

Testimony of Clark Harder, Executive Director
Michigan Public Transit Association
To House Appropriations Subcommittee on Transportation
March 2, 2016

Thank you Mr. Chairman and good afternoon. I am pleased to join you to provide some background on Michigan's public transportation system, and review the Governor's budget recommendation.

Public transportation, as you may know, is virtually everywhere in Michigan, in every one of our 83 counties in one form or another. It is the line haul service of 40 foot buses you see in our larger cities: Detroit and Southeast Michigan, Grand Rapids, Flint, and Ann Arbor. It is the combination of small line haul buses and cutaway vans found in our smaller urban areas: Muskegon, Saginaw, Holland, Kalamazoo, Battle Creek and others. It is the cutaway bus and van service you see in our small towns and rural counties. It is the Specialized Service transportation provided in small buses, vans and automobiles by human service agencies in those areas not serviced by one of the 81 organized transit systems. It is transportation provided by full-time drivers, part-time drivers, and volunteer drivers. And it comes in every form

from large buses, small buses, vans, autos, boats, trains and by the newest transit innovation of bus rapid transit. Michigan's public transportation network is diverse and, yes, it is everywhere around you.

Our history goes back to the mid 1970s when the Michigan Highway Department became the Michigan Department of Transportation. Our roots are in the handful of urban transit systems that were still in business – barely – by the early 1970s. During our formative years of the 70s and early 80s legislators set out to guarantee that any community that wanted some form of public transportation would have it, and they passed legislation to direct MDOT to support those communities in developing public transit.

Today, we are supported by federal, state and locally generated revenue and we comprise an industry that employs thousands directly and indirectly through public transit businesses that provide products and services to our systems. Public transportation returns more money to the local economies than it receives in state support.

Michigan is considered one of the leading public transportation innovators in the country when it comes to alternative fuels: both research and usage; creation of a model for determining local economic impact of bus-based transit; adoption and implementation of asset-based management and our unique private-public partnership initiative for non-emergency medical transportation that is drawing attention across the country.

I am providing you with our most recent brochure that outlines more about our statewide system.

But let's talk for a moment about your own legislative districts:

Represented on this committee alone are all the various modes of transit, from rural community based and county based demand response systems in the case of Chairman Canfield and Rep.

Miller, to small urban with Representatives Kelly and Bizon, to large urban in the case of Vice-Chairman Victory and Rep. Faris, and our largest city department in Rep. Banks' district in Detroit.

And you all have some level of specialized services funding in your communities, as well.

Let's turn our focus to the Governor's budget recommendation. By and large, the MPTA supports the recommendation. We are pleased to be able to come before you this year, for the first time since 1987 – 29 years – and say THANK YOU for passing the first structural increase for public transportation, when you passed the overall transportation funding package last year. Public transit agencies begin to see the first new funding in the 2017 budget and we are most grateful. Additional funding will allow us to see an increase in our Local Bus Operating line item for the first time in years. We will see a substantial increase in the Bus Capital Match line item as well. Those funds will allow us to leverage and draw down increasing federal funding from passage of the federal FAST Act, without having to tap into General Fund dollars for the match. Bus capital buys the new vehicles and facility improvements and local bus operating, when paired with our locally-generated funds and a smaller share of federal funding supports operations, allowing us to keep those buses running with well-trained employees and for many years through good maintenance.

We do see two issues in the recommended 2017 budget that give us pause. First, despite additional funds being targeted to Local Bus Operating, the recommendation begins to show a declining percentage of support to Local Bus Operating from the historic trend of 60-62% of total Comprehensive Transportation Funds going to Local Bus Operating. With this budget we see Local Bus Operating support dropping to 56% of the total CTF. If this is a new trend, allowed to continue in future years, it will create a troubling issue for our overall commitment to bus-based public transportation which is the prevailing mode of public transportation in Michigan. New buses still require sufficient operating funds to keep them running.

We note that a significant share of new revenue is earmarked for rail infrastructure and that leads to our second concern, which is the lack of transparency in the budget as it relates to rail support. Most of the transportation budget, particularly on the bus side, is very transparent with the various line items rolled out for easy comparison. On the rail infrastructure side, though, the line item

is rolled up and one can not determine exactly how the funds are intended to be spent. We think this is a significant concern and one that should be addressed by the Legislature. Transparency is a significant issue toward building trust in the decisions being made on the expenditure of state taxpayer funds. We support and practice transparency at every level and encourage you to address this concern.

Finally, we wish to address two other points. First, the issue of the way the transportation funds are distributed to local transit agencies by MDOT. We refer to this as the "funding floor" issue. Michigan's is an expense-based system; the more money a system expends in putting transit on the road, the more state support it is eligible to receive. This is monitored by MDOT and is fully verifiable. We support the ability to verify numbers but we are concerned that, increasingly, the funding floor which determines the minimum levels a system may receive from the state (which was arbitrarily set in 1997 at the 1997 rate) is becoming a problem. We recommend the Legislature begin this

year to look at updating that floor to a more relevant and recent level of funding. We also recommend that an automatic update mechanism be inserted in law to allow the distribution funding to keep pace in future years. It concerns us that systems created after 1997 do not have a funding floor process in place, but instead their floors are determined by MDOT through an arbitrary process.

The final issue we wish to address is related to the funding floor problems that have developed. In recent years, as the Detroit Department of Transportation funding dropped DDOT to its 1997 floor, the result was less money for the urban agencies in the state. This, in turn, led to DDOT being protected at its 1997 floor, while all other urban systems received less funding than originally budgeted based on MDOT preliminary recommendations. We are urging the Legislature to correct this issue by considering supplemental funding to allow the harmed agencies to be restored to the budget levels they were directed, by MDOT, to use in their planning. Otherwise, through no fault of their own, over a dozen agencies will be forced to make serious cuts in

service to offset the losses, AFTER having already built their budgets on higher anticipated revenues. It is the second time this has occurred in the past five years and it is a "glitch" in the distribution formula last addressed in 1997; it needs to be corrected.

Thank you very much for the opportunity to testify.