GONGWER
SINCE 1906
MICHIGAN'S HOME FOR POLICY & POLITICS

Tuesday, March 25, 2025

Listen to the Report

CRC: Legislature Should Scrap, Replace Act 51 Road Funding Law

Policy discussions going forward on how to fund Michigan's road repairs should include all options on the table – chief among them being the repeal and replacement of the aging Act 51 of 1951 funding distribution law – the Citizens Research Council said in its latest assessment of state road dollars.

The report released Tuesday also highlights the fact that Michigan ranks 30th among the 50 states in road funding levels, which the CRC determined assessing data from 2012 to 2021.

Michigan is also 40th in road system conditions, according to the latest available data, and the state's road program performance, a measure of efficacy using current funding levels to maintain public roads, has declined between 2004 and 2024.

The state also has a propensity to let its roads fall into poor condition before engaging in meaningful preventative maintenance, and that needs to change, as well, the report said.

Eric Lupher, president of the Citizens Research Council of Michigan, during a presentation and press conference held Tuesday said the report shows Michigan needs novel approaches and more work needs to be done to secure more resources for roads and bridges.

"We applaud the governor and Legislature for addressing the difficult policy decisions related to dedicating more resources to the road system," Lupher said. "However, we think what is done with the resources in the system matters as much as the total funding levels. The fact that most of Michigan's peer states have achieved better system conditions than Michigan and several of them have achieved better condition with similar or lower funding levels is one red flag that what we've been doing isn't working as well is it should."

Eric Paul Dennis, associate for infrastructure policy with the CRC, said evidence suggests there are multiple inefficiencies in the state's current system.

"Allocating more funding to roads without addressing these inefficiencies may reinforce systemic problems without making much progress in fixing the roads," Dennis said. "Michigan's citizens and taxpayers deserve a thorough evaluation of transportation funding policy before being subjected to substantial tax increases or redirecting general fund revenue from other programs."

From 2004 until 2020, Michigan's road funding program was primarily supported by the Michigan Transportation Fund and federal aid, both to the tune of billions of dollars. In 2020, road funding increased from both of those resources but got a boost from Rebuilding Michigan bond expenditures, which are leveling off, according to data by Dennis during Tuesday's presentation.

Dennis added that Michigan was one of the few states that calculates a state-specific highway construction cost index, which also allowed the CRC to review the data as 2024 adjusted inflation dollar amounts by converting it to purchasing power. That also gave CRC a good look at what road funding over the last decade looked like with or without the more recent bond funding program.

"In 2024, we spent about $2.6 billion on roads and bridges in nominal terms. In 2023 dollars, this was worth about $5 billion. As our nominal funding remained fairly flat through 2016, inflation ate away at our effective purchasing power until reaching a low point of $3.8 billion, in 2023 dollars, in 2016," Dennis said. "After 2016, the 2015 road funding legislation kicked in, and so we quickly ramped up. In 2024, we were spending about $5.3 billion or $5.9 billion if you include the bond funding. I think it's relevant to note that even without bond funding, we are now better funded than at any point we have been within the last two decades. That said, if nominal funding stays flat, as we can see, inflation can quickly eat away at our road purchasing power, as we've seen in the past."

Dennis said CRC spent weeks analyzing multiple federal data sources of road funding to compare Michigan accurately to other states, which also helped create the novel state road funding index featured in Tuesday's report.

Michigan received an index score of 19.6 in funding per system miles. That means – when looking at revenue, distributions and capital expenditures – Michigan has a national ranking of 27th among the 50 states in terms of funding per public road system. That also means Michigan is one of the most well-funded states in that category.

Michigan's rankings were similar across funding per lane mile with a bridge cost adjustment factor baked in, as well as funding per capita, which put Michigan at 26th among 50 states.

Dennis also noted that if one wanted to understand the challenges the state is facing in terms of using its funding to maintain the system, the damage caused by truck traffic was a good start. In terms of funding per truck, Michigan rates 18th on the list.

That puts Michigan at a final index score of 30th overall.

Complicating the funding discussion further is that fact that the state's Pavement Surface Evaluation and Rating system, also known as PASER, is a subjective measure because the scores are calculated by driving down a roadway and noting real pavement conditions, such as cracking and roughness.

"It's really hard to do this very accurately by just driving down a road. So as a subjective metric, there's all sorts of human factors that might explain this recorded trend of rapid deterioration in the early years of PASER data measurement that may not have much to do with actual pavement condition," Dennis said. "It seems like the Transportation Asset Management Council incorporated and accepted this trend as ground truth and incorporated this into how they now do forecasts, which are all now consistently overestimating the rate of pavement deterioration. And this is important because this is the data that is used to get estimations of Michigan's road funding gap."

Dennis said that when people hear that $3.9 billion per year is what Michigan needs to get its road system in decent condition, the figure is based on that data and forecasts.

"I think that estimate should be critically reviewed," Dennis said. "It was based on a subjective metric, inaccurately forecast into the future. This really isn't how pavement management systems are supposed to work, and I think we can do better in managing our pavement and coming up with forecasts and funding estimates."

Dennis also noted that that the current hypothesis in road funding is that better funded systems would have better system conditions overall, which he said the data shows there was zero correlation between funding and condition on a state-by-state basis.

"There are 39 states that have better roads than us, but more than half of the states have achieved those system conditions with similar or lesser funding levels than Michigan," Dennis said. "So, it seems that we could be doing better."

In terms of pavement condition, during the periods highlighted in the report, a decline to fair condition was noted. Dennis said that was the middle ground in terms of road conditions, but when the data shows that over 20 years, regardless of rises and dips in funding, the data can only be interpreted as state pavement management system that was not facilitating cost effective maintenance projects.

"It seems we are letting our pavement somewhat rapidly fall into poor condition and then reconstructing them, rather than maintaining them in fair condition with cost effective routine maintenance," Dennis said. "Between this longitudinal analysis and our cross-state performance analysis, I think the takeaway is that funding is only one factor that determines condition of a road system; what you do with that money appears to be far more important."

Another issue is that Michigan's current distribution formula doesn't factor in the fact that road construction costs vary across the state. And, if Michigan were to start from scratch on road funding, Dennis said the data suggests that the state needs to reconsider its road ownership scheme.

"Michigan is a uniquely decentralized system. I think there are state trunk lines that would make more sense under local jurisdiction, but more often I think there are local routes that would make sense under state jurisdiction," Dennis said. "It might make sense for incorporated townships to own their own roads. It's kind of a historical artifact that they're left out of this whole funding distribution formula."

The overall policy implication, Dennis added, was that Michigan spends too much time thinking about funding and not enough time thinking about how that funding is spent, and the Act 51 funding law is the biggest contributor to that problem. Another issue is that Michigan's current distribution formula doesn't factor in the fact that road construction costs vary across the state.

"This law just isn't working for Michigan, and I think it's beyond repair. We should start from whole cloth by considering what an appropriate 21st Century Road program should look like," Dennis said. "We have ways of understanding funding needs much better now than we did in 1951. For example, we can actually measure traffic demand, including truck traffic, which is the main driver of pavement deterioration and related costs. ... All of this stuff would require difficult political discussions, but we shouldn't just keep ignoring it. Replacing Act 51 would take time and effort, but I think it would be a mistake to keep putting more money into this framework and expect different results, some additional approaches."

– By Ben Solis

Back to top