



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



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

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2018-19 YEAR-TO-DATE*	FY 2019-20 INITIAL APPROPS.	CHANGES FROM FY 2018-19 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	2,818.3	2,818.3	0.0	0.0
GROSS	5,013,880,800	5,011,408,000	(2,472,800)	(0.0)
Less:				
Interdepartmental Grants Received	4,092,500	3,974,300	(118,200)	(2.9)
ADJUSTED GROSS	5,009,788,300	5,007,433,700	(2,354,600)	(0.0)
Less:				
Federal Funds	1,318,271,700	1,352,350,100	34,078,400	2.6
Local and Private	51,432,000	51,932,000	500,000	1.0
TOTAL STATE SPENDING	3,640,084,600	3,603,151,600	(36,933,000)	(1.0)
Less:				
Other State Restricted Funds	3,283,293,700	3,578,151,600	294,857,900	9.0
GENERAL FUND/GENERAL PURPOSE	356,790,900	25,000,000	(331,790,900)	(93.0)
PAYMENTS TO LOCALS	2,106,336,600	2,125,605,800	86,546,800	4.1

*As of September 30, 2019

	Gross	GF/GP
FY 2018-19 Year-to-Date Appropriation	\$5,013,880,800	\$356,790,900

Changes from FY 2018-19 Year-to-Date:

Items Included by the Senate and House

- | | | |
|--|---------------|---------------|
| 1. Maintenance and Maintenance Materials Increases. The Governor included additional money for nonwinter maintenance, including pothole repair, labor, vegetation control, increased materials costs, and Federal inspection compliance. Conference agreed. | 65,460,000 | 0 |
| 2. Fixing Michigan Roads Program. The Governor included increased funding from new gas taxes; 15 cent increases scheduled for October 1, 2019, April 1, 2020, and October 1, 2020. For FY 2019-20, the new program would not replace scheduled distributions of Michigan Transportation Fund (MTF) money to the State or local jurisdictions. Of the new revenue generated for FY 2019-20, \$834.9 million would go to roads, the majority of which would go to the trunkline, \$36.7 million to local bridges, \$27.5 million to transit and rail projects, and \$18.4 million to economic development in rural areas. Conference removed. | 0 | 0 |
| 3. One-Time Road Funding Removal. The Governor removed one-time funding for FY 2018-19. Conference concurred. | (300,000,000) | (300,000,000) |
| 4. Debt Service. The Governor reflected a 2.5% decrease in the annual debt service payment. Conference concurred. | (5,539,600) | 0 |
| 5. Interdepartmental Grants. The Governor reduced spending on interdepartmental grants, chiefly due to a \$399,600 reduction in the State Trunkline Fund (STF) grant to the Attorney General. Conference concurred. | (317,600) | 0 |

6. Transfer of Services. The Governor transferred certain accounting services to the Department of Agriculture and Rural Development. Conference concurred.	(168,700)	0
7. Other One-time Changes. The Governor did not continue supplemental funding from PA 618 of 2018 for the current year, including \$52.0 million GF/GP for the Soo Locks expansion; \$4.5 million GF/GP for the Mackinac Straits Infrastructure project; and \$250,000 GF/GP for a rail study. Conference concurred.	(56,740,900)	(56,740,900)
8. Economic Adjustments. Governor included \$6,057,600 Gross and \$0.0 GF/GP for total economic adjustments, of which an estimated negative \$1,839,000 Gross and \$0.0 GF/GP is for legacy retirement costs (pension and retiree health). The Senate concurred. Conference did not include economic adjustments for Aeronautics services, Air fleet operations, or Passenger transportation services. <i>The State Administrative Board moved all but \$100 of funding from Air Fleet Operations and Maintenance into Aviation Services.</i>	5,850,300	0
<u>Conference Agreement on Items of Difference</u>		
9. General Fund Fixing Roads and Bridges. Conference added an additional \$400.0 million GF/GP for road and bridge construction and maintenance. The distributions include spending on four bridge projects, \$25.0 million to the local bridge program, with the balance distributed to local units of government and the department for road and bridge work. <i>The Governor vetoed \$375.0 million GF/GP. Of the remaining \$25.0 million the Governor transferred \$13.0 million to Transit capital and \$11,999,900 to One-time for the Rail grade separation project.</i>	100	100
10. Road and Bridge Revenue Adjustments. The Governor distributed increased revenue to the trunkline: \$50.4 million; counties: \$99.3 million; cities/villages: \$55.4 million; local bridges: \$677,000; and movable bridges: \$114,900. Conference concurred. The Governor also removed statutory earmarks that Conference restored.	234,966,000	0
11. Design & Engineering Services. The Governor included an additional \$3.1 million to shift 33 FTEs from Maintenance to this line item. The Senate concurred, but rolled out the line into three new lines: Program Development and Delivery, System Operations, and Business Services. Conference concurred with the Senate.	3,074,000	0
12. IT Modernization. The Governor included additional funding for the development of intelligent transportation systems and to address a backlog of small IT projects. Conference concurred.	3,000,000	0
13. Other Revenue Adjustments. The Governor distributed increased revenue to the airport safety, protection, and improvement program: \$664,100; the Detroit metropolitan Wayne County airport: \$325,000; and the transportation economic development program (TEDF): \$909,800. Conference concurred.	1,898,900	0
14. Local Signal Energy Billing Process Improvement. The Governor included additional funding to improve billing processes for energy costs for traffic signals within local jurisdictions. Conference concurred.	600,000	0
15. Labor Study. Conference included an appropriation of \$50,000 for a study analyzing the number of union labor hours on state road construction projects. <i>The Governor vetoed this line item.</i>	0	0

