

FY 2017-18: DEPARTMENT OF TRANSPORTATION
Summary: As Passed by the Senate
Senate Bill 148 (S-1)



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	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: Senate From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$4,013,400	\$4,039,300	\$4,039,300	\$4,039,300		\$25,900	0.6
Federal	1,314,744,000	1,340,301,200	1,340,301,200	1,340,301,200		25,557,200	1.9
Local	50,418,500	50,532,000	50,532,000	50,532,000		113,500	0.2
Private	100,000	100,000	100,000	100,000		0	0.0
Restricted	2,736,727,700	2,952,470,500	2,952,470,500	2,952,470,500		215,742,800	7.9
GF/GP	9,750,000	0	0	0		(9,750,000)	(100.0)
Gross	\$4,115,753,600	\$4,347,443,000	\$4,347,443,000	\$4,347,443,000		\$231,689,400	5.6
FTEs	2,918.3	2,918.3	2,727.3	2,918.3		0.0)	0.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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). 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 Public Act 51 of 1951 (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 (SAF) for aeronautics programs.

NOTE: Information on House budget action in this document is based on House Bill 4323 as passed by the House.

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Senate Change
1. Debt Service	Gross	\$237,925,300	(\$8,985,900)
<u>Executive</u> reduces debt service by \$9.0 million reflecting anticipated debt service schedules. The reduction in federal-aid supported debt service reflects the 2016 refunding of \$607.1 million in federal grant anticipation notes. [Total outstanding transportation-related debt at September 30, 2016, was \$1,578.1 million.] <u>House</u> and <u>Senate</u> concur with Executive.	Federal	45,767,900	(7,984,600)
	Restricted	192,157,400	(1,001,300)
	GF/GP	\$0	\$0
2. Asset Management Council	Gross	\$1,626,400	\$250,000
<u>Executive</u> includes \$250,000 MTF increase for increased costs of data collection and education efforts. The line has not been increased since first established in 2002. <u>House</u> and <u>Senate</u> concur with Executive.	Restricted	1,626,400	250,000
	GF/GP	\$0	\$0
3. Information Technology	Gross	\$32,364,500	\$999,900
<u>Executive</u> increases baseline STF support by \$1.0 million to reflect increasing IT costs and increased use of e-construction technology. <u>House</u> concurs with Executive. <u>Senate</u> shifts \$100 STF for one-time only project.	Federal	520,500	0
	Restricted	31,844,000	999,900
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Senate Change
4. MDOT FTE Reductions			
<u>House</u> eliminates 191.0 authorized FTE positions and reduces related funding in various department operating lines. Reductions, as compared to the Executive recommendation, are as follows:	FTE	N/A	0.0
	Gross	N/A	\$0
	Restricted	N/A	0
	GF/GP	N/A	\$0
Unclassified salaries: (2.0 FTEs, \$210,000 STF)			
Business support: (2.0 FTEs, \$210,000 STF)			
Finance, contracts, support services: (20.0 FTEs, \$2.1 million STF)			
Transportation planning: (10.0 FTEs, \$1.05 million STF)			
Design & engineering: (150.0 FTE positions, \$15.75 million STF)			
Aeronautics services: (7.0 FTEs, \$735,000 SAF)			
House would redirect \$19.3 million STF to the State trunkline road and bridge construction program (Item #6, below); \$735,000 SAF to the Airport Improvement Program, (Item #19 below).			
<u>Senate</u> does not include these FTE reductions or funding shifts.			
5. State Trunkline Maintenance			
<u>Executive</u> recommends increase in baseline funding of \$8.5 million STF targeted for improved drainage and flooding mitigation in Metropolitan Detroit. Also rolls up Welcome center operations, \$4.5 million STF and 50.0 FTEs positions into this line from Design and engineering services. <u>House</u> and <u>Senate</u> concur with Executive.	FTE	743.7	50.0
	Gross	\$303,948,000	\$13,032,800
	Restricted	303,948,000	13,032,800
	GF/GP	\$0	\$0
6. State Trunkline Road and Bridge Construction			
<u>Executive</u> reflects \$68.9 million net increase in state trunkline road and bridge capital construction/preservation program; the anticipated increase in federal aid of \$25.7 million and \$62.5 million in available state restricted STF revenue is partially offset by \$19.2 million reduction in Blue Water Bridge Fund revenue reflecting the end of one-time funding for Blue Water Bridge Plaza expansion project. <u>Senate</u> concurs with Executive.	Gross	\$1,062,702,900	\$68,918,900
	Federal	757,714,800	25,652,500
	Local	30,000,000	3,500
	Restricted	274,988,100	43,262,900
	GF/GP	\$0	\$0
House is \$88.2 million more than current year, \$19.3 million STF higher than Executive reflecting the redirection of STF revenue from MDOT operating lines described in Item #4, above.			
7. Local Federal Aid Road and Bridge Program			
Act 51 mandates that a portion of the federal-aid highway funds made available to the state be suballocated to local road agencies. Federal funds for local road agency construction and preservation programs would increase by \$5.9 million reflecting anticipated available federal revenue. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$272,511,000	\$5,889,300
	Restricted	272,511,000	5,889,300
	GF/GP	\$0	\$0
8. Local Agency Wetland Mitigation Fund Program			
<u>Executive</u> includes this Act 51 earmark, \$2.0 million MTF. <u>Senate</u> concurs with Executive. <u>House</u> includes as a \$100 placeholder, redirects \$2.0 million MTF to local road agency MTF distribution, Item #10, below.	Gross	\$4,000,000	(\$2,000,000)
	Restricted	4,000,000	(2,000,000)
	GF/GP	\$0	\$0
9. Local Bridge Program			
<u>Executive</u> budget reflects Act 51 earmarks to this program, including the dedication of one-half cent of the motor fuel tax on gasoline. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$27,468,600	\$814,300
	Restricted	27,468,600	814,300
	GF/GP	\$0	\$0

