

**TRANSPORTATION**  
**Summary of FY 2009-10 Enacted Appropriations**  
**2009 PA 116 (Senate Bill 254)**

**Analyst: William E. Hamilton**

IDG/IDT	FY 2008-09 YTD as of 2/12/09	FY 2009-10 Executive	FY 2009-10 Senate	FY 2009-10 House	FY 2009-10 Enacted	Difference: Enacted From FY 2008-09 YTD	
						Amount	%
<b>Federal</b>	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>ARRA</b>	0	0	0	0	0	0	--
<b>Non-ARRA</b>	1,460,995,800	1,226,704,500	1,226,704,500	1,227,204,500	1,227,204,500	(233,791,300)	(16.0)
<b>Local</b>	71,624,200	56,073,400	56,073,400	56,073,400	56,073,400	(15,550,800)	(21.7)
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	2,079,609,200	1,985,343,000	1,961,843,000	1,973,383,000	1,973,770,100	(105,839,100)	(5.1)
<b>GF/GP</b>	0	0	0	0	0	0	--
<b>Gross</b>	<b>\$3,612,609,200</b>	<b>\$3,268,120,900</b>	<b>\$3,244,620,900</b>	<b>\$3,256,660,900</b>	<b>\$3,257,048,000</b>	<b>(\$355,561,200)</b>	<b>(9.8)</b>
<b>FTEs</b>	3,014.3	3,014.3	3,014.3	3,014.3	3,014.3	0.0	0.0

Notes: (1) FY 2008-09 appropriation figures do not reflect the impact of executive order, supplemental, or transfer adjustments made after the release of the FY 2009-10 Executive Budget on February 12. (2) "ARRA" represents temporary funds received under federal American Recovery and Reinvestment Act.

**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 registration taxes. These state revenues are first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 to other state transportation funds and programs – including the State Trunkline Fund (STF) and the Comprehensive Transportation Fund (CTF) – and to local road agencies. Approximately one-third of the budget is federal revenue. There is no state GF/GP revenue in this budget.

<b>Major Budget Changes From FY 2008-09 YTD Appropriations</b>	<b>FY 2008-09 YTD (as of 2/12/09)</b>	<b>Enacted Change From YTD</b>
<b>1. Debt Service</b>	<b>Gross \$192,003,600</b>	<b>\$59,633,700</b>
Appropriates \$251.6 million, reflects anticipated debt service schedules.	Federal 22,783,300	35,380,200
	Restricted 169,220,300	24,253,500
<b>2. Support Services Provided by Other State Departments – PARTIAL VETO</b>	<b>Gross \$49,702,300</b>	<b>\$752,500</b>
	Restricted 49,702,300	752,500

The appropriation unit "Collection, enforcement, and other agency support services" includes 24 separate interdepartmental grant (IDG) line items which fund services provided by nine other state departments. Increase in appropriation reflects economic increases of \$923,600 net of other adjustments.

Includes IDGs from the MTF for cost of collecting transportation taxes: \$20 million to the Department of State, and \$7.3 million to Department of Treasury. The MTF IDG to Treasury reflects the Governor's veto of boilerplate section 306(3) which had required an alternative study of costs associated with collection of motor fuel taxes; the veto reduced spending authority in the line by \$100,000, the estimated cost of the study.

The enacted budget includes a \$1.1 million MTF IDG to MDEQ for permitting functions; the Executive had proposed returning this function back to the federal government.