16. **Incentive Challenge Fund.** Conference included a placeholder for a new program to encourage increased operating revenue from the farebox for transit agencies. 0 0

The Governor vetoed this line item.

17. **Detroit/Wayne County Port Authority.** The Governor restored baseline funding to the Port Authority to the pre-FY 2017-18 level. The Senate concurred. Conference reduced by \$50,000. (50,000) (50,000)

18. **Comprehensive Transportation Revenue Adjustments.** The Governor, Senate, and Conference distributed varying amounts of revenue to several Comprehensive Transportation Fund (CTF) line items, key among those were the following: 22,916,600 13,000,000

[In millions]	Governor	Conference	As of 10/01/19
Rail operations and infrastructure:	\$14.8	\$4.8	4.8
Service initiatives:	6.0	0.0	6.0
Local bus operating:	6.0	0.0	6.0
Marine passenger:	5.5	1.1	.5
Intercity services:	2.5	.5	2.1
Specialized services:	1.5	.5	.5
Transit capital:	1.3	-10.0	3.0
Transportation to work	0.0	0.0	0.0

The State Administrative Board added \$13.0 million GF/GP to Transit Capital - Urban from General Funding provided in Section 110. The Board moved \$36.8 million CTF and \$3.0 of the Rail Freight Fund from the Rail Freight, Rail Economic Development line and moved it to the Rail Passenger line. The Board also increased CTF funding to Local Bus Operating (\$6.0 million) and Service Initiatives (\$5,999,900) from the Rail Grade Separation project in One-time. Lastly, the Board added \$1,599,800 CTF to Intercity Services from Marine Passenger and the Soo Locks project in One-time.

19. **New reports vetoed by Governor.** The Governor vetoed 5 new reporting requirements contained within the Conference Report including: Sec. 308, Real Estate Holdings Report; Sec. 309, Employee Accountability Systems Report; Sec. 311, Rental Operations Relocation Report; Sec. 320, Payment Information Report; and Sec. 328, FOIA Compliance Report. The estimated costs associated with producing these reports were removed from the budget. (122,000) 0

20. **FY 2019-20 One-Time Appropriations.** Conference agreed to include an additional \$22.7 million in spending authority for a rail grade separation project, \$1.0 million for a Soo Locks project, and a placeholder for Freight Rail Economic Development. 22,700,100 11,999,900

The Governor vetoed the placeholder. The State Administrative Board replaced \$11,999,900 CTF with GF/GP for the rail grade separation project. The CTF was moved to supplement funding for service initiatives and local bus operating. The GF/GP moved to the line from Section 110. The State Administrative Board also moved \$999,900 CTF from the Soo Locks Project to Intercity Services in Section 116.