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Senate Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
10. MTF to Local Road Agencies			
<u>Executive</u> budget MTF distribution to local road agencies would total \$1,372.1 million, an increase of \$138.6 million. County road commissions would receive \$880.9 million, an increase of \$89.0 million; cities/villages would receive \$491.2 million, an increase of \$49.6 million. These distributions reflect estimated MTF revenue and Act 51 statutory distribution formulas. <u>Senate</u> concurs with Executive.	Gross	\$1,233,570,100	\$138,560,600
	Restricted	1,233,570,100	138,560,600
	GF/GP	\$0	\$0
<u>House</u> is \$12.0 million MTF more than Executive, reflecting the \$10.0 million shift of TEDF Category A funds (Item #11 below) and \$2.0 million shift from the Local Agency Wetland Mitigation Fund (Item #8, above).			
11. Transportation Economic Development Fund (TEDF)			
The current year budget reflected the redirection of \$19.8 million in TEDF revenue – \$10.4 million to the STF and \$9.4 million to the state General Fund. <u>Executive</u> budget proposal is \$17.6 million more than the current year reflecting the end of these TEDF revenue shifts, as well as a reduction in estimated TEDF interest revenue. <u>Senate</u> concurs with Executive.	Gross	\$24,447,500	\$17,671,600
	Restricted	24,447,500	17,671,600
	GF/GP	\$0	\$0
<u>House</u> redirects \$10.0 million from TEDF, Category A to the MTF distribution to county road commission and cities and villages, (Item #10 above).			
12. Local Bus Transit			
<u>Executive</u> recognizes anticipated increase in federal transit grant to non-urban transit agencies. <u>Senate</u> includes additional \$1.0 million CTF from Rail operations and infrastructure. (Item #15, below).	Gross	\$212,277,900	\$3,000,000
	Federal	24,027,900	2,000,000
	Local	2,000,000	0
	Restricted	186,250,000	1,000,000
	GF/GP	\$0	\$0
<u>House</u> redirects \$3.5 million CTF to local bus operating from Rail operations and infrastructure.			
13. Intercity Services			
<u>Executive</u> increases baseline support by \$1.6 million CTF and local matching funds. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$6,250,000	\$1,610,000
	Federal	4,500,000	0
	Local	50,000	110,000
	Restricted	1,700,000	1,500,000
	GF/GP	\$0	\$0
14. Detroit Wayne County Port Authority			
<u>Executive</u> recommends same funding as current year. <u>Senate</u> concurs with Executive. <u>House</u> includes as \$100 placeholder, redirects \$468,100 CTF to Rail operations and infrastructure, below.	Gross	\$468,200	\$0
	Restricted	468,200	0
	GF/GP	\$0	\$0
15. Rail Operations and Infrastructure			
Current year line item includes operating support for three Amtrak service routes in Michigan, capital assistance for the Detroit-Chicago high speed rail corridor, and a rail economic development program.	Gross	\$118,894,800	\$6,596,700
	Federal	60,100,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	58,594,800	6,596,700
	GF/GP	\$0	\$0
<u>Executive</u> recommends \$7.5 million CTF increase identified as for capital improvements along the high-speed rail corridor. <u>Senate</u> provides \$6.5 million CTF increase, shifts \$1.0 million CTF to Local bus operating.			
