



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-2768
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5889 (S-1 as reported)
Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FY 2009-10 Year-to-Date Gross Appropriation	\$3,268,472,300
--	------------------------

Changes from FY 2009-10 Year-to-Date:

- | | |
|--|---------------|
| 1. Debt Service. Gov./House/Senate reduced funding for scheduled debt service payments. | (4,824,300) |
| 2. Grants to Other Depts. Gov./Senate adjusted funding for grants to other depts.; accounting for DIT/DMB merger, elimination of HAL, & MDOT becoming an accounting service center for Dept. of Agriculture. House kept funding at FY 2008-09 levels for agency support services. | 2,360,700 |
| 3. State Restricted Revenue. Gov./House/Senate reduced road & bridge programs to reflect anticipated revenue: State Trunkline Roads (\$46,598,600), County Road Commissions (\$17,584,700), Cities/Villages (\$9,804,200), Local Bridges (\$105,200), Other (\$4,444,300). | (78,537,000) |
| 4. Transportation Economic Development Fund. Gov./House/Senate recommended \$1.0m to fulfill a statutory requirement for matching funds to allow a nonprofit street railway to receive Federal funding. The matching funds would require additional legislation but would come from existing funding. | 0 |
| 5. Capital Outlay & Related. Gov./House/Senate increased payments for special maintenance & salt/sand storage facility replacement. \$11.5m new funding was provided for replacement facilities associated with Blue Water Bridge expansion. Increases were offset by reductions in miscellaneous airport improvement projects. | 13,052,500 |
| 6. Federal Debt Service Savings. Gov./House/Senate redirected a portion of Federal revenue no longer needed to fund debt service to road & bridge programs. | 12,331,400 |
| 7. Lost Federal Funding. Gov. lowered Federal aid due to insufficient funding match from State funds: \$575.0m reduction offset by \$100.0m in additional match made possible by \$20.0m in STF reductions from other programs (including \$12,786,300 from highway maintenance) that moved to road & bridge programs. | (475,000,000) |
| 8. Other Revenue-based Adjustments. Gov./House/Senate adjusted expenditures to reflect anticipated revenue to various funds, including \$2,932,500 in increases to reflect statutory floors established in Public Act 51, \$2,222,900 in Federal funding increases for various programs, & \$10,834,800 in Federal/local reductions (including ARRA exhaustion). | (5,679,400) |
| 9. Economic Adjustments. Gov./House/Senate added standard economic increases, none were Gf funded. | 16,816,400 |
| 10. Maximize Federal Matching Revenue. Senate provides various reductions to shift \$84.0m into road & bridge program to utilize available Federal revenue. Changes include: \$15.9m from TEDF balance, \$12.0m in current TEDF revenue, \$10.9m in other STF reductions, an additional \$40.3m reduction in highway maintenance, & \$4.8m in reductions of various items funded with CTF revenue. The House used \$84.0 million of General Fund revenue in lieu of reductions to other line items. | 502,877,500 |
| 11. 3% Budget Reduction. Senate reduced line items with FTEs by 3% of compensation. | (7,701,100) |
| 12. Other Changes. Gov./House/Senate recommended other adjustments including: restored funding for Give 'Em a Brake safety campaign & intercity bus marketing -\$600,000 (See boilerplate section); Amtrak funding increases - \$467,000; & technical reallocations of costs & savings - (\$1,090,300). Senate also split the maintenance item to allocate both the Senate's & the Gov./House reductions between the State & contract operations. | (23,300) |
| 13. GF/GP Revenue & Comparison to Governor's Rec. Senate is \$483,216,400 above Gov., while House is \$557,530,100 above. Neither Gov./Senate has GF/GP revenue in the budget, the House has \$84.0m of GF/GP revenue. | |

Total Changes	(\$24,326,600)
---------------------	----------------

FY 2010-11 Senate Appropriations Committee Gross Appropriation.....	\$3,244,145,700
--	------------------------

Changes from FY 2009-10 Year to Date:

