



Senate Fiscal Agency
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BILL ANALYSIS

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 CONFERENCE	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,820.3	2,818.3	(2.0)	(0.1)
GROSS	4,524,443,000	4,843,089,900	318,646,900	7.0
Less:				
Interdepartmental Grants Received	4,039,300	4,092,500	53,200	1.3
ADJUSTED GROSS	4,520,403,700	4,838,997,400	318,593,700	7.0
Less:				
Federal Funds	1,340,301,200	1,318,271,700	(22,029,500)	(1.6)
Local and Private	50,632,000	51,432,000	800,000	1.6
TOTAL STATE SPENDING	3,129,470,500	3,469,293,700	339,823,200	10.9
Less:				
Other State Restricted Funds	2,954,470,500	3,169,293,700	214,823,200	7.3
GENERAL FUND/GENERAL PURPOSE	175,000,000	300,000,000	125,000,000	71.4
PAYMENTS TO LOCALS	1,824,418,100	2,036,860,600	212,442,500	11.6

*As of May 3, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$4,524,443,000
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Changes from FY 2017-18 Year-to-Date:

Items Included by the Senate and House

- One-time Funding for Roads.** Conference added an additional \$300.0 million in GF/GP for roads to be split amongst the Department (\$117.3 million), County Road Commissions (\$117.3 million), and Cities/Villages (\$65.4 million). 300,000,000
- Michigan Transportation Fund Revenue Adjustments.** Governor's budget included increased funding for roads due to Road Funding Package: Dept. funds (\$56.0 million), County Road Commissions (\$77.9 million), Cities & Villages (\$43.4 million), the Transportation Economic Development Fund (\$1.2 million), and the Local Bridge Program (\$117,900). The Senate concurred. 178,969,000
- Priority Maintenance.** Governor included STF increases for the maintenance of bridges (\$8.0 million), culverts (\$8.0 million), and Program development, delivery, and system operations (\$2.0 million). House and Senate concurred. 18,000,000
- Highway Maintenance Adjustments.** Governor's recommendation included adjustments for increased materials costs (\$4.0 million) and maintenance of 49 new STF lane miles (\$337,600). House and Senate concurred. 4,337,600
- IT Systems Upgrades.** Governor included \$2.0 million to support work station replacement and application modernization. House and Senate concurred. 2,000,000
- CTF Program Investments.** Governor included \$1.2 million to support local transit agencies for Service Initiatives and \$175,000 for Transportation to Work. House & Senate concurred. 1,375,000
- Technical Adjustments.** Governor included adjustments to IDGs (\$966,200) & Moveable Bridge statutory increase (\$112,400) & other minor adjustments. House & Senate concurred. 1,006,300

8. **Federal Funding Adjustments.** Increases in Federal funding anticipated for Federal highway funds (\$24.0 million), transportation planning (\$2.8 million), and local transit agencies (\$2.0 million); but, a large reduction for passenger & freight rail (\$50.1 million). (21,045,600)
9. **Debt Service Adjustments.** The Governor's recommendation included a \$9.5 million reduction in debt service payments. The House and Senate agreed. (9,502,300)
10. **Supplemental Reduction.** The Governor's recommendation did not include one-time supplemental funding (\$2.0 million) for asset management council for the current year (PA 201 of 2017) nor one-time supplemental funding (\$175.0 million) for roads (PA 82 of 2018). (177,000,000)
11. **Economic Adjustments.** The Governor's recommendation included \$5,926,400 Gross & \$0 GF/GP for total economic adjustments, of which \$3,772,900 Gross & \$0 GF/GP is for legacy retirement costs (pension and retiree health). The House & Senate agreed. 5,926,400
12. Conference Agreement on Items of Difference
13. **Transit and Rail Program Adjustments.** Governor included funding increases to: Rail Ops & Infrastructure (\$6.3 million), Transit Capital (\$7.2 million), Local Bus Operating (\$1.0 million), Detroit/Wayne County Port Authority (\$268,200). Senate concurred, and moved \$3,000,000 RFF to One-time for Ann Arbor/Traverse City Rail Project. House moved \$3.0 million from Rail Ops to Local Bus Operating, did not include additional funding for the Port Authority, and added \$100,000 for Marine Passenger Service. Conference agreed to move \$1.5 to Local Bus Operating from Rail Ops, add only \$218,000 for the Port Authority, and keep funding flat for Marine Passenger. 14,985,300
14. **New TEDF Category B, Community Service Infrastructure Fund.** The Senate included a new section, Category B, to assist cities & villages with populations of 10,000 or less with road resurfacing and construction. The new line was created with TEDF Category A funds, and was designated as ongoing. The House included \$1.5 million for a local grant program. Conference agreed to fund the Senate program as ongoing at \$3.0 million. 3,000,000
15. **FTE Reductions.** The House bill included 97 FTE cuts, including 2.0 to Unclassified, 5.0 to Finance, Contracts, & Support services, 7.0 to Transportation Planning, and 83.0 to Design & Engineering. Funding with those FTEs to move to trunkline road and bridge construction. Conference agreed to cut 2.0 FTEs from Aeronautics and move \$300,000 to Capital Outlay: Airport safety, protection, and improvement. Net zero funding. 0
16. **New Salt Storage Shed Project.** Senate added \$3.0 million one-time \$3.0 million from TEDF for rural salt shed storage projects. House did not include. Conference did not include. 0
17. **New Ann Arbor/Traverse City Rail Project.** Senate added a one-time \$3.0 million appropriation for a rail project, repairing the line from Ann Arbor to Traverse City. House did not include. Conference agreed to spend \$2.0 million through boilerplate, Sec. 751. 0
18. **Transportation Economic Development Fund Reduction.** The Governor's recommendation includes a permanent redirection of \$13,000,000 of Category A funding (targeted industries) to the General Fund. The Senate reduced the redirection of Category A funding to the General Fund to \$3,000,000, redirected \$7,000,000 to Category B (Distressed Community Service Fund as an ongoing new program, and redirected \$3,000,000 to the One-time section for rural salt storage sheds. The House retained all \$13.0 million of Category A funding from the previous year. Conference agreed to retain all the funding, but redirect \$3.0 million to a new line item within the TEDF: ongoing Community Service Infrastructure Fund. (3,000,000)
19. **Aviation Program Adjustments.** Reduced revenue from aviation fuel taxes will result in an overall decrease of funding for Airport Improvement Programs. (404,800)
20. **FY 2018-19 One-Time Gross Appropriations.** The conference report includes an additional \$300.0 million of GF/GP for roads. See Item #1.

