

**TRANSPORTATION**  
**Summary: FY 2008-09 Appropriations**  
**HB 5808 Enacted as Public Act 275 of 2008**

**Analyst: William E. Hamilton**

IDG/IDT	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: Enacted From FY 2007-08 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	1,200,740,600	1,316,771,200	1,316,771,200	1,449,795,800	1,460,995,800	260,255,200	21.7
<b>Local</b>	42,850,000	40,950,000	40,950,000	71,624,200	71,624,200	28,774,200	67.2
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	2,116,605,000	2,066,744,300	2,066,784,300	2,072,577,200	2,079,609,200	(36,995,800)	(1.7)
<b>GF/GP</b>	0	0	0	0	0		--
<b>Gross</b>	<b>\$3,360,195,600</b>	<b>\$3,424,465,500</b>	<b>\$3,424,505,500</b>	<b>\$3,593,997,200</b>	<b>\$3,612,229,200</b>	<b>\$252,033,600</b>	<b>7.5</b>
<b>FTEs</b>	3,035.3	3,014.3	3,014.3	3,014.3	3,014.3	(21.0)	(0.7)

**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 budget is from constitutionally-restricted state revenue sources—primarily motor fuel taxes and vehicle registrations—which is credited to the Michigan Transportation Fund (MTF) for distribution to other state transportation funds and programs, and to local road agencies, in accordance with 1951 PA 51. Approximately one-third of the budget is federal revenue. There is no state GF/GP revenue in this budget.

The enacted budget is a continuation budget; with no new programs or revenue. Line item changes primarily reflect economic adjustments and/or adjustment of estimated restricted or federal revenue. The budget does include transportation capital outlay items: the \$167.5 million Aeronautics Capital Outlay program, as well as \$9.2 million in Capital Building and Facilities projects. The inclusion of Capital Outlay in the transportation operating budget is consistent with the revised Executive Recommendation and the Target agreement and is the principal reason for the increase in gross appropriations over the current year. [Without the Capital Outlay items, the increase in gross appropriations would have been only \$64.3 million – a \$116 million increase in federal revenue partially offset by a \$49.8 million reduction in state restricted revenue.]

The Governor's veto of Subsection 3 of boilerplate Section 306 reduced spending authority by \$100,000 from the amount in the enrolled bill.

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>	<b>FY 2007-08 YTD</b>	<b>Change From YTD</b>
<b>1. Debt Service</b>	<b>Gross \$223,612,200</b>	<b>(\$31,608,600)</b>
Reflects anticipated debt service schedules. The reduction in the federal fund source reflects the fact that the final payment of \$32.1 million on short-term federal grant anticipation (GARVEE) notes was made in 2008.	Federal 55,080,000	(32,296,700)
	Restricted 168,532,200	688,100

