Testimony of the Citizens Research Council of Michigan to the Michigan House Subcommittee on State and Local Transportation

July 30th, 2025

Regarding Michigan Road Funding and Related Policies

The Citizens Research Council of Michigan is a nonpartisan not-for-profit public policy research organization that has been providing independent fact-based analysis to Michigan policymakers and citizens since 1916. We have a decades-long history of studying transportation policy in Michigan, and in March of 2025 published a comprehensive report, "A Data-Driven Assessment of Michigan's Road Program."[1] The purpose of this testimony is to provide the committee with independent analysis of Michigan's road program to better inform discussions regarding road funding and related policies.

The legislature will be challenged in the near term to balance the needs of many critical state programs. Today we published an analysis of the various ways the federal "One Big Beautiful Bill Act" will affect the Michigan budget, creating more than $1 billion in revenue decline and spending pressures. In this context, it is worthwhile to objectively assess the current adequacy of Michigan road funding.

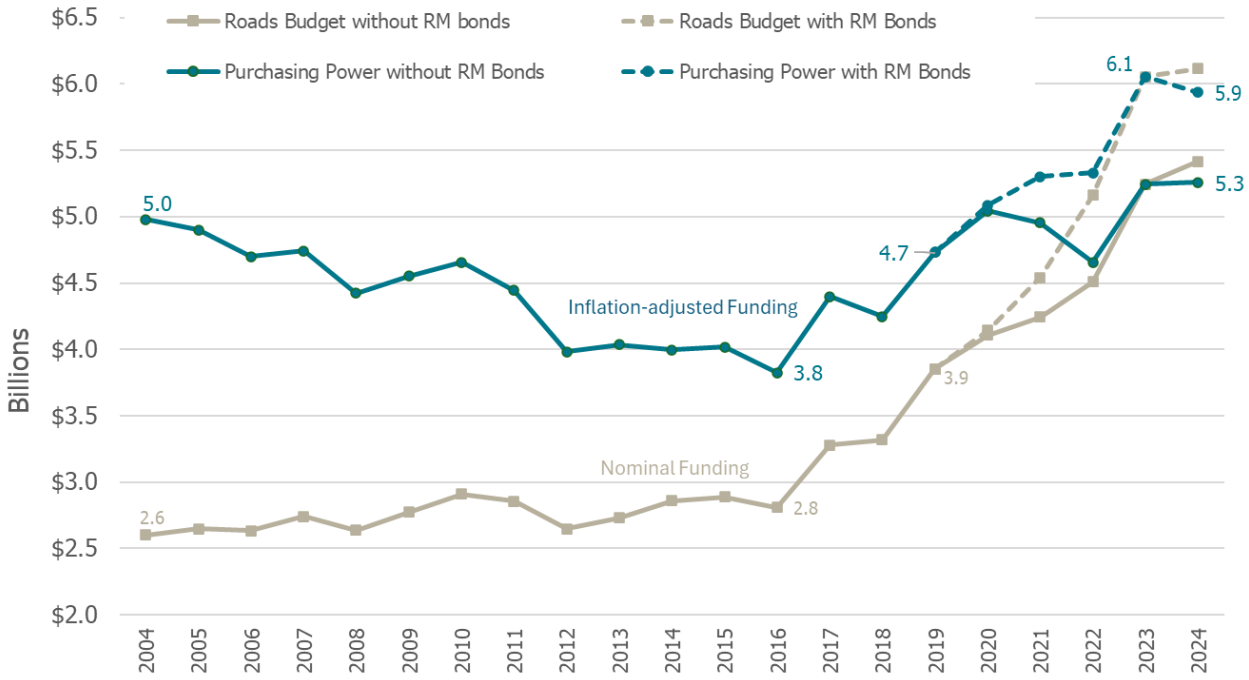
Our March paper analyzed Michigan Transportation Budget data covering the period from Fiscal Year (FY)2004 to FY2024. [2] Appropriations to road and bridge programs were nearly flat from FY2004 ($2.6 billion) to FY2016 ($2.8 billion). Following the implementation of the 2015 road funding legislation, appropriations began increasing in FY2017, reaching $5.4 billion in FY2024.

Although nominal funding has nearly doubled since FY2016, construction cost inflation has eroded the purchasing power of Michigan's road agencies. In 2023-equivalent road funding dollars, appropriations to road and bridge programs declined from $5.0 billion in FY2004 to $3.8 billion in FY2016. FY2024 funding levels marked a modest six percent increase over FY2004 levels. An additional $700 million for Michigan's trunkline program was provided by the Rebuilding Michigan Bond Program, bringing total FY2024 inflation-adjusted funding to $5.9 billion—18 percent over FY2004 spending (see Chart 1).

