RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

May 3, 2012

The Honorable Fred Upton
United States House of Representatives
2183 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Upton:

Congratulations on your recent appointment to the conference committee for the surface transportation reauthorization bill. Congress has made great progress in advancing the legislation this year. The transportation industry in Michigan and throughout the country is optimistic that the committee can quickly reach agreement on a bill that will produce a solid program structure to optimize the investments in our nation's infrastructure.

Without a new surface transportation authorization bill that places federal transportation programs on firm footing, we will continue to struggle with the uncertainty caused by the precarious financial situation facing the federal Highway Trust Fund (HTF). The Congressional Budget Office estimates that the HTF balance will be exhausted at some point in fiscal year 2013. It is exceedingly difficult for transportation agencies and contactors to effectively plan for both the long- and short-term when this type of uncertainty hangs over every decision.

The committee will likely be contemplating a number of important reforms that will better focus federal resources. These include provisions aimed at accelerating project delivery, enhancing transparency and accountability through performance measurement, and increasing flexibility by consolidating programs. The Michigan Department of Transportation (MDOT) fully supports these improvements, and we continue to believe these reforms hold the promise of delivering better results.

It is important that transportation agencies be given more tools to help fill the gap that exists between infrastructure needs and available funding. This should include enhancements to the Transportation Infrastructure Finance and Innovation Act program and other measures to promote more private sector investments in public infrastructure.

There are also a number of issues important to Michigan that we would like to bring to your attention as the conference committee begins deliberations:

1. Continued Flexibility in Use of Congestion Mitigation and Air Quality Funds – Michigan has benefited greatly from a provision included in Section 1808 (h) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) that offers greater flexibility in the use of Congestion Mitigation and Air Quality (CMAQ) funding. This provision allows transportation agencies in Michigan to escape the mandated time limits for using CMAQ funding for the operational costs of Intelligent Transportation Systems, and it ensures the continuation of improved traffic flow and air quality benefits attained through projects of this type. If this provision is not extended in the conference legislation, Michigan would lose flexibility that remains crucial to urban areas across the state.

2. CMAQ Suballocation and Set-Asides Add Complexity – Moving Ahead for Progress in the 21st Century Act (MAP-21) proposes to add several new requirements for suballocating and subdividing CMAQ funding that will make the program far more complex and result in an uneven playing field for contractors competing for federal-aid projects. If these provisions were not included in the conference committee legislation, Michigan would benefit.