<b>Major Budget Changes From FY 2008-09 YTD Appropriations</b>		<b>FY 2008-09 YTD (as of 2/12/09)</b>	<b>Enacted Change From YTD</b>
<b>3. Executive Direction</b>	FTEs	37.3	0.0
Appropriation of \$5.8 million includes funding for <i>Unclassified salaries, Asset Management Council, and Office of Commission Audits</i> ; reflects economic increases of \$61,500.	<b>Gross</b>	<b>\$5,742,300</b>	<b>\$61,500</b>
	Restricted	5,742,300	61,500
<b>4. Business Support</b>	FTEs	57.0	0.0
Appropriations unit includes line items for <i>Business support, Economic development and enhancement, Property management, and Worker's compensation</i> . Appropriates \$17.6 million reflecting economic increases of \$514,200; transfer of Civil service costs, \$3,000; and internal cost allocation, (\$62,300). Reflects shift of \$25,400 (CTF) from <i>Business support</i> in order to increase <i>Marine passenger</i> funding.	<b>Gross</b>	<b>\$17,165,400</b>	<b>\$429,500</b>
	Restricted	17,165,400	429,500
<b>5. Information Technology</b>	<b>Gross</b>	<b>\$28,496,200</b>	<b>\$817,000</b>
Appropriates \$29.3 million reflecting economic adjustments, \$222,900; administrative reductions, (\$5,900); reduction in virtual storage costs, (\$6,600); One-stop Portal development, \$97,300; and Microsoft Office update, \$509,300.	Federal	500,300	10,500
	Restricted	27,995,900	806,500
<b>6. Finance, Contracts, and Support Services</b>	FTEs	242.5	1.0
Appropriates \$25.1 million; reflecting economics, \$504,600; position transfers, \$82,100; and internal cost allocation, (\$214,900).	<b>Gross</b>	<b>\$24,686,500</b>	<b>\$371,800</b>
	Restricted	24,686,500	371,800
<b>7. Transportation Planning</b>	FTEs	177.0	(1.0)
Appropriates \$36.6 million, reflecting economic increases of \$542,300, and position transfers, (\$82,100).	<b>Gross</b>	<b>\$36,156,400</b>	<b>\$460,200</b>
	Federal	22,000,000	0
	Restricted	14,156,400	460,200
<b>8. Design and Engineering Services</b>	FTEs	1,496.8	(2.0)
Appropriates \$114.2 million; reflects economic increases of \$3.2 million, \$612,600 increase for intelligent traffic systems, \$2.5 million additional federal support for Safe Routes to Schools Program. Reduction in budgeted FTEs due to position transfers (\$182,600).	<b>Gross</b>	<b>\$108,028,500</b>	<b>\$6,173,000</b>
	Federal	18,912,600	4,617,200
	Restricted	89,115,900	1,555,800
<b>9. State Trunkline Maintenance</b>	FTEs	832.7	2.0
Appropriates \$286.6 million in two separate appropriation line items; <i>State trunkline operations</i> ; and <i>Contract operations</i> . Reflects economic increases of \$1.6 million, and \$182,600 related to positions transfers.	<b>Gross</b>	<b>\$284,728,200</b>	<b>\$1,799,900</b>
	Restricted	284,728,200	1,799,900
<b>10. State Trunkline Road and Bridge Construction –PARTIAL VETO</b>	<b>Gross</b>	<b>\$1,043,058,100</b>	<b>(\$248,139,300)</b>
Appropriates \$793.9 million for state trunkline capital construction and reconstruction program. Reflects decrease in estimated available state restricted revenue, and estimated federal aid. Reflects Governor's veto of boilerplate section 324 which earmarked \$500,000 for the "Give 'em a brake" campaign.	Federal	892,420,900	(185,208,300)
	Local	30,000,000	0
	Restricted	120,637,200	(62,931,000)
<b>FY 2008-09 YTD figures do not include \$635.4 million in federal stimulus (ARRA) funds appropriated in 2009 PA 3 (House Bill 4582), or \$8.3 million ARRA funds appropriated in 2009 PA 122 (Senate Bill 95).</b>			
<b>11. Local Federal Aid Road and Bridge Construction</b>	<b>Gross</b>	<b>\$309,592,000</b>	<b>(\$60,841,000)</b>
Appropriates \$248.8 million 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	309,592,000	(60,841,000)

**FY 2008-09 YTD figures do not include \$211.8 million in federal stimulus (ARRA) funds appropriated in 2009 PA 3 (House Bill 4582).**