<u>House</u> redirects \$3.5 million CTF to local bus operating; includes \$468,100 CTF from redirection of Detroit/Wayne County Port Authority; unrolls \$8.5 million into new Rail freight economic development line item.			
16. Transit Capital			
<u>Executive</u> increases CTF support by \$5.5 million to match available federal transit grants to local transit agencies. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$53,907,100	\$5,496,400
	Federal	15,300,000	0
	Local	1,250,000	0
	Restricted	37,357,100	5,496,400
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Senate Change
17. Service Initiatives	Gross	\$2,889,200	\$500,000
<u>Executive</u> increases CTF support by \$500,000 million to match available federal transit grants for programs targeted for seniors.	Federal	1,650,000	0
<u>House</u> and <u>Senate</u> concur with Executive.	Local	325,000	0
	Restricted	914,200	500,000
	GF/GP	\$0	\$0
18. Capital Outlay – State Facilities/Salt Buildings	Gross	\$3,001,500	\$2,500,000
<u>Executive</u> recommends \$2.5 million STF increase for salt buildings and containment systems at counties that perform state trunkline maintenance work for MDOT under contract. <u>House</u> and <u>Senate</u> concur with Executive.	Restricted	3,001,500	2,500,000
	GF/GP	\$0	\$0
19. Airport Improvement Program	Gross	\$97,824,000	(\$3,881,000)
<u>Executive</u> budget is \$3.8 million SAF less than current year, reflecting revenue estimates. Revenue from the redirection of aviation-related sales tax made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015) has been less than originally estimated. <u>Senate</u> concurs with Executive.	Federal	79,000,000	0
	Local	12,508,500	0
	Restricted	6,315,500	(3,881,000)
	GF/GP	\$0	\$0
<u>House</u> includes an additional \$735,000 SAF by redirecting funding from Aeronautics services (Item #4, above).			
20. Detroit Metropolitan Wayne County Airport	Gross	\$8,775,000	(\$2,275,000)
<u>Executive</u> includes \$6.5 million for the Detroit Metro Airport, a reduction of \$2.3 million from the current year. This is an earmark established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015). The reduction reflects revenue estimates. <u>House</u> and <u>Senate</u> concur with Executive.	Restricted	8,775,000	(2,275,000)
	GF/GP	\$0	\$0
21. End of One-Time GF/GP Special Projects/Grants	Gross	\$9,750,000	(\$9,750,000)
Current year budget includes \$8.5 million in one-time earmarks for projects in Berrien, Lenawee, and Macomb counties and \$1.2 million for erosion control grants to local road agencies. <u>Executive</u> budget reflects the end of these one-time appropriations. <u>House</u> and <u>Senate</u> concur with Executive.	GF/GP	\$9,750,000	(\$9,750,000)
22. One-time Gogebic County Repair Project	Gross	NA	\$100
<u>Senate</u> includes \$100 STF placeholder for one-time project.	Restricted	NA	100
	GF/GP	NA	\$0
23. Technical and Revenue Adjustments	Gross	NA	(\$1,092,400)
<u>Executive</u> reflects other technical and revenue adjustments to appropriated state restricted revenue. <u>House</u> and <u>Senate</u> concur with Executive.	Restricted	NA	(1,092,400)
	GF/GP	NA	\$0
24. Economic Adjustments	Gross	NA	\$3,255,900
Reflects increased costs of \$3.3 million Gross (\$0.0 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> and <u>Senate</u> concur with Executive.	IDG	NA	25,900
	Federal	NA	603,100
	Local	NA	3,500
	Restricted	NA	2,623,400
	GF/GP	NA	\$0