Total Changes	(\$2,472,800)	(\$331,790,900)
FY 2019-20 Initial Ongoing/One-Time Appropriation**	\$5,011,408,000	\$25,000,000

Boilerplate Changes from FY 2018-19 Year-to-Date:Items Included by the Senate and House

1. **Remanufactured Parts for Vehicle Fleet.** The Governor removed a section stating legislative intent for the Department to prioritize the use of remanufactured parts for maintenance and repair of the Department's vehicle fleet. Conference retained. (Sec. 270)
2. **Infrastructure Bank Reporting.** The Governor removed a subsection requiring the Department to report to the Legislature on the balance, loan amounts, and outstanding loans from the State infrastructure bank. Conference retained in full. (Sec. 313)
3. **Rest Area Signage.** The Governor removed a section requiring the Department to post signs at rest areas that include a number to call for unsafe or unclear conditions at those rest areas. Conference retained. (Sec. 319)
4. **Prompt Payment of Contractors.** The Governor removed a section requiring the prompt payment of prime contractors. Conference retained. (Sec. 353)

The Governor declared this section unenforceable.

5. **Deadline for Federal Aid Project Review.** The Governor removed a section requiring the Department to complete the review process for Federal Aid Project submittals within 120 days after receiving the request. Conference retained. (Sec. 357)
6. **Groundbreaking Ceremonies.** The Governor removed a section prohibiting the reimbursement of contractors or consultants for the costs of groundbreaking procedures. Conference retained. (Sec. 375)
7. **Signage Study Ban.** The Governor removed a section prohibiting the Department from spending appropriations to study the effects of outdoor advertising on driver safety. Conference retained. (Sec. 376)
8. **E-Verify Requirement.** The governor removed a section that required contractor and subcontractors use Homeland Security's E-Verify system to verify that all persons hired for construction, maintenance or engineering services be legally present and authorized to work within the United States. Conference retained. (Sec. 381)

The Governor declared this section unenforceable.

9. **Local Billing Deadline.** The Governor removed a section requiring the Department to send cost sharing bills to local units within two years of the Department's final contract payment. Conference retained. (Sec. 382)

The Governor declared this section unenforceable.

10. **Traffic Study Availability.** The Governor removed a section requiring the Department to post on its website within 60 days the results of any formal traffic study. Conference retained. (Sec. 387)
11. **Long-term Contract Notification.** The Governor removed a section requiring the Department to notify the Legislature of the details of long-term contracts within 30 days of the agreement. Conference retained. (Sec. 389)
12. **Fund Balance Reporting.** The Governor removed a section requiring the Department to report to the State Budget Director and the Legislature the prior fiscal year balances for a number of funds it manages. Conference retained. (Sec. 390)
13. **Ban on Motor Fuel Testing.** The Governor removed a funding restriction on motor fuel quality testing by the Department. Conference retained. (Sec. 391)
14. **Best Practices.** The Governor removed a section requiring the Department to promote certain best practices related mostly to transit services and costs. Conference retained. (Sec. 393)
15. **Road Preservation Prioritization.** The Governor removed a section requiring the Department and local jurisdictions to make the preservation of existing road networks a funding priority. Conference retained. (Sec. 394)
16. **Contract Eligibility Assurance.** The Governor removed a section requiring the Department to obtain assurances from contractors for non-construction contracts that they have requisite experience, labor, and financial capability to perform the contracts. Conference retained. (Sec. 396)
17. **Available Funds for Transit Buses.** The Governor removed a section requiring the Department to apply for Federal aid for replacement buses after meeting existing needs for 5310 program recipients. Conference retained. (Sec. 403)
18. **Recreation Improvement Fund Distribution. (New)** The Governor added a section directing how funds from the fixing Michigan roads fund are distributed to the Recreation Improvement Fund under the Natural Resources and Environmental Protection Act, PA 451 of 1994. Conference deleted. (Sec. 550)