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>		<b>FY 2007-08 YTD</b>	<b>Change From YTD</b>	
<b>2. Grants to Other State Departments PARTIAL VETO</b>		<b>Gross</b>	<b>\$47,239,800</b>	<b>\$1,710,000</b>
Includes MTF IDGs to Departments of State (\$20.0 million) and Treasury (\$7.1 million – \$753,800 less than FY 2007-08) for cost of collecting MTF revenue. These amounts reflect the Governor's veto of Subsection 3 of boilerplate Section 306 which required the Department of Treasury to develop a cost allocation plan for motor fuel collection based on time and effort. The veto reduced spending authority by \$100,000 from the amount in the enrolled bill.		Restricted	47,239,800	1,710,000
While the STF grant to Civil Service Commission increased by \$2.3 million to reflect transfer of all human service functions, there is a related reduction in STF funding for human service functions in the Business Support appropriations unit.				
<b>3. Executive Direction – Unclassified Salaries</b>		FTEs	6.0	0.0
Executive proposed \$70,600 (STF) increase to baseline to fund unclassified FTE position that is currently authorized but unfunded and unfilled.		<b>Gross</b>	<b>\$531,800</b>	<b>\$70,600</b>
		Restricted	531,800	70,600
<b>4. Business Support</b>		FTEs	78.0	(21.0)
The proposed budget reflects the transfer of human service functions from the department to the Civil Service Commission. As noted above, funding needed to reimburse Civil Service would be reflected in IDG. This appropriation unit also reflects a \$1.3 million reduction in property management costs as a result of completion of work on the Van Wagoner Transportation building.		<b>Gross</b>	<b>\$21,028,600</b>	<b>(\$3,863,200)</b>
		Restricted	21,028,600	(3,863,200)
<b>5. State Trunkline Maintenance</b>		FTEs	828.7	4.0
Reflects state trunkline lane miles added by new construction and jurisdictional transfers, and increased costs of equipment, material, and fuel. Also reflects increase in programmed roadside cleanup cycles.		<b>Gross</b>	<b>\$278,607,700</b>	<b>\$6,120,500</b>
		Restricted	278,607,700	6,120,500
<b>6. State Trunkline Road and Bridge Construction</b>		<b>Gross</b>	<b>\$951,515,600</b>	<b>\$91,542,500</b>
Appropriates \$1.043 billion for capital construction/reconstruction program. Decrease in available state restricted revenue offset increase in estimated federal aid revenue.		Federal	774,371,800	118,049,100
		Local	30,000,000	0
		Restricted	147,143,800	(26,506,600)
<b>7. Local Federal Aid Road and Bridge Construction</b>		<b>Gross</b>	<b>\$268,570,000</b>	<b>\$41,022,000</b>
Appropriates \$309.6 million in federal funds based on estimated federal revenue and Act 51 directive that 25% of most federal aid program funds be made available to local road agencies.		Federal	268,570,000	41,022,000
<b>8. MTF Distribution to Local Road Agencies</b>		<b>Gross</b>	<b>\$970,967,800</b>	<b>(\$39,397,000)</b>
Appropriates \$931.6 million MTF (\$598.1 million to county road commissions, \$333.5 million to cities/villages) based on MTF revenue estimates and Act 51 formula; final distribution will be based on actual MTF revenue, which may be more or less than appropriations.		Restricted	970,967,800	(39,397,000)
<b>9. Transportation Economic Development (TEDF) Fund</b>		<b>Gross</b>	<b>\$29,174,300</b>	<b>\$13,157,900</b>
Provides \$42.3 million for statutory distribution per 1987 PA 231; increase in FY 2008-09 reflects the end of the current year target agreement to redirect \$13.0 million drivers' license fee revenue from TEDF to General Fund.		Restricted	29,174,300	13,157,900
<b>10. Bus Transit – Local Bus Operating Assistance</b>		<b>Gross</b>	<b>\$166,624,000</b>	<b>\$0</b>
Includes \$166.6 million from Comprehensive Transportation Fund (CTF) for state operating assistance to local public transit agencies, unchanged from prior FY 2007-08 and FY 2006-07.		Restricted	166,624,000	0

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>		<b>FY 2007-08 YTD</b>	<b>Change From YTD</b>
<b>11. Rail Passenger Service</b>		<b>Gross</b>	<b>\$7,900,000</b>
Provides operating assistance for Port Huron/Chicago and Grand Rapids/Chicago rail service with restricted funds; federal revenue provides capital assistance. The enacted budget appropriates \$12.7 million, adding \$4.8 million in federal spending authority to recognize potential Federal Railroad Administration grant.		Federal	1,000,000
		Restricted	6,900,000
			4,800,000
			0
<b>12. Bus Capital</b>		<b>Gross</b>	<b>\$46,163,600</b>
Provides matching funds for Federal Transit Administration (FTA) grants to local transit agencies; line reflects reduction in anticipated Federal Transit Administration grants distributed through this budget and related CTF matching revenue. [More FTA grants are now distributed directly to transit agencies and are not shown in state budget.]		Federal	30,000,000
		Local	5,000,000
		Restricted	11,163,600
			(3,600,000)
			0
			(1,760,600)
<b>13. AERO Capital Projects – NEW</b>		<b>Gross</b>	<b>\$0</b>
Senate includes funding for FY 2008-09 Aeronautics Capital program. (The Executive subsequently concurred in the inclusion of the capital program in this budget as did the Target agreement.)		Federal	0
		Local	0
		Restricted	0
			\$167,491,700
			133,024,600
			30,674,200
			3,792,900
<b>14. State/Local Capital Facilities Projects – NEW</b>		<b>Gross</b>	<b>\$0</b>
The revised Executive recommendation proposed inclusion of other capital outlay projects (salt storage facilities, Transportation Service Center, Institutional and Agency road program, other facility projects) in the operating budget, and this item was part of the Target agreement.		Federal	0
		Local	0
		Restricted	0
			\$9,132,000
			0
			0
			9,132,000
<b>15. Employee Economics</b>		<b>Gross</b>	<b>N/A</b>
Provides \$1.8 million increase for salaries/wages, \$2.0 million reduction related to health insurance, and \$1.7 million increase for retirement contributions. Projected workers compensation would decrease \$82,000.		Federal	N/A
		Restricted	N/A
			\$1,461,100
			2,800
			1,458,300

### **Major Boilerplate Changes From FY 2007-08**

#### **Sec. 207. Privatization – MODIFIED**

Provides for reports on privatization activities and defines privatize and privatization.  
Enacted: Adopts new language substantially similar to current year language.

