

*Michigan State  
Transportation Commission  
and  
Michigan Aeronautics Commission*

*March 31, 2011*

*Director Kirk T. Steudle, P.E.  
Michigan Department of Transportation*

# Today's Topics

- ❖ Federal Reauthorization Update
- ❖ FY 2012 Budget

# Federal Reauthorization



# Federal Reauthorization

- ❖ SAFETEA-LU extended through 9/30/11
- ❖ Obama Administration released broad outline of reauthorization in February
  - \$551 billion over six years (2012-17)
- ❖ Rep. Mica (R, FL) House T & I Chairman's priorities include stabilizing HTF
  - Limit expenditures to revenue coming in
- ❖ House and Senate likely to weigh in with proposals soon

# FY 2012 Budget



# Transitional Performance Measures

❖ STF debt service < 25% of revenue	21.7%
❖ Manage bonds to minimize interest payments	100.0%
❖ Maintain or increase bond rating at AA or greater	AA+
❖ No federal funds returned to Washington D.C.	\$0.00
❖ Process contractor payments timely (Finance only)	99%
❖ % of state trunkline pavement in good/fair condition:	
RSL index - remaining service life	RSL = 91.0%
SSC index - sufficiency surface condition	SSC = 83.0%
❖ Final project costs vs total bid awards <5% annually	0.11%
❖ 50% of awards within 10% of Engineer's Estimate	57.7%
❖ Citizens within 100 miles of intercity bus route	100.0%
❖ Preserve existing local bus transit service:	
➤ 1) Number of passengers	99,800,000
➤ 2) Hours of service	6,400,000
➤ 3) Miles of service	99,500,000
❖ % Tier 1 airport good runway(s) pavement	82.0%



- Top 10 States
- Middle 30 States
- Bottom 10 States
- Performance improving
- Performance staying about the same
- Performance declining

Economic Strength				
	Prior	Current	Rank	Progress
Unemployment	10.7%	10.4%	<span style="color: red;">●</span>	
Gross Domestic Product (GDP)	(2.7)%	(5.2)%	<span style="color: red;">●</span>	
Percent of structurally deficient bridges	13.5%	13.2%	<span style="color: yellow;">●</span>	
Real personal income per capita	\$28,250	\$27,558	<span style="color: yellow;">●</span>	
Children living in poverty	19%	23%	<span style="color: yellow;">●</span>	

Health and Education				
	Prior	Current	Rank	Progress
Infant mortality (Per 1,000 births)	7.6	7.7	<span style="color: yellow;">●</span>	
Obesity in the population	29.5%	30.3%	<span style="color: yellow;">●</span>	
3rd graders reading at grade level	87%	90%		
College ready (Average ACT score)	19.6	19.7	<span style="color: red;">●</span>	
Population with bachelor's degree or higher (25+ years old)	24.7 %	24.6%	<span style="color: yellow;">●</span>	

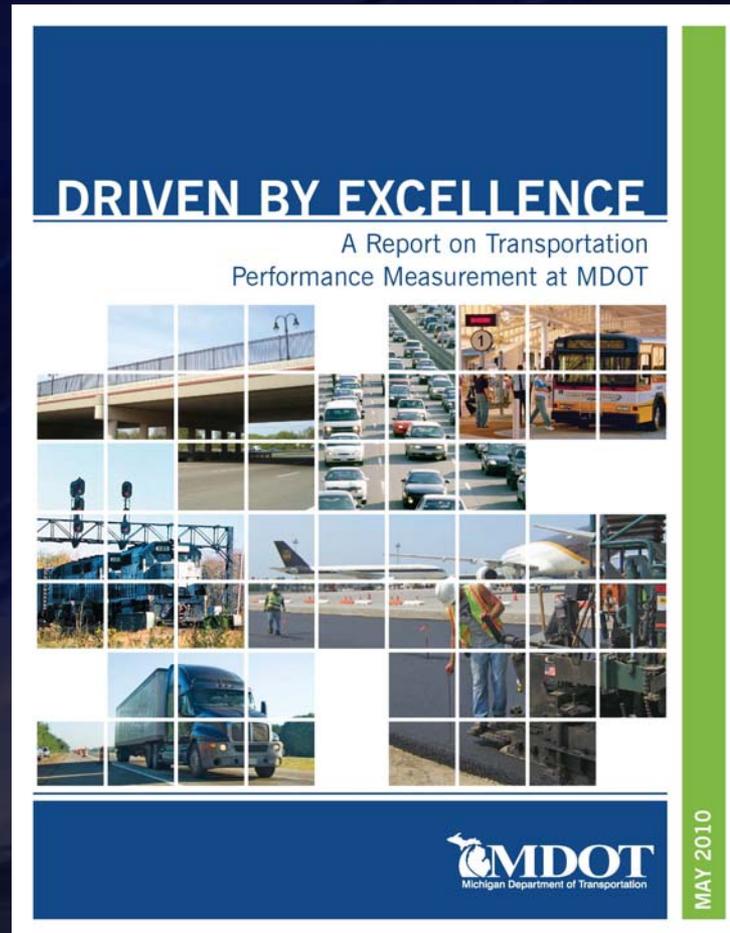
Value for Money Government				
	Prior	Current	Rank	Progress
Bond rating (Standard & Poor's)	AA-	AA-		
Government debt burden per capita	\$766	\$748	<span style="color: yellow;">●</span>	
State government operating cost as a percent of GDP	11.9%	12.5%		
State and local government operating cost as a percent of GDP	20.9%	21.9%		
Access to state government – number of online services	325	357		

Quality of Life				
	Prior	Current	Rank	Progress
State park popularity – annual visits per citizen	2.1	2.1		
Population growth (Ages 25 – 34)	(1.9) %	(1.6)%		
Clean and safe water resources – water quality index	83	88		

Public Safety				
	Prior	Current	Rank	Progress
Violent crimes per 100,000	502	497	<span style="color: yellow;">●</span>	
Property crimes per 100,000	2,935	2,838	<span style="color: yellow;">●</span>	
Individuals fatally or seriously injured in traffic accidents	7,705	7,382		

[www.michigan.gov/MiDashboard](http://www.michigan.gov/MiDashboard)

# MDOT Performance Management Report



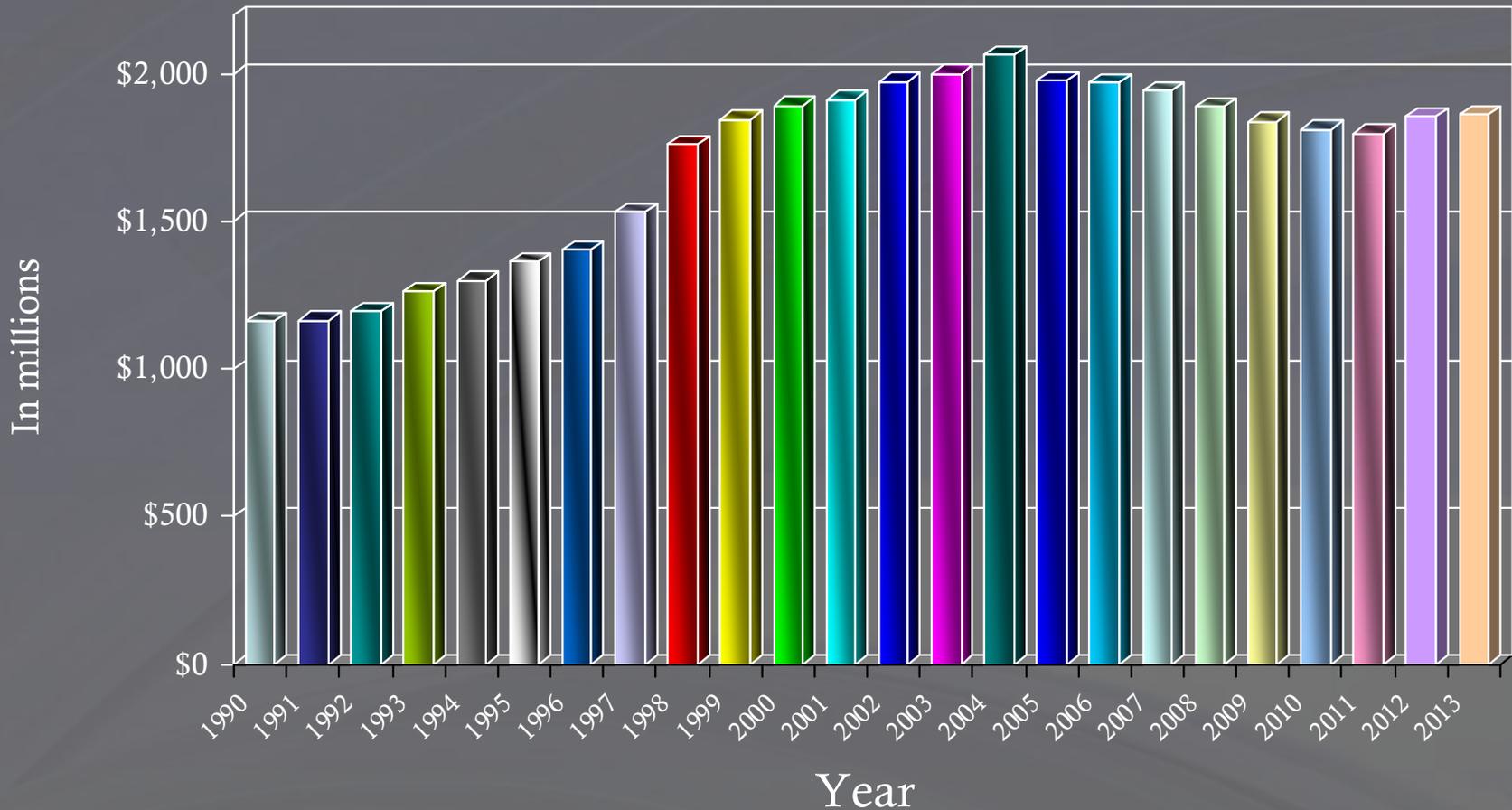
[http://www.michigan.gov/documents/mdot/MDOT\\_DrivenExcellenceReport\\_323894\\_7.pdf](http://www.michigan.gov/documents/mdot/MDOT_DrivenExcellenceReport_323894_7.pdf)

# FY 2012 Budget

- ❖ Governor's Recommendation is \$3,377,770,700
- ❖ Increase of 4.4% or \$141.9 million compared to MDOT's FY 2011 budget

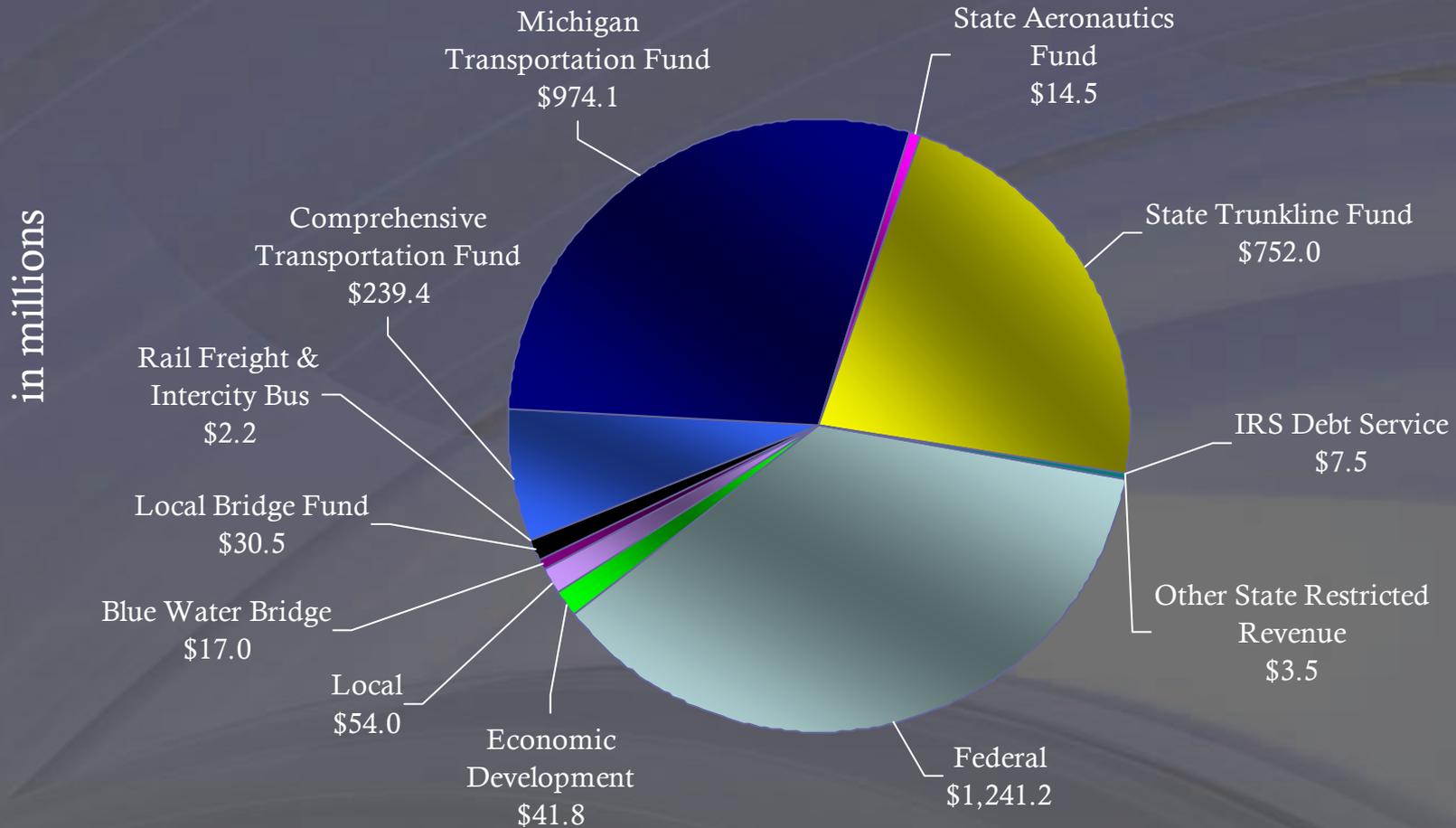
# FY 2012 Budget

## MTF Revenue



# FY 2012 Governor's Recommended Budget

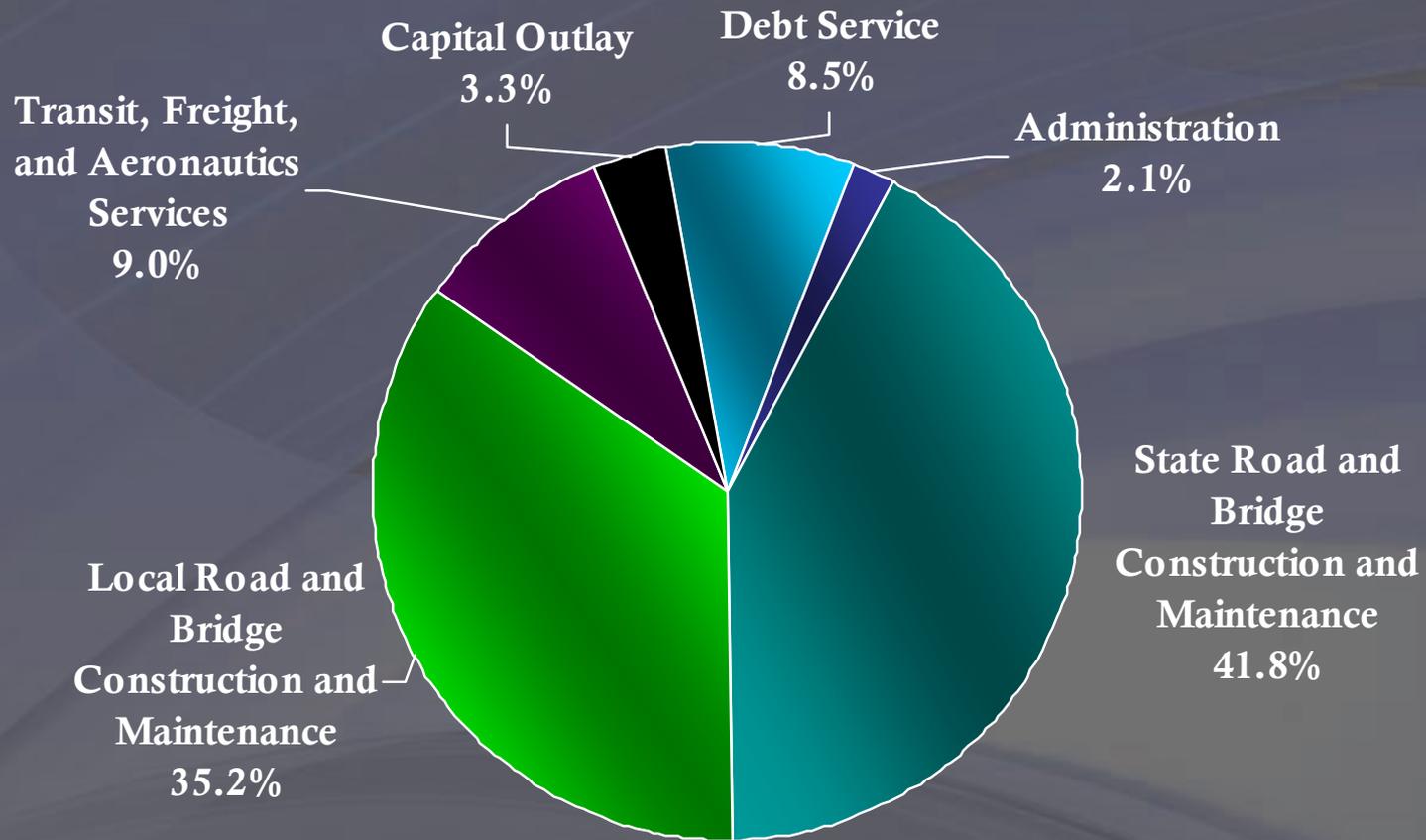
## Funding Sources



Total: \$3,377.8 million

# FY 2012 Governor's Recommended Budget

## Appropriations



Total: \$3,377.8 million

# FY 2012 Budget Comparison

## State Funded Appropriations

- ❖ MTF appropriations increased 3.3% or \$30.9 million
- ❖ STF state appropriations increased 15.3% or \$99.5 million
- ❖ CTF state appropriations increased 1.0% or \$2.4 million
- ❖ SAF state appropriations reduced 12.2% or \$2.0 million

# FY 2012 Budget

❖ This budget will support \$1,665.7 million in infrastructure investment

- Highway & Bridges \$1,251.0 million
- Transit \$ 280.9 million
- Aeronautic \$ 109.8 million
- Rail \$ 24.0 million

# FY 2012 Budget

## STF Revenue Uses Comparison

(in millions)

FY 2010

FY 2012

Line Item	Amount	% of Budget	Amount	% of Budget
Debt Service	\$145.5	21.8%	\$186.5	24.8%
Administration	\$ 65.5	9.8%	\$ 61.2	8.1%
Maintenance	\$286.5	42.9%	\$267.0	35.5%
Road & Bridge Construction	\$167.8	25.1%	\$234.3	31.2%
Capital Outlay	\$ 2.3	0.3%	\$ 3.0	0.4%
Total	\$667.6	100.0%	\$752.0	100.0%

# FY 2012 Budget

## Sources for Federal Aid Match Shortfall

- ❖ Administration and Maintenance Reductions
- ❖ Revenue Shift of EDF Driver License Fees
- ❖ Indirect Cost Reimbursement
- ❖ Additional State Revenue Estimated
- ❖ Canadian Money for NITC Project

# FY 2012 Governor Recommended Reductions

- ❖ \$10 million - Routine Maintenance
- ❖ \$7 million - Engineering & Program Services
- ❖ \$2 million - Finance & Administration
- ❖ \$927,100 - Planning
- ❖ \$622,700 - Commission Support & Audit
- ❖ \$426,900 - Administrative Services

# FY 2012 Budget

## Maintenance Highlights

- ❖ MDOT will continue to perform essential services to protect the health and safety of Michigan citizens, including:
  - Freeway lighting
  - Traffic signal energy and maintenance
  - Operation of moveable bridges
  - Critical surface repairs and patching of potholes
  - Winter maintenance

# FY 2012 Budget

## Maintenance Highlights (continued)

### ❖ Impact of Budget Reductions

- MDOT's main priority remains focused on the safety of the motoring public
- Assuming winter maintenance costs are stable or continue to increase, the reduction in the state trunkline maintenance budget will result in reduction in maintenance services similar to what has been seen the last three years

# FY 2012 Budget

## CTF Highlights

- ❖ Sales Tax expected to be \$83 million
  - Executive Recommendation does not include any redirection of sales tax
- ❖ Reduced debt service provides for partial restoration of critical line item appropriations
- ❖ Intercity Services - CTF contribution increased by 93% (\$650,00 in State) to maintain existing service
- ❖ Transit Capital - Overall increase of 21.1% or \$8.7M (State) to match federal funds
- ❖ Rail Passenger Program - unchanged and provides for a continuation of current Amtrak service levels

# FY 2012 Budget

## Aeronautics Highlights

- ❖ Suspension of Air Service Program
- ❖ Suspension of Turf Runway Marking Program
- ❖ Suspension of State funding for ARFF training
- ❖ Extremely limited State funding for
  - Runway paint marking & crack sealing
  - All Weather Access Program

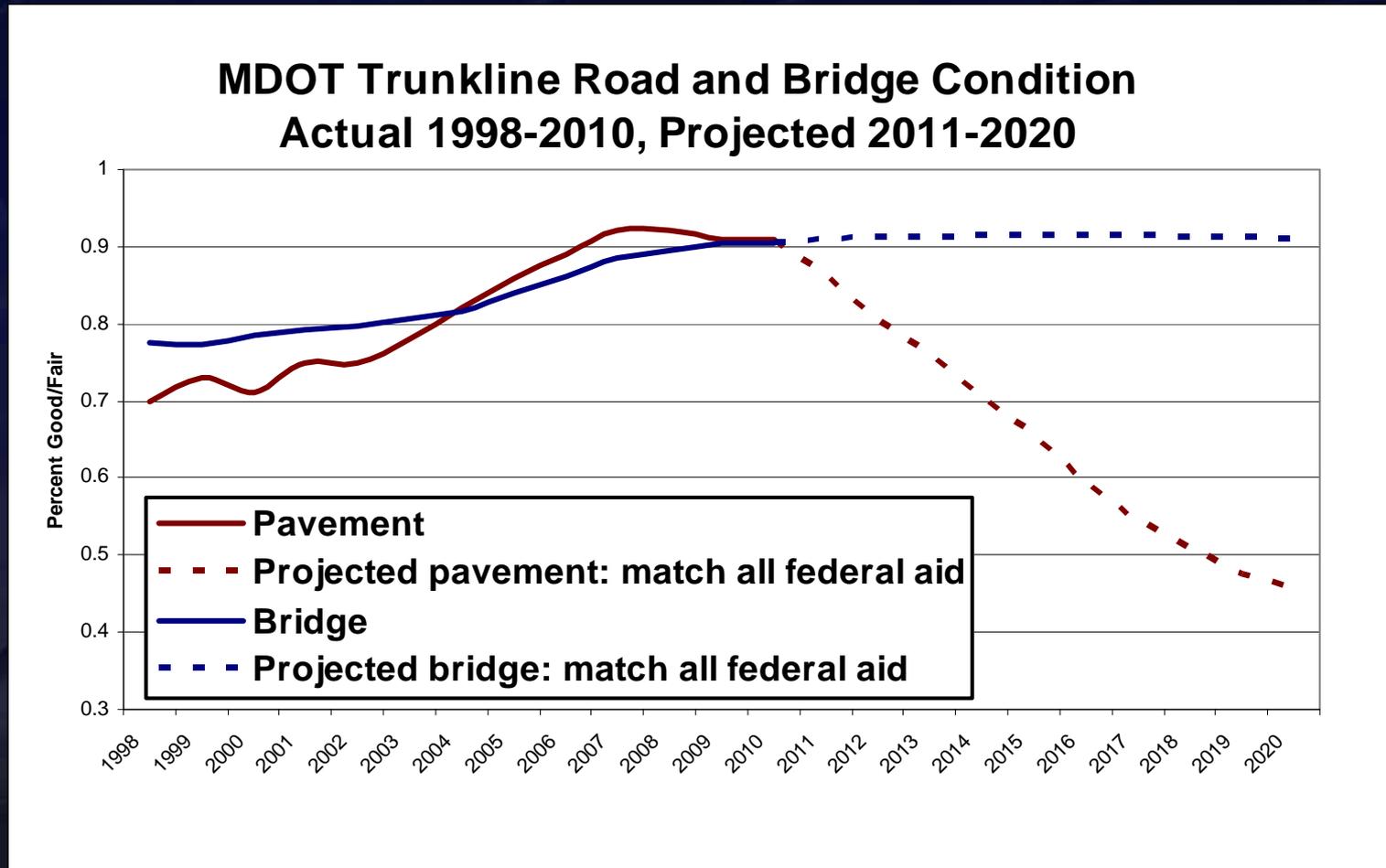
# FY 2012 Budget

## Other Changes

- ❖ Interdepartmental Grants
  - Overall increased by \$536,700 or 1.05%
- ❖ The recommendation includes \$14.2 million of employee economic-related adjustments
- ❖ Increases debt service by \$40.7 million
- ❖ New funding source from DNR and DEQ for services performed by MDOT's Accounting Service Center of \$2.6 million

# Unmet Needs

Transportation demands and expectations steadily are increasing



# In Conclusion

- ❖ MDOT's Number One Goal is **SAFETY**
- ❖ MDOT's Staffing is at its lowest level since the 1970's
- ❖ Matches all Federal Aid
- ❖ Reduced Purchasing Power of State Revenue
- ❖ Condition of Michigan Roads & Bridges will decline sharply



# Questions?

