\$5,700,000
20b. State and Local Road and Bridge Programs – NEW	Gross	\$0	\$252,000,000
House bill includes \$252.0 million to be distributed according to Act 51 distribution formula: 39.1% STF; 39.1% county road commissions; 21.8% cities and villages, per related boilerplate Section 1002 .	GF/GP	\$0	\$252,000,000
Under the House distribution, county road commissions would receive an additional \$98.5 million, and cities and villages would receive an additional \$54.9 million, as compared to the Governor's proposed budget. The state trunkline capital program would receive \$98.5 million of the \$252.0 million GF/GP distribution - \$16.5 million less than under the Governor's proposal.			
21. Transit Capital and Rail Infrastructure – NEW	Gross	\$0	\$10,000,000
House bill concurs with Governor, provides one-time GF/GP support to match federal transit and rail infrastructure grants.	GF/GP	\$0	\$10,000,000
22. Airport Safety, Safety, and Improvement Program – NEW	Gross	\$0	\$2,047,900
House bill concurs with Governor; provides one-time GF/GP support to match federal Airport Improvement Program grants.	GF/GP	\$0	\$2,047,900
23. Economics	Gross	N/A	\$5,942,400
Reflects increased costs of \$5.9 million Gross (\$0 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. These adjustments are reflected in many of the line item changes described above.	IDG	N/A	77,300
	Restricted	N/A	5,865,100

Major Boilerplate Changes From FY 2013-14

Sec. 308. Contractor Prequalification Process/Report – REVISED

Provides for a report on the department's prequalification process and unsatisfactory contractor performance rating. Report due date changed to March 1, 2015.

Sec. 383. Report on Use of State Airfleet – REVISED

Requires report on use of MDOT-owned aircraft; recovery of department costs. **House** changes date references and makes the report specific to each of the department's airplanes; adds intent language that the department work with Michigan State Police on reciprocal agreement.

Secs. 384 and 385. Detroit River International Crossing (DRIC) – RETAINED

House bill did not change current-year language:

Sec. 384 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). Section 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." **Sec. 385** provides reporting requirements.

Sec. 393. Best Practices for Public Transportation – NEW

Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost; adds a new reporting requirement by March 1, 2015 and references similar requirement made in FY 2011-12.

Sec. 601. Road Construction Warranties – REVISED

Encourages use of road construction warranties; **House** bill adds additional reporting requirement.

Sec. 660. Use of Alternative Materials – REVISED

Encourages the department to examine the use of alternative road surface materials; **House** bill provides new reporting requirement.

Sec. 712. Rail Passenger Feasibility Study – NEW

Directs the department to study feasibility of rail passenger service between Holland and Detroit, by way of Grand Rapids and Lansing; provides report due date of May 1, 2015.

Major Boilerplate Changes From FY 2013-14

Sec. 736. Rail Grade Crossing Pilot Project – RETAINED

House includes boilerplate earmark of \$1.5 million (CTF) for a pilot project on high-speed rail corridor, vetoed in current year budget.

Sec. 802. Department-Owned Airports – NEW

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

Sec. 1001. Matching Federal-Aid Highway Funds – REVISED

House bill indicates that the \$127.0 million GF/GP one-time basis only appropriation is appropriated to the state trunkline road and bridge construction program and is intended to ensure that the state is able to match all available federal-aid highway funds.

Sec. 1002. State and Local Road and Bridge Programs – NEW

House bill directs that the one-time \$252.0 million GF/GP appropriation be distributed to the STF, county road commissions, and cities/villages in accordance with Act 51 formula – 39.1%, 39.1%, 21.8%.

Sec. 1003. Bus Capital/Rail Infrastructure – NEW

House bill requires a report on use of \$10.0 million GF/GP appropriation for transit capital and rail infrastructure.