<b>Major Budget Changes From FY 2008-09 YTD Appropriations</b>		<b>FY 2008-09 YTD (as of 2/12/09)</b>	<b>Enacted Change From YTD</b>
<b>12. Grants to Local Programs</b>	<b>Gross</b>	<b>\$33,000,000</b>	<b>\$0</b>
No change in this Act 51 earmark to local road agencies.	Restricted	33,000,000	0
<b>13. Rail grade crossing</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>\$0</b>
No change in this Act 51 earmark to local road agencies.	Restricted	3,000,000	0
<b>14. Local Bridge Fund</b>	<b>Gross</b>	<b>\$28,336,800</b>	<b>(\$1,431,800)</b>
Act 51 earmark; reflects anticipated reduction in gasoline tax revenue.	Restricted	28,336,800	(1,431,800)
<b>15. MTF Distribution to Local Road Agencies</b>	<b>Gross</b>	<b>\$931,570,800</b>	<b>(\$45,425,400)</b>
Appropriates \$886.1 million MTF (\$568.9 million to county road commissions, \$317.2 million to cities/villages) based on February 2009 revenue estimates and Act 51 formula; final distribution will be based on actual MTF revenue, which may be more or less than appropriations.	Restricted	931,570,800	(45,425,400)
<b>16. Blue Water Bridge</b>	FTEs	41.0	0.0
Appropriates \$5.4 million – reflects economic increases.	<b>Gross</b>	<b>\$5,328,500</b>	<b>\$72,700</b>
	Restricted	5,328,500	72,700
<b>17. Transportation Economic Development (TEDF) Fund</b>	<b>Gross</b>	<b>\$42,332,200</b>	<b>(\$11,960,000)</b>
Appropriation of \$33.8 million reflects proposed transfer of \$12.0 million in driver's license fee revenue to the state General Fund; the related reduction in TEDF revenue would be taken from Category A, (Target Industries). Reduction partially offset by reduction in TEDF debt service; includes \$40,000 earmark for Forest roads truck turnouts.	Restricted	42,332,200	(11,960,000)
<b>The FY 2008-09 YTD figure does not reflect Executive Order 2009-22 which also reduced funding for TEDF Category A by \$12.0 million.</b>			
<b>18. Aeronautics and Freight Services</b>	FTEs	84.0	0.0
Appropriates \$11.2 million for three operating line items: <i>Airport improvement services</i> , <i>Aviation services</i> , and <i>Freight and safety services</i> , as well as the <i>Aviation services</i> grant program. Reflects economic increases, \$200,400; and anticipated reduction in SAF revenue, (\$310,300).	<b>Gross</b>	<b>\$11,340,300</b>	<b>(\$109,900)</b>
	Restricted	11,340,300	(109,900)
<b>19. Public Transportation Services</b>	FTEs	46.0	0.0
Appropriates \$5.5 million; reflects economic increases.	<b>Gross</b>	<b>\$5,339,400</b>	<b>\$116,000</b>
	Federal	762,100	0
	Restricted	4,577,300	116,000
<b>20. Bus Transit – Local Bus Operating Assistance</b>	<b>Gross</b>	<b>\$166,624,000</b>	<b>\$0</b>
Appropriates \$166.6 million (CTF) for state operating assistance to local public transit agencies – unchanged since FY 2006-07.	Restricted	166,624,000	0
<b>21. Bus Transit – Non-Urban Operating/Capital</b>	<b>Gross</b>	<b>\$19,300,000</b>	<b>\$2,500,000</b>
Recognizes anticipated increase in federal non-urban transit grants.	Federal	18,500,000	2,500,000
	Local	800,000	0
<b>FY 2008-09 YTD figures do not include \$21.9 million in federal stimulus (ARRA) funds appropriated in 2009 PA 3 (House Bill 4582).</b>			
<b>22. Freight Property Management</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$0</b>
Appropriation same as current year.	Restricted	1,000,000	0
<b>23. Detroit Wayne County Port Authority</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$31,800)</b>
Appropriates \$468,200; reflects anticipated reduction in CTF revenue.	Restricted	500,000	(31,800)