19. **Flooding Mitigation.** The Governor removed a section directing the Department to address and report on flooding mitigation in southeast Michigan for FY 2018-19. Conference retained. (Sec. 605)
20. **Dead Deer Removal.** The Governor removed a section directing the Department to prioritize the removal of dead deer. Conference retained. (Sec. 610)
21. **Contract Incentives & Disincentives.** The Governor removed a section directing the Department to establish and report on contract incentives and disincentives for trunkline projects. Conference retained. (Sec. 612)
22. **Alternative Road Surface Materials.** The Governor removed a section directing the Department to report on the use of alternative road surface materials. Conference retained. (Sec. 660)
23. **Rail Line Abandonment.** The Governor removed a section requiring the Department to report to the Legislature when a railroad company has filed to abandon a line. Conference retained. (Sec. 703)
24. **Rail Operations and Infrastructure Report.** The Governor removed a section requiring the Department to report on rail operations and infrastructure programs. Conference retained. (Sec. 704)
25. **Amtrak Report.** The Governor removed a section requiring the Department to report on rail passenger service provided by Amtrak. Conference retained. (Sec. 711)
26. **Freight Economic Development Requirement.** The Governor removed a section requiring the Department to spend at least \$2.5 million on freight economic development from the comprehensive transportation fund. Conference agreed. (Sec. 750)
27. **Rail Line Earmark.** The Governor removed a section earmarking \$2.0 million for improvements to a rail line between Walton Junction and Traverse City. Conference concurred. (Sec. 751)
28. **Department Airports.** The Governor removed a section encouraging the Department to find private or local public agencies to assume ownership and operating responsibility for airports currently owned by the Department. Conference retained. (Sec. 802)
29. **Airport Improvement Program Requirements.** The Governor updated a section to reflect Federal match requirements. Conference concurred. (Sec. 901)

Conference Agreement on Items of Difference

30. **Contingency Funds - Amended.** Conference amended a section modifying contingency fund authorization to more accurately reflect potential contingency fund needs. (Sec. 210)
31. **Disciplinary Action.** The Governor removed a section that prohibited the Department from taking disciplinary action against an employee for communicating with the Legislature. The Senate retained. Conference retained and added language to prohibit the Department from requiring employees to report communications with legislators and their staff. (Sec. 215)

The Governor declared this section unenforceable.

32. **Federal Rule Change Notification.** The Governor removed a section requiring the Department to notify, in advance, the legislative leaders, applicable committees, and fiscal agencies about proposed Federal rule changes. Conference retained. (Sec. 217)
33. **General Funds for Road and Bridge Programs. (NEW)** Conference added a new section identifying how the General funds in Section 110 must be spent. (Sec. 280)

The Governor vetoed subsections (a) & (c), leaving subsection (b) which appropriated \$25.0 million to the local bridge fund. The Governor transferred all but \$100 of that \$25.0 million to the Rail grade separation project in the One-time section in part 1 (\$11,999,900) and to the Transit Capital Urban line item in Section 117 in part 1 (\$13.0 million).

34. **Public Hearing for Bridge Authorities.** Conference added language to this section requiring bridge authorities to make reasonable accommodations for public participation through electronic means. (Sec. 301)

The Governor declared the new language unenforceable.

35. **Commercial Lease of Department Property.** The Governor removed a section granting the Department permission to lease Department space at a competitive rate. Conference retained. (Sec. 305)

The Governor declared subsection (2) unenforceable. Subsection (2) requires the Department to charge transit agencies and intercity bus carriers equal rates per square foot for leasing.