Total Changes	\$318,646,900
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FY 2018-19 Conference Report Ongoing/One-Time Gross Appropriation	\$4,843,089,900
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Amount Over/(Under) GF/GP Target:	\$0
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Boilerplate Changes from FY 2017-18 Year-to-Date:Items Included by the Senate and House

1. **Communication with the Legislature.** Governor removed a section prohibiting the Department from taking disciplinary action against employees who speak with the Legislature. House & Senate retained the section. (Sec. 215)
2. **Federal Rule Change Notification.** The Governor removed a requirement that the Department inform the legislature of proposed Federal rule changes that would require amendments to Michigan law. House & Senate retained. (Sec. 217)
3. **Remanufactured Parts.** The Governor removed a requirement that the Department prioritize the use of remanufactured parts for the maintenance of its auto fleet. The House and Senate retained the section. (Sec. 270)
4. **Commercial Space at Public Terminals.** The Governor removed a section that required space leased by the Department be rented on a competitive market rate basis. The House and Senate retained the section. (Sec. 305)
5. **State Infrastructure Bank Program.** The Governor deleted a subsection requiring an annual report on the program to the Legislature & the State Budget Office. House & Senate retained the subsection and updated the reporting dates. (Sec. 313)
6. **Rest Area Signage.** The Governor removed a section that required signage with contact information be posted for the contractor responsible for rest area maintenance. The House and Senate retained the section. (Sec. 319)
7. **Contractor Payment Process.** The Governor removed a section requiring prompt payment of contractors and Departmental review of the payment process. The House and Senate retained the section. (Sec. 353)
8. **Local Federal Aid Project Review.** The Governor removed a section requiring review of local Federal aid projects within 120 days of receipt. The House and Senate retained the section. (Sec. 357)
9. **Groundbreaking Ceremony Reimbursement Prohibition.** The Governor removed a section prohibiting reimbursement to contractors or consultants for costs associated with groundbreaking ceremonies. The House and Senate retained the section. (Sec. 375)
10. **Billboard Safety Studies.** The Governor removed a section prohibiting safety studies on the impacts of billboards on motorist safety. The House and Senate retained the section. (Sec. 376)
11. **E-Verify System Application for all Construction Contracts.** The Governor removed a section requiring the use of the E-Verify system to verify that all persons hired by a contractor are legally present and authorized to work in the United States. The House and Senate retained the section. (Sec. 381)
12. **Final Cost-Sharing.** The Governor removed a section that requires the Department to submit a final cost-sharing bill to local agencies. The House and Senate retained the section. (Sec. 382)
13. **Best Practices.** The Governor removed a section that required the Department to employ and report on best practices for transportation services in the state. The House and Senate retained the section. (Sec. 393)
14. **Funding Prioritization.** The Governor removed a section that required the Department and local agencies to prioritize funding for existing road networks. The House and Senate retained the section. (Sec. 394)
15. **Contractual Eligibility.** The Governor removed a section that required applicants for contractual services, other than construction contracts, meet eligibility requirements. The House and Senate retained the section. (Sec. 396)
16. **Replacement Buses for Rural Transit Agencies.** The Governor removed a section that required the department to include rural transit buses in its 5310 Federal grant application. The House and Senate retained the section. (Sec. 403)
17. **Large Animal Removal.** The Governor removed a section requiring the department to prioritize removal of large animal remains from State highways. The House and Senate retained the section. (Sec. 610)
18. **Contract Incentives & Disincentives.** Governor removed a section requiring the Dept. to establish & report annually on contract incentives and disincentives for the prior fiscal year. House & Senate retained the section. (Sec. 612)
19. **Alternative Road Surface Materials.** The Governor removed a section that encouraged the Department to examine the use of alternative or recycled materials for road construction. House and Senate retained the section. (Sec. 660)
20. **Winter Maintenance Truck Refurbishment.** The Governor removed a section requiring a report on any cost savings for the refurbishment of maintenance trucks. House & Senate retained the section. (Sec. 670)