<b>Major Budget Changes From FY 2008-09 YTD Appropriations</b>		<b>FY 2008-09 YTD (as of 2/12/09)</b>	<b>Enacted Change From YTD</b>	
<b>24. Intercity – Intercity Services – PARTIAL VETO</b>		<b>Gross</b>	<b>\$7,425,000</b>	<b>(\$275,000)</b>
Appropriates \$7.25 million in support of intercity bus transportation programs; reflects reduction in anticipated CTF revenue (\$1.2 million), partially offset by \$1.0 million increase related to anticipated sale of intercity buses for loan program. Reflects the Governor's veto of Boilerplate section 729 which had earmarked \$100,000 from the CTF for lost ridership support/marketing.		Federal	4,500,000	0
		Local	50,000	0
		Restricted	2,875,000	(275,000)
<i>FY 2008-09 YTD figures do not include \$3.9 million in federal stimulus (ARRA) funds appropriated in 2009 PA 3 (House Bill 4582)..</i>				
<b>25. Rail Passenger Service</b>		<b>Gross</b>	<b>\$12,700,000</b>	<b>(\$4,033,000)</b>
Provides operating assistance for Port Huron/Chicago and Grand Rapids/Chicago rail service with state restricted funds; federal revenue supports capital assistance.		Federal	5,800,000	(2,800,000)
		Restricted	6,900,000	(1,233,000)
Appropriates \$8.667 million of which \$5.667 million is from the CTF for the AMTRAK operating contract. The CTF appropriation is not sufficient to support a full-year AMTRAK operating contract.				
<i>The FY 2008-09 YTD figure does not reflect supplemental appropriation of \$400,000 (CTF) made in 2009 PA 64 (HB 4310) which provided rail passenger service through September 30, 2009.</i>				
<b>26. Freight Preservation and Development</b>		<b>Gross</b>	<b>\$5,092,900</b>	<b>(\$1,728,700)</b>
Reflects reduction in anticipated CTF revenue.		Federal	100,000	0
		Restricted	4,992,900	(1,728,700)
<b>27. Rail Infrastructure Loan Program</b>		<b>Gross</b>	<b>\$300,000</b>	<b>(\$300,000)</b>
Line item eliminated due to reduction in anticipated CTF revenue.		Restricted	300,000	(300,000)
<b>28. Marine Passenger Service</b>		<b>Gross</b>	<b>\$400,000</b>	<b>0</b>
Appropriates \$400,000, same as current year.		Restricted	400,000	0
<b>29. Terminal Development</b>		<b>Gross</b>	<b>\$550,000</b>	<b>(\$400,000)</b>
Appropriates \$150,000; reflects reduction in anticipated CTF revenue.		Restricted	550,000	(400,000)
<b>30. Specialized Services</b>		<b>Gross</b>	<b>\$9,500,100</b>	<b>(\$2,252,000)</b>
Appropriates \$7.2 million; reflects anticipated federal and local revenue, and anticipated reductions in CTF revenue. Line item supports transit programs for elderly and disabled citizens.		Federal	2,700,000	(1,000,000)
		Local	2,700,000	(1,000,000)
		Restricted	4,100,100	(252,000)
<b>31. Municipal Credit Program</b>		<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$127,000)</b>
The \$1.873 million appropriation is less than Act 51 earmark of not less than \$2.0 million; reflects reduction in anticipated CTF revenue.		Restricted	2,000,000	(127,000)
<b>32. Bus Capital</b>		<b>Gross</b>	<b>\$40,803,000</b>	<b>(\$2,624,800)</b>
Provides matching funds for federal transit grants to local transit agencies; Gross appropriation of \$38.2 million includes \$5.2 million CTF funds to match federal grants.		Federal	26,400,000	1,600,000
		Local	5,000,000	0
		Restricted	9,403,000	(4,224,800)
<i>FY 2008-09 YTD figures do not include \$531,500 in federal stimulus (ARRA) funds appropriated in 2009 PA 122 (Senate Bill 95).</i>				
<b>33. Van Pooling</b>		<b>Gross</b>	<b>\$195,000</b>	<b>\$0</b>
Same as current year.		Restricted	195,000	0

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<b>FY 2008-09 YTD (as of 2/12/09)</b>	<b>Enacted Change From YTD</b>
<b>34. Service Initiatives</b>	<b>Gross</b>	<b>\$1,116,500</b>	<b>(\$66,500)</b>
Appropriates \$1.05 million; reflects reduction in anticipated CTF revenue.	Federal	800,000	0
	Local	200,000	0
	Restricted	116,500	(66,500)
<b>35. Transportation to Work</b>	<b>Gross</b>	<b>\$9,244,000</b>	<b>(\$107,600)</b>
Reflects estimated federal/local and state-restricted CTF revenue.	Federal	2,200,000	100,000
	Local	2,200,000	100,000
	CTF	4,844,000	(307,600)
<b>36. AERO Capital Projects</b>	<b>Gross</b>	<b>\$167,491,700</b>	<b>(\$44,066,000)</b>
Provides funding for FY 2009-10 Aeronautics Capital program; reflects anticipated federal program funding.	Federal	133,024,600	(28,149,900)
	Local	30,674,200	(14,650,800)
	Restricted	3,792,900	(1,265,300)
<b><i>FY 2008-09 YTD figures do not include \$30.4 million in federal stimulus (ARRA) funds appropriated in 2009 PA 38 (House Bill 4308).</i></b>			
<b>37. State/Local Capital Facilities Projects</b>	<b>Gross</b>	<b>\$9,132,000</b>	<b>(\$6,844,000)</b>
Provides funds for other capital outlay projects (salt storage facilities, Transportation Service Center, Institutional and Agency road program, other facility special maintenance projects). Only special maintenance would be funded in FY 2009-10 due to reduced STF revenue.	Restricted	9,132,000	(6,844,000)
<b>38. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$6,872,000</b>
The State Budget Office estimated additional funding needed to provide baseline service levels: \$1.8 million increase to reflect salaries/wages, \$1.2 million increase related to health insurance, and \$3.5 million increase for retirement contributions. Projected workers compensation and building occupancy costs would decrease by \$337,300 and \$669,700 respectively.	Restricted	N/A	6,872,000
		N/A	