#### **Sec. 263. Impact of New Legislation and Administrative Rules – MODIFIED**

Requires a report, by April 1, 2008, on specific policy changes adopted to implement new public acts. Prohibits the Department from adopting administrative rules that have a disproportionate impact on small business.  
Enacted: Adopts Target language substantially similar to current year language.

#### **Sec. 265. Additional Travel Restriction – NEW**

Limits out-of-state travel for conferences/professional development.  
Enacted: Adopts Target language substantially similar to Senate language.

#### **Sec. 266. Public Website for Expenditures – NOT INCLUDED**

Senate requires department to post expenditures/purpose on public website.  
Not included in Enacted bill.

#### **Sec. 306. Use of Transportation Funds by Other State Agencies/Biennial Audit of Transportation Funds - PARTIAL VETO**

Sets guidelines for use of transportation funds (grants) by other state agencies; requires report. Provides for biennial audit of use of transportation funds by other state departments, due 9 months after state CAFR is issued. The Governor had vetoed subsection 3 which required the State Treasurer to identify actual cost of work performed by Michigan Department of Treasury for state-restricted transportation funds.

## **Major Boilerplate Changes From FY 2007-08**

### **Sec. 370. Transit Agency Charter Service – NOT INCLUDED**

Directs Department to maintain a compliant process for violations of 49 CFR, Part 604 regarding use of public transit vehicles for charter service.

Not included in Enacted bill.

### **Sec. 383. Report on Use of State Airfleet – MODIFIED**

Requires quarterly report on use of department-owned aircraft; restricts transport of local government employees, employees of institutions of higher education, and legislative employees; waives restrictions for law enforcement and homeland security.

Enacted: Adopts new language substantially similar to current language, but does not include Subsection (2) from current law.

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

Enacted includes modified language:

Sec. 384. (1) The state transportation department is allowed to finish the Detroit River international crossing (DRIC) study provided that activity associated with finishing the DRIC study shall not bind the state in any way to construction. Certain preliminary activities which are necessary to prepare a proposal for a decision by the legislature are allowed as long as they do not bind the state. Those activities include the following:

- (a) applications for permits and approvals.
- (b) preliminary design engineering work.
- (c) preliminary utility planning and relocation
- (d) preliminary financial and funding arrangements.

(2) The department will report on a quarterly basis to both the house and senate appropriations committees on any expenditures relative to the process identified in subsection (1).

(3) In addition, advanced property acquisitions that are hardship or opportunity purchases are allowed as long as they do not bind the state. The department will notify, in writing, both the house and senate appropriations committees within 30 days of any advanced property acquisition purchases. The department can not enter into any binding commitment to construct the crossing until authorizing legislation is enacted into law.

### **Sec. 391. Deputy Director for Public Transportation – NOT INCLUDED**

Indicates legislative intent that department establish position for public transportation.

Not included in Enacted bill.

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

Directs department to support best practices.

Included in Enacted bill.

### **Sec. 394. Revisit Act 51 Distribution Formula – NEW/MODIFIED**

Indicates legislative intent that department study distribution formula.

Enacted adopts new/modified language.

### **Sec. 395. County Road C-56 Jurisdiction – NEW**

Indicates legislative intent that department assume jurisdiction of County Road C-56 between US-31 and I-75 in Charlevoix County.

Included in Enacted bill.

### **Sec. 396. State Match for New Starts – NOT INCLUDED**

Indicates legislative intent that department fully match federal funds for approved new starts projects.

Not included in Enacted bill.

### **Sec. 397. Ann Arbor/Detroit Commuter Rail Stations – NEW**

Indicates legislative intent that department work with SEMCOG in locating future train stations along corridor.

Included in Enacted bill.