1. **Reporting Requirements.** The Governor deleted reporting requirements from a variety of sections, including issues associated with privatization efforts (Sec. 207), policy changes in implementing legislation (Sec. 263), continuous improvement efforts (Sec. 264), local road funding by legislative district (Sec. 303), compliance with contract specifications (Sec. 308), reports from internal audits (Sec. 314), regarding women- & minority-owned businesses (Sec. 334), FTE positions (Sec. 358), electronic newsletters (Sec. 374), select deferred projects (Sec. 376), use of State-owned aircraft (Sec. 383), funding distribution formulas (Sec. 394), performance & construction warranties (Sec. 601), manufactured pipes for drainage (Sec. 602), the Ann Arbor & NW Michigan Railroad (Sec. 741), & capital outlay projects at airports (Sec. 902). The Governor also deleted language requiring notification regarding railroad line abandonment (Sec. 703). The Governor imposed new reporting requirements on a nonprofit street railway (Sec. 398). The House and Senate restored the reporting requirements, although House did not restore sections 263, 264, 308, 358, 376, 394, and 741. Both the House and Senate added reporting requirements regarding the CTF (Sec. 740).
2. **Administration Operations.** The Governor deleted language regarding guidelines for records retention, disciplining employees for communicating with the legislature, rules with a disproportionate impact on small business, posting department expenditure information on the web, & imposing a hiring freeze. The House and Senate restored the language (Secs. 205, 211, 261, 263, & 266), although the House did not restore section 263.
3. **Travel Restrictions.** The Governor deleted language allowing exceptions to the guidelines on out-of-State travel as well as reporting of any exceptions. Also deleted were sections regarding travel for professional development. The Senate restored the language (Secs. 260, 265), while the House only restored section 260.
4. **Public Passenger Transportation Properties.** Governor, House & Senate added language to allow revenue to pay costs to improve property, rather than just maintain property, as under current law. (Sec. 305)
5. **Restored Vetoes.** Gov./House/Senate restored funding for "Give 'Em a Brake" Program & marketing of intercity bus services but deleted boilerplate sections regarding the programs. Senate restored language for "Give 'Em a Brake" Program. (Secs. 324, 729)
6. **Detroit River International Crossing (DRIC).** The Governor/House deleted language regarding the crossing. The language allowed completion of a study; certain preliminary activities to prepare a proposal for the Legislature (applications for permits, preliminary design work, preliminary utility planning & relocation, preliminary financial & funding arrangements); required a quarterly report; & allowed advanced property acquisitions during the study. No allowed action could bind the State to future action. The language also required proposals be submitted to the Legislature by May 1, 2010, required a traffic study, limited expenditures to \$2.5 million, & specified intent. The Senate replaced the existing language with reporting requirements regarding any activities & prohibiting any expenditures unless enabling legislation for DRIC is enacted. (Sec. 384)
7. **Legislative Intent.** Gov. deleted sections specifying legislative intent, especially regarding construction or road operations (Secs. 395, 399, 607, 610, 612, 615, 654, 655, 656, 658, 661, 737, 743, & 744). The Senate restored sections 395, 612, 615, 654, 656, 658, 661, & added sections 662, 663 & 664. The House restored sections 607, 610, 612, 615, 654 and 743. The House/Senate
8. **Signs.** The Governor deleted language requiring posting of signs identifying responsible parties. The Senate restored the language. (Sec. 319) The House added language specifying standards for signs in work zone. (Sec. 604)
9. **Transportation Economic Development Fund.** The House/Senate added a placeholder to provide matching funds for various types of transit-oriented development projects. (Sec. 398)
10. **Changes in Operations.** The Governor deleted language regarding the prompt payment of contractors & subcontractors (Sec. 353), the promotion of best practices (Sec. 393), requiring the use of traffic congestion as a criteria in the 5-year plan (Sec. 603), an earmark of \$40,000 for two additional truck inspection stations on forest roads (Sec. 608), use of historical data on pavement projects (Sec. 659), promotion of using recycled materials in projects (Sec. 660), designation of essential bus corridors (Sec. 709), rates charges on State-owned intermodal facilities (Sec. 731), & protocols for public transit agencies (Sec. 734). The House/Senate restored the language.
11. **NEW -- IRS Debt Service Refinancing.** The Governor/House/Senate restricted certain funds from the CTF refunding bonds issued in 2009 to reflect IRS requirements. (Sec. 745)
12. **Matching Funds.** The Governor deleted language regarding using certain appropriated funds as matching funds for FTA bus acquisition (Sec. 721) & reverse commute grants (Sec. 722). The Senate restored section 721, the House section 722.
13. **NEW Miscellaneous Sections.** The House added several sections regarding "complete streets", plus sections requiring the department to use staff with multi-modal experience. The Senate added a section regarding emergency access on US-31 and another specifying how to implement funding reductions for welcome centers. Both the House and Senate added a section regarding resuming delayed/deferred projects if revenues are above estimates.

Date Completed: 6-16-10

Fiscal Analyst: David Zin