[1] Available at: https://crcmich.org/publications/data-driven-assessment-michigans-road-program
[2] Analysis includes federal and state funding, including appropriations to local agencies, but does not include local revenue.

Chart 1

Michigan Road Program Nominal and Inflation-adjusted Funding, FY2004 – 2024



It is worth noting that even without the bond funding, and considering substantial cost inflation in recent years, Michigan's road program is now more generously funded than at any time within the past two decades.

It is often stated that Michigan has "historically underfunded" its road program compared to other states. Such claims have some validity, but one should be cautious in drawing conclusions. Very different findings can be reached depending on the source data, the funding year(s) considered, as well as the method of analysis used.

For example, using Census-reported capital outlay, Michigan ranks 50th—dead last—in *per-capita* road funding in 2021. However, using the same Census financial data, Michigan ranks 33rd in funding *per mile of public road*. Furthermore, the Federal Highway Administration (FHWA) also reports capital outlays on state road programs using a different method of data collection. Using FHWA data for 2021, Michigan ranks 20th in capital outlay per-capita and 16th per mile of public road. If Michigan policymakers wish to use inter-state comparisons to establish an appropriate level of road funding for Michigan, they should confirm that the method(s) of comparison are unbiased and meaningful. We introduced a comprehensive analytical approach for such a purpose last year.

Using an index scoring method that ranks state road funding from 2013-2022 using several financial datasets,[3] and correcting for construction costs differences between states to compare purchasing power, we find that Michigan ranks 28th nationally in road funding (see Table 1).

[3] Due to time lag in federal reporting, 2022 is the most current available data. Source data includes revenue and expenditures at all levels of government including federal, state, local, and quasi-public agencies such as tolling authorities.

Table 1

State Road Funding Index Scores and Rankings (2013-2022)

State	CL-miles		LaneMiles		Pop2020		TruckVMT		Overall Funding	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Texas	78.1	2	78.6	2	55.5	6	34.9	4	61.81	1
Alaska	32.7	14	37.3	14	60.7	4	100.0	1	57.66	2
Florida	85.0	1	83.6	1	29.2	23	21.6	23	54.86	3
Delaware	69.2	3	69.5	3	33.0	18	19.0	27	47.70	4
New York	60.5	4	63.7	4	21.6	37	42.6	3	47.11	5
Pennsylvania	**50.4**	**7**	**53.9**	**6**	**31.1**	**21**	**32.5**	**5**	**41.96**	**6**
North Carolina	**50.0**	**9**	**52.5**	**7**	**33.8**	**17**	**30.6**	**7**	**41.71**	**7**
New Jersey	58.0	5	56.7	5	13.7	45	21.6	25	37.48	8
Maryland	51.7	6	50.7	8	15.8	42	25.6	15	35.97	9
Colorado	28.9	19	31.5	19	33.9	16	46.4	2	35.20	10
Illinois	**40.4**	**13**	**43.2**	**12**	**31.5**	**20**	**24.6**	**18**	**34.93**	**11**
Wisconsin	**30.9**	**17**	**34.1**	**15**	**46.9**	**8**	**27.4**	**13**	**34.84**	**12**
Rhode Island	46.3	10	48.4	9	14.3	44	29.7	9	34.68	13
Wyoming	17.6	34	19.2	33	88.0	1	12.6	36	34.36	14
West Virginia	26.5	20	28.7	20	46.2	10	30.0	8	32.85	15
Virginia	**40.9**	**12**	**41.0**	**13**	**23.6**	**34**	**24.7**	**17**	**32.56**	**16**
Iowa	18.9	33	20.7	32	60.7	3	28.5	11	32.21	17
Connecticut	44.1	11	44.9	11	15.7	43	15.4	32	30.02	18
North Dakota	3.0	48	3.6	48	86.5	2	22.8	21	29.00	19
Washington	31.2	16	33.7	17	23.3	35	27.6	12	28.96	20
California	50.4	8	47.8	10	11.9	48	5.7	42	28.94	21
Oklahoma	19.7	28	21.2	30	50.6	7	23.8	20	28.80	22
Minnesota	19.4	31	21.6	29	41.7	13	32.3	6	28.72	23
South Carolina	26.2	21	27.7	21	30.3	22	21.3	26	26.37	24
Ohio	**30.7**	**18**	**31.6**	**18**	**21.7**	**36**	**17.2**	**29**	**25.29**	**25**
Vermont	15.8	39	17.3	35	31.9	19	28.9	10	23.47	26
Massachusetts	32.4	15	33.7	16	9.3	49	15.7	31	22.77	27
MICHIGAN	**21.0**	**26**	**22.5**	**25**	**18.7**	**39**	**24.4**	**19**	**21.64**	**28**
South Dakota	0.7	50	0.9	50	58.7	5	25.4	16	21.43	29
Mississippi	16.7	36	17.2	36	38.4	14	12.9	35	21.30	30
Indiana	**24.9**	**23**	**26.6**	**23**	**26.8**	**28**	**6.2**	**41**	**21.12**	**31**
Maine	19.5	30	21.7	27	27.6	25	15.8	30	21.12	32
Nebraska	5.9	45	6.6	45	44.6	11	26.7	14	20.98	33
Utah	25.0	22	27.2	22	28.1	24	3.2	49	20.85	34
Nevada	19.5	29	21.0	31	23.7	33	17.2	28	20.35	35
Louisiana	24.5	24	23.5	24	24.1	32	5.5	44	19.40	36
Kansas	5.3	46	5.7	46	42.6	12	21.6	24	18.77	37
Montana	1.6	49	1.7	49	46.5	9	22.0	22	17.93	38
Alabama	16.1	37	16.9	38	27.5	26	10.6	37	17.78	39
Georgia	**20.9**	**27**	**21.9**	**26**	**18.1**	**40**	**5.6**	**43**	**16.63**	**40**
Kentucky	16.8	35	17.8	34	24.9	31	6.7	40	16.52	41
Arkansas	9.4	43	10.2	43	36.2	15	10.1	38	16.47	42
Arizona	21.8	25	21.6	28	13.6	46	3.7	48	15.19	43
Missouri	**13.2**	**40**	**13.8**	**40**	**27.0**	**27**	**5.2**	**46**	**14.82**	**44**
Tennessee	**16.1**	**38**	**16.4**	**39**	**17.2**	**41**	**5.4**	**45**	**13.76**	**45**
Idaho	7.1	44	7.9	44	26.4	29	13.0	34	13.59	46
New Hampshire	12.5	41	13.5	41	12.4	47	15.0	33	13.36	47
Oregon	10.8	42	11.8	42	19.9	38	7.6	39	12.54	48
Hawaii	19.3	32	17.0	37	0.0	50	4.3	47	10.16	49
New Mexico	3.6	47	3.6	47	25.4	30	0.2	50	8.21	50

