# Section 6: General Recommendations

While the Task Force was charged with identifying and recommending alternatives to fund transportation in Michigan, as members learned more about the issues, several important truths became clear to the group. These general recommendations are included to help make the case for a new philosophy of transportation investment that will support the economy and sustain Michigan's quality of life.

**Michigan's transportation investment needs are of such importance that doing nothing to address them is clearly not an option.**
Michigan's transportation needs are huge, and growing each day that action is not taken to address them. Without additional transportation investment, Michigan can expect a substantial decline in the state's transportation system, particularly in the condition of the infrastructure, but also in the frequency and safety of service across all modes and all jurisdictions. *Without additional state and local investment, Michigan stands to lose up to $1 billion in federal funds across the modes and more than 17,000 jobs.* Michigan cannot afford <u>not</u> to increase investment in its transportation system, and promptly.

**Michigan needs a multi-year approach to transportation investment that enables the state to achieve a "good" investment level in the short-term, while continuing to strive for a "better" investment level in the future as the economy improves.**
The Task Force analyzed the impact of additional investment according to two different scenarios. The more conservative of the two, described as a "good" level of investment, is still a significant increase of $3.6 billion over current investment levels. The higher investment level, described as "better," represents a stretch goal financially, but would help Michigan regain its past status as a national and world leader in transportation and - more importantly - a national and world leader economically.

At a minimum, a "good" level of investment is required if Michigan is to preserve its transportation infrastructure and service, and to sustain economic growth. A "good" investment in transportation will jump start Michigan's stalled economy, leveraging an expected $1.6 billion in federal funds, and creating or retaining 126,000 jobs per year.

As the state economy grows, transportation investment should continue to grow with it. Investing in a reliable transportation system now can help make Michigan more globally competitive and can make it possible to achieve a better level of investment in the future.

**Recognize that fuel taxes are no longer generating sufficient revenue to meet transportation needs.**
Many forces are currently eroding the revenue from motor fuel taxes. The increase in the price of gasoline, increasing numbers of fuel efficient vehicles, concern about global climate change, and changing demographics are all working together to reduce the amount of automobile travel and the amount of fuel consumed. As a result, transportation revenues are falling at a time when demand for additional and alternative transportation service is at an all time high. While the gas tax is likely to remain a viable funding source in the short term, it may not remain a viable funding source in the long-term. Alternatives to the gas tax may then be necessary if Michigan hopes to maintain and improve its infrastructure.

**Recognize that transportation provides economic benefit that merits investment beyond the revenue generated by user fees.**
Transportation shapes our society. Every item that is made, sold, or purchased is transported by one mode or another. Every man, woman, or child who goes to school, to work, or to the store uses the transportation system to get there, even if it means walking. The impact of transportation is so pervasive it can be easy to overlook its importance. Because of the importance of transportation to the overall economy, circumstances may arise which warrant investment of funds from outside the user fee revenue stream. Future transportation funding strategies will need to recognize that a highly-functioning transportation system benefits every segment of society and should be funded accordingly.

**As a partner in a federal-state-local effort to ensure adequate transportation and service, Michigan must increase state transportation investment in order to encourage and access more federal investment.**
After nearly two years of public hearings and research, the National Surface Transportation Policy and Revenue Study Commission, a federal commission created by Congress, recommended that the federal government essentially double the investment in transportation infrastructure and service.

The law authorizing federal surface transportation funding, SAFETEA-LU, is up for reauthorization in 2009. It might be tempting simply to wait for federal action to increase transportation revenue, but the Task Force surmised in its deliberations that there is no “pot of gold” waiting for Michigan’s transportation system in Washington, D.C. In order to encourage federal officials to increase federal transportation investment, the state must lead by example. Increasing state revenue for transportation allows Michigan officials to make a stronger case for additional investment by the federal government during the reauthorization debate.

Even if more federal funding were available, Michigan today would be unable to take advantage of it, for lack of matching funds. Many have suggested a revenue increase at the federal level is necessary, and Michigan needs to be positioned to access that additional revenue, should it become available. Increasing state and local revenue for transportation will make it possible for Michigan to access increased federal revenue, should it become available.

**All state transportation funds should be ensured the same protection as the constitutional guarantee provided for the Michigan Transportation Fund (MTF).**
Article IX, Section 9 of the Michigan Constitution states that transportation taxes and user fees “be used exclusively for transportation purposes.” Not all aspects of transportation are funded with user fees that feature this constitutional protection. Michigan’s economic and budget problems have prompted the Legislature in recent years to redirect unprotected transportation revenue from the TEDF and the CTF to the state General Fund. The redirection of CTF funds took $68 million away from investment in public transportation between 2002 and 2008. Steps should be taken to ensure that the TEDF and CTF enjoy the same protection as the MTF, and to ensure that the MTF is treated as a genuine trust fund.

**Increased revenue should carry with it an expectation of increased efficiency.**
Transportation agencies must be prepared to examine how they do business and enact reforms that will save money. Many agencies have already taken innovative and cost-effective steps to improve efficiency or enhance the services they provide, but the trend must continue, particularly as more revenue becomes available for investment.

**Create incentives that encourage consolidation, coordination, or regionalization of transportation providers.**

The responsibility for investment in Michigan's transportation network is distributed to a wide variety of governmental and quasi-government agencies, including MDOT, 83 county road commissions, 535 cities and villages, 79 transit authorities, 40 specialized services agencies, 14 airport authorities, as well as county-run and private airports, bridge authorities, port authorities, and others. There is inherent inefficiency in a system with so many decision-making bodies, and the Task Force recommends that incentives be devised to encourage consolidation, coordination, and regionalization of transportation service and infrastructure provision.

**Change public policy that prohibits progress.**

The core of public policy is balancing the protection of public interests against the preservation of private rights, with common sense as the fulcrum. If the two ends are out of balance, moving the fulcrum can achieve the same result as adding to either end. Examining and changing public policy that impedes, rather than facilitates, progress is one way to move the fulcrum.

Over time, statewide policies that impact the work of transportation agencies have evolved to address a wide range of issues well beyond the core functions of these agencies. Using the resources of transportation agencies to pursue policy goals outside of transportation can increase costs for transportation agencies, or compromise the condition of the infrastructure or provision of service.

An example of this came in the wake of the collapse of the I-35W bridge in Minneapolis. MDOT worked with the FHWA to revise restrictions on the type of bridge work eligible for federal bridge funds. A solution was struck that met the outcome objectives of the FHWA, but allowed MDOT flexibility to pursue the most cost-effective bridge treatments.

The Task Force recommends that a thorough review of all policies impacting transportation agencies be undertaken and that serious consideration be given to revising or eliminating process requirements imposed on transportation agencies that are aimed at pursing objectives unrelated to transportation.