36. **Real Estate Report. (NEW)** Conference added a new section requiring the Department to provide a report to the legislature describing the Department's real estate holdings. (Sec. 308)
The Governor vetoed.
37. **Electronic Monitoring. (NEW)** Conference added a new section requiring the Department to provide a report to the legislature regarding the use of employee accountability systems. (Sec. 309)
The Governor vetoed.
38. **Operations Relocation Feasibility. (NEW)** Conference added a new section requiring the Department to investigate the cost and feasibility of relocating its highest rental operations locations to enterprise zones at least 75 miles from the Capital. (Sec. 311)
The Governor vetoed.
39. **MTF Revenue Sharing with Local Units. (NEW)** Conference added a new section requiring the Department to report to local units of government estimated payment dates and amounts with each monthly revenue sharing payment. (Sec. 320)
The Governor vetoed.
40. **Rail Sale. (NEW)** Conference included a new section requiring the Department to solicit proposals for the sale of the rail line between Grayling and Gaylord. (Sec. 323)
41. **Air Sales. (NEW)** Conference included a new section requiring the Department to solicit proposals for the sale of two state-owned airports. (Sec. 324)
42. **Ban on Collective Bargaining Agreements in Subcontracts. (NEW)** Conference agreed to include language prohibiting the department from awarding contracts to contractors who either require or prohibit collective bargaining when subcontracting. The new section includes a requirement for a study on union labor hours. (Sec. 327)
The Governor vetoed.
43. **FOIA Reporting. (NEW)** Conference included a new section requiring the Department to report to the Legislature on its FOIA compliance. (Sec. 328)
The Governor vetoed.
44. **Gordie Howe Bridge Reporting.** Conference amended this section to require monthly reports instead of quarterly reports. (Sec. 385)
45. **Toll Credit Reporting.** The Governor removed a section requiring an annual report to the State budget director and the Legislature on the toll credit program. Conference retained and added a subsection prioritizing the use of toll credits. (Sec. 386)
The Governor declared the new subsection (2) unenforceable.
46. **Community Service Infrastructure Fund - Removed.** The Governor removed language from the section that expressed legislative intent for the fund to be appropriated a specified sum annually. Conference deleted the section as unnecessary. (Sec. 399)
47. **I-94 Modernization Project.** The Governor removed a section regarding engineering and design work for a rebuilding and modernization project on I-94 between M-60 and Sargent Road. Conference concurred. (Sec. 606)
48. **Project Reporting.** The Governor removed a section requiring a report on several aspects of all capital Federal aid participating construction projects. Conference retained and added language requiring the contractor names on the report. (Sec. 613)
49. **Innovative Contracting. (NEW)** Conference added a section creating a stakeholder group to examine innovative road and bridge building materials and design specifications. The section requires a quarterly report beginning in April, 2020. (Sec. 661)
50. **Winter Maintenance Truck Refurbishment.** The Governor removed a section directing the Department to investigate and report on the costs and benefits of refurbishing winter maintenance trucks scheduled for sale or retirement. Conference concurred. (Sec. 670)

51. **Daily Rail Passenger Service - Grand Rapids/Detroit. (NEW)** Conference added a new section requiring the Department to take action to provide daily round trip rail passenger service between Grand Rapids and Chicago. (Sec. 712)
52. **Elderly and Medical Transit. (NEW)** Conference added a section requiring transit agencies to identify costs for elderly and medical transit. Intent language requests transit agencies to solicit requests for proposal for ride-sharing companies to provide 100% of elderly and medical transit services. (Sec. 719)
53. **Meetings with the Rail Industry Trade Associations.** The Governor removed a section requiring the Department to meet with representatives of the rail industry twice a year. Conference amended to one meeting per year. (Sec. 752)
The Governor declared this section unenforceable.
54. **Marine Passenger Spending. (NEW)** The Senate added a section providing direction on how to spend funds appropriated for marine passenger service. Conference agreed. (Sec. 753)
55. **Aircraft Limitation 1.** The Governor removed a section prohibiting the Department from spending funds appropriated for air fleet operations and maintenance if the Department owns more than five aircraft. Conference retained the section and amended to require the department to sell the Cessna airplane, only. Conference also included a reporting requirement on the number of FTEs required to maintain the airfleet. (Sec. 804)
The Governor declared subsection (1) unenforceable.
56. **Aircraft Limitation 2.** Conference added a section requiring the department to sell any aircraft with less than 50 logged flight hours in the previous fiscal year. (Sec. 805)
The Governor declared this section unenforceable.
57. **Aeronautics Website. (NEW)** Conference added a section requiring the Department's aeronautics website to comply with statutory requirements. (Sec. 806)
58. **One-Time General Fund Distribution for FY 2018-19.** The Governor removed a one-time section directing the distribution of FY 2018-19 one-time funding for roads. Conference retained. (Sec. 1001)
59. **Carbide Dock. (NEW)** The Senate added a section to identifying the intended use for one-time funds appropriated for the Carbide dock/Soo Locks project. Conference concurred. (Sec. 1002)
60. **Rail Grade Separation Project. (NEW)** Conference added a section directing the use of one-time CTF funds for a rail-grade separation project. (Sec. 1003)

Date Completed: 10-4-19

Fiscal Analyst: Michael Siracuse

***This reflects action taken by the State Administrative Board on 10-1-19 if applicable.*