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

Requires Department to report to the Legislature on proposed distribution of federal funds; provides a 30-day window for legislative approval/disapproval. Governor indicates provision requiring legislative approval (in current law) violates separation of powers doctrine of the Michigan Constitution and is thus unenforceable.

Enacted bill adopts Executive proposed language.

### **Sec. 607. I-75 Interchange Flint Township – NEW**

Indicates legislative intent that Department construct new interchange.

Included in Enacted bill.

## **Major Boilerplate Changes From FY 2007-08**

### **Sec. 615. Interchange M-48 and I75 in Chippewa County – RETAINS**

Indicates legislative intent that Department construct full interchange.  
Included in Enacted bill.

### **Sec. 616. Traffic Light US-31 Bay Harbor (Emmet County) – NOT INCLUDED**

Indicates legislative intent that Department reimburse the city of Petoskey for traffic signal.  
Not included in Enacted bill.

### **Sec. 617. I-75 Service Drive in Hazel Park – NEW**

Indicates legislative intent that Department reconstruct service drive.  
Included in Enacted bill.

### **Sec. 655. Eaton Rapids Sidewalk Program – RETAINS**

Indicates legislative intent that Department spend not less than \$32,000 for sidewalk improvement project.  
Included in Enacted bill.

### **Sec. 656. M-49 Upgrade “Green Highway” – RETAINS**

Indicates legislative intent that the Department upgrade M-49 in Hillsdale County to a “designated” truck route.  
Included in Enacted bill.

### **Sec. 658. Interchange at I-196 and Phoenix Road in South Haven – RETAINS**

Indicates legislative intent that Department reconstruct interchange.  
Included in Enacted bill.

### **Sec. 659. Life Cycle Cost for Pavement Projects – RETAINS**

Allows the use of historical/comparable data from states with similar climate, soil, and vehicular traffic.  
Included in Enacted bill.

### **Sec. 707. Local Bus Operating Assistance – NOT INCLUDED**

Provides for distribution of grants (language already in Public Act 51 of 1951).  
Not included in Enacted bill.

### **Sec. 714. Local Transit Demand-Response Services – MODIFIED**

Requires that Department, in cooperation with local transit agencies, work to ensure that demand-response services are provided throughout Michigan; requires report due March 1 of each year.  
Enacted bill does not include subsection (2) reporting requirement.

### **Sec. 721. Guidelines for CTF Matching Federal Transit Funds – MODIFIED**

Reduces CTF matching funds for projects not put under contract within specified term.  
Enacted bill modifies to provide exemption for lack of matching funds.

### **Sec. 722. Transportation to Work Match for Federal Funds – RETAINS**

Requires CTF funds in Transportation to Work line be used to match federal job access/reverse commute grants.  
Included in Enacted bill.

### **Sec. 734. Transit Agency Service Performance Measures – RETAINS**

Directs MDOT to work to ensure that transit agencies meet certain service performance measures.  
Included in Enacted bill.

### **Sec. 737. Birmingham/Troy Passenger Facility – RETAINS**

Legislative intent that Department proceed with construction of a Birmingham/Troy intermodal passenger facility.  
Included in Enacted bill.

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

Requires report on unencumbered CTF balance by March 1 of each year.  
Included in Enacted bill.

### **Sec. 741. Ann Arbor and Northwest Michigan Railroad – RETAINS**

Requires report on progress made to improve rail track to support passenger trains at 59 MPH.  
Included in Enacted bill.

### **Sec. 742. Transit Innovation Grant Program – NOT INCLUDED**

Senate bill required transfer of unencumbered CTF balance to new fund/program for transit innovation grants.  
Not Included in Enacted bill.

**Major Boilerplate Changes From FY 2007-08**

**Sec. 805. Aeronautics Debt Service – NOT INCLUDED**

Designates SAF funds for debt service on CTF bonds issued for ASAP program.  
Not included in Enacted bill. (Language not needed.)

**Sec. 901. Aeronautics Capital Program – NEW**

Permits department to contract for airport improvement projects on behalf of local airport owners; local match requirements.  
(Same as Section 901 in Capital Outlay bill).  
Included in Enacted bill per Target agreement.

**Sec. 902. Aeronautics Capital Program – Status Report – NEW**

Provides reporting requirement.  
Included in Enacted bill per Target agreement.

**Sec. 903. Capital Outlay Carry Forward – NEW**

Provides of carry forward authority in accordance with the Management and Budget Act.  
Included in Enacted bill per Target agreement.