Table 1 provides each states' overall Funding Index score and ranking in the final column, as well as the four methods of comparison used in the analysis. For example, by funding per capita (third column), Michigan ranks 39th, but by funding per centerline-mile (first column), Michigan ranks 26th. Our analysis demonstrates the influence that the method of comparison can have on state-by-state rankings, and accounts for such differences by combining multiple approaches in a wholistic manner.

Evaluating Michigan's road funding for each individual year across this decade supports the view that Michigan has "historically underfunded" its roads and bridges. For example, looking only at 2013, we find that Michigan ranked 45th nationally in road funding. However, there have been significant gains resulting from the 2015 road funding legislation. Michigan has not ranked below 30th since 2018 and ranked 24th in 2022.

This analysis does not undercut the importance of ongoing discussions regarding funding needs. Low funding levels prior to the 2015 funding package have likely created a maintenance backlog that many agencies are still struggling with. Additionally, bond funding will soon be depleted, and ongoing cost inflation will erode the purchasing power of funding if revenue does not keep pace.

However, this is not a moment of crisis. Michigan's road program is now reasonably well-funded. It would be prudent that discussions regarding potential revenue increases include consideration of policies that promote an efficient and effective statewide transportation program.

Our March 2025 report, "A Data-Driven Assessment of Michigan's Road Program" highlights several areas of inefficiency. We further note that additional research is needed to better evaluate how best to improve and establish a data-driven and fiscally sustainable State transportation program. Areas of research needed include:

- Cost pressures imposed on agencies by variable commercial traffic, construction costs, right-of-way complexity, and other factors.
- Adequacy of the Act 51 distribution formula in meeting the needs of said road agencies.
- Accuracy of current approaches to infrastructure condition assessment, forecasting, and long-term investment planning.
- Restrictions on local revenue options for road funding.

The Citizens Research Council of Michigan stands ready to assist the subcommittee in any way possible to better understand these complicated issues.

Founded in 1916, the Citizens Research Council of Michigan works to improve government in Michigan. The organization provides factual, unbiased, independent information concerning significant issues of state and local government organization, policy, and finance. By delivery of this information to policymakers and citizens, the Research Council aims to ensure sound and rational public policy formation in Michigan. For more information, visit www.crcmich.org.