### Major Boilerplate Changes From FY 2008-09

#### **Sec. 265. Transparency – NEW**

Adds new language requiring internet reporting of expenditures – limits cost to \$10,000.

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

Sets guidelines for use of transportation funds 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. Governor vetoed subsection 3 which required the State Treasurer to identify actual cost of work performed by the Department of Treasury for state-restricted transportation funds. The cost of the study was estimated to be \$100,000.

#### **Sec. 309. Administrative Costs – REVISED**

Requires Department to "continue its efforts" to reduce administrative costs.

#### **Sec. 324. Construction Zone Traffic Law Enforcement – VETOED**

Earmark of \$500,000 for construction zone traffic enforcement and "Give 'em a brake campaign" vetoed by Governor.

#### **Sec. 358. FTE Report – NEW**

New bi-monthly report on FTEs.

#### **Sec. 361. Bureau of Multi-Modal Transportation Services – DELETED**

Requires Department to report on any change in bureau services or functions as approved by the State Transportation Commission.

## **Major Boilerplate Changes From FY 2008-09**

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

The section was revised to read as follows:

Section 384 (1) The department may continue with preliminary legal, financial, traffic and revenue study, permitting, engineering, and other ancillary work for the Detroit River International Crossing (DRIC) so that it can solicit from the private sector, requests for proposals for public-private partnerships to construct the bridge, plaza, and related infrastructure. The department shall submit proposals to the legislature by May 1, 2010. Those activities associated with the DRIC project shall not bind the state in any way to construction.

(2) The department shall submit an investment grade traffic study to the legislature by May 1, 2010 from a reputable traffic company with appropriate experience intended to provide a detailed traffic projection for the ensuing 10 years, taking into account projected infrastructure modifications, expansions and improvements announced.

(3) The department shall not expend more than \$2.5 million from state transportation revenue sources for activities enumerated in this section.

(4) It is the intent of the legislature to fully adopt or reject authorizing legislation by the full legislative bodies by June 1, 2010 to:

- Construct a new international crossing jointly and in agreement with Canada
- Create an authorized tolling authority; and
- Create a public private partnership.

### **Sec. 394. Revisit Act 51 Distribution Formula – REVISED**

Directs department to study formula for distribution of transportation revenue; report date March 1, 2010.

### **Sec. 398. Street Railway Appropriation – NEW**

Provides for the appropriation of \$0 to a street railway pursuant to section 10e(22) of 1951 PA 51.

### **Sec. 399. Complete Streets – NEW**

Indicates legislative intent that department and local road agencies to adopt complete streets policies; directs the department to provide assistance to local agencies.

### **Sec. 711. Seven-Day Rail Passenger Service (AMTRAK) – REVISED**

Directs Department to negotiate with a rail carrier to provide seven-day Port Huron/Chicago and Grand Rapids/Chicago service. Section revised to eliminate contract ceiling.

### **Sec. 729. Intercity Bus Marketing – VETOED**

Earmarks \$100,000 from Intercity Services line item for marketing.

### **Sec. 730. Intercity Bus Equipment Sales – DELETED**

Directs Department to sell state-owned intercity bus equipment within six months of lease termination and to credit proceeds to Intercity Bus Equipment Loan Fund.

### **Sec. 736. Intercity Bus/Rail Coordination – DELETED**

Directs Department to work with intercity bus and rail passenger carriers to coordinate services.

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

Requires report on progress made to improve rail track to support passenger trains at 59 MPH. Adopts new reporting date of March 1, 2010.

### **Sec. 743. Use HEV Vehicles – NEW**

Encourages the department to include hybrid electric vehicles in RFPs purchased through the department.

### **Sec. 744. Mobility Manager – NEW**

Encourages local transit agencies to hire mobility manager to coordinate transportation services.