21. **Railroad Abandonment Notification.** The Governor removed a section that requiring notification of a railroad company's intent to abandon a rail line. The House and Senate retained the section. (Sec. 703)
22. **Airport Improvement Programs.** The Governor modified a section to require local units of government to provide 50% of any non-federal share of an airport construction or improvement project, up from a 5% minimum. The House and Senate retained the section without the Governor's changes. (Sec. 901)

Conference Agreement on Items of Difference

23. **Gordie Howe International Bridge.** Senate amended two sections to replace "Detroit River International Crossing" with "Gordie Howe International Bridge". The House did not. Conference agreed to amend. (Secs. 384 & 385)
24. **Reporting Requirements.** Conference agreed to add several new sections regarding reporting requirements for toll credits (Sec. 386), traffic studies (Sec. 387), long-term contracts (Sec. 389), Restricted fund balances (Sec. 390), and a prohibition on motor fuel studies (Sec. 391).
25. **Work Project Balances and Federal Earmarks.** The Governor removed a section that required the Department to report annually all work project balances and all federal earmarks not expended for the preceding fiscal year. The Senate removed the section. The House retained the section. Conference removed the section. (Sec. 397)
26. **Community Service Infrastructure Fund.** The Senate added a section describing the new Category B line for Economic Development. Conference included the section. (Sec. 399)
27. **Flooding Mitigation.** The Governor amended this section to remove reference to the highway maintenance line item and to require the Department to report on flooding mitigation activities in Wayne, Oakland, and Macomb Counties. The Senate retained the section. The House concurred with the Governor. Conference agreed to retain. (Sec. 605)
28. **I-94 Reconstruction in Jackson County.** The Governor removed a section that required the department to fund a rebuilding and modernization project in Jackson County and to prepare the project for the receipt of Federal funds. The Senate retained the section. The House deleted it. Conference agreed to retain. (Sec. 606)
29. **Capital Federal Aid Construction Project Reporting.** The Governor removed a section that required the department to report on all capital Federal aid participating construction projects completed in the prior fiscal year. Senate retained the section. The House added "design life" as a reporting requirement. Conference agree with the House. (Sec. 613)
30. **Rail Operations and Infrastructure Reporting.** The Governor removed a section to require reporting on rail and infrastructure programs. The Senate retained the section. Conference agreed. (Sec. 704)
31. **Rail Freight Economic Development Spending.** The Governor removed a section that required the department to spend \$2.5 million of Comprehensive Transportation Fund on freight economic development. The Senate concurred. The House retained the section. Conference agreed to retain the section. (Sec. 750)
32. **Rail Freight Opportunities.** Conference added a new section to require the Department to meet twice annually with the rail freight industry to inform on available grant and loan programs.
33. **Department Ownership and Operation of Airports.** The Governor removed a section that encouraged the Department to find private or local entities to assume responsibility of Department airports. The Senate concurred. The House retained the section. Conference retained. (Sec. 802)
34. **Aging Aircraft.** The Governor removed a section that required the Department to issue an RFP for competitive bids to manage and sell the Department's aging aircraft fleet. The Senate concurred. The House retained and amended. Conference agreed to delete. (Sec. 803)
35. **5 or more Aircraft.** Conference included a new section limiting the Dept's fleet to four aircraft. (Sec. 804)
36. **(New) Rural Salt Storage.** The Senate added a new section for construction and maintenance projects for rural county salt storage facilities. Conference did not include the section. (Sec. 1002)
37. **(New) Ann Arbor/Traverse City Passenger Rail Line.** The Senate added a new section for the design, engineering and repair of a passenger rail line connecting Ann Arbor and Traverse City. (Sec. 1003) Conference added the section, but assigned a different boilerplate number. (Sec. 751).

Date Completed: 6-6-18

Fiscal Analyst: Michael Siracuse

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.