Major Boilerplate Changes From FY 2016-17

Sec. 215. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. Executive deletes. House and Senate retain.

Sec. 217. Report on Proposed Federal Rule Changes – RETAINED

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law. Executive deletes. House and Senate retain.

Sec. 270. Remanufactured Parts – RETAINED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet. Executive deletes. House and Senate retain.

Major Boilerplate Changes From FY 2016-17

Sec. 302. Pilot Concrete Pavement Test –NEW

Senate includes new language to require the department to conduct a pilot program to test specific concrete pavement design, Provides for report. Not included in House bill.

Sec. 305. Rental of Public Transportation Properties – RETAINED

Authorizes department to rent space to public or private tenants at market rates; requires the department charge transit agencies and intercity bus tenants equal rates; requires the department to use rental revenue to maintain and improve the property. Executive deletes. House and Senate retain.

Sec. 313(3). State Infrastructure Bank Report – RETAINED

Section 313 provides guidance to department regarding the State Infrastructure Bank. Executive retains guidance language but deletes subsection that requires report. House and Senate retain reporting requirement.

Sec. 319. Rest Areas Maintenance Signage – RETAINED

Require the department to identify agency or contractor responsible for rest area maintenance; post phone number to report unsafe or unclean conditions. Executive deletes. House concurs with Executive and deletes. Senate retains.

Sec. 353. Prompt Payment – RETAINED

Directs department to review contractor payment process; references Special Provision 109.10. Executive deletes. House and Senate retain.

Sec. 357. Local Federal Aid Project Review – RETAINED

Directs MDOT to complete local federal aid project reviews within 120 days. Executive deletes. House and Senate retain.

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

Prohibits department from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations. Executive deletes. House and Senate retain.

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

Prohibits the department from studying the association between highway signs and motorist behavior. Executive deletes. House and Senate retain.

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

Requires department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Executive deletes. House and Senate retain.

Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED

Requires department to submit final bill to the local agency within two years of final payment to construction contractor. Executive deletes. House and Senate retain.

Sec. 383(5). Report on Use of State Airfleet – DELETED

Subsection states legislative intent that department work with Michigan State Police on employing fixed winged aircraft. Executive deletes subsection. House and Senate concur with Executive and delete subsection.

Sec. 386. Toll Credits – NEW

House includes new section directing the department to use all available toll credits, sets priority order for use of toll credits. Senate includes alternative section directing the use of available toll credits.

Sec. 393. Best Practices for Public Transportation – RETAINED

Requires MDOT to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost. Executive deletes. House and Senate retain.

Sec. 394. Priority of Preservation – RETAINED

Directs department and local road agencies to make preservation of the existing infrastructure a funding priority. Executive deletes. House and Senate retain.

Sec. 395. Contingent Use of Capital Trunkline Funds for Maintenance – REVISED

Allows the use of up to \$10.0 million from the capital road and bridge construction line for highway maintenance activities to support safety-related, high-priority, and other deferred maintenance needs on the state trunkline system. Executive and House retain. Senate revises to earmark \$3.1 million STF for small village resurfacing grant program.

Sec. 396. Assurance that Contractors Have Ability to Perform Work – RETAINED

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work. Executive and House delete. Senate retains.

Sec. 397. Report on Work Project Balances/Federal Earmarks – NEW

Senate includes new reporting requirement. Not included in House bill.

Major Boilerplate Changes From FY 2016-17

Sec. 398. Towards Zero Deaths – NEW

Senate includes new section directing the department to continue to work to eliminate road fatalities and serious injuries; direct department to prioritize use of median cable guardrail. Not included in House bill.

Sec. 403. Priority of Federal Transit Grants – NEW

Senate includes new section establishing priority for federal Section 5310 transit grants. Not included in House bill.

Sec. 505. Road Innovation Fund Report – DELETED

Required the department to prepare a report on the amount of MTF revenue withheld if the Roads Innovation Fund created as part of the November, 2015 Road Funding Plan had not been released on or before October 1, 2016. Executive deletes. House and Senate concur with Executive and delete. Road Innovation Fund funds were released in 2016.

Sec. 601. Road Construction Warranties – RETAINED

Directs the department to work with the road construction and engineering consulting community on warranty program; identifies warranty considerations; and provides reporting requirements.

Executive deletes. House retains subsection 5 only which requires department to maintain documentation; review and evaluate consultant evaluation requirements. Senate retains entire current section.

Sec. 605. Flood Mitigation – NEW

Executive includes new section that establishes performance measures related to additional maintenance funding provided for flood mitigation. House and Senate concur with Executive.

Sec. 606. Earmark for Project on I-94/between M60 and Sargent Road in Jackson County – NEW

Senate includes \$5.0 million project earmark. Not included in House bill.

Sec. 610. Dead Deer – RETAINED

Section that indicates legislative intent with regard to cleanup of dead deer and other large animal remains.

Executive and House delete. Senate retains.

Sec. 612. Incentive/Disincentive – RETAINED

Requires department to establish guidelines for use of incentive/disincentive contracts; reporting requirement.

Executive deletes. House and Senate retain.

Sec. 613. Report on Engineering Costs – NEW

House includes new reporting requirement on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs. Not included in Senate bill.

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.

Executive deletes. House retains. Senate concurs with Executive and deletes.

Sec. 613. Rehabilitation of Winter Maintenance Trucks – NEW

Senate includes new section which directs the department to investigate costs of refurbishing winter maintenance trucks. Not included in House bill.

Sec. 703. Rail Abandonment Notice – RETAINED

Requires notice to Legislature when railroad companies file for abandonment of lines.

Executive deletes. House and Senate retain.

Sec. 704. Rail Operations and Infrastructure Report – REVISED

Requires report on anticipated expenditures from the rail operations and infrastructure line item.

Executive changes "expenditures" to "obligations". House and Senate concur with Executive.

Sec. 705. City of Woodhaven Grade Separation – DELETED

Indicates legislative intent that department assist the city of Woodhaven in established rail/street grade separation.

Executive deletes. House and Senate concur with Executive and delete.

Sec. 711. Rail Passenger Service (Amtrak) – REVISED

Provides for reporting requirement.

Executive retains. Senate concurs with Executive.

House includes additional report element – fare revenue and fare revenue as a percentage of operating cost.

Sec. 712. Rail Economic Development – NEW

House includes guidance language regarding new rail freight economic development line item.

Not included in Senate bill.

Major Boilerplate Changes From FY 2016-17

Sec. 750. Rail Economic Development – NEW

Senate directs department to spend not less than \$2.5 million from rail operations and infrastructure appropriation for rail freight economic development. Not included in House bill.

Sec. 802. MDOT-Owned Airports – DELETED

Section encourages department to find private entities or local public agencies to assume ownership of state owned airports. Executive deletes. Senate concurs with Executive and deletes. House retains.

Sec. 803. MDOT-Owned Airplanes – RETAINED

Section requires the department to request proposals for management of the state airfleet. Executive deletes. House revises to require the sale of two state-owned plains. Senate retains current year language.

Sec. 1001. One-time Special Projects – DELETED

Executive deletes one-time earmarks for projects in Berrien, Lenawee, and Macomb counties. House and Senate concur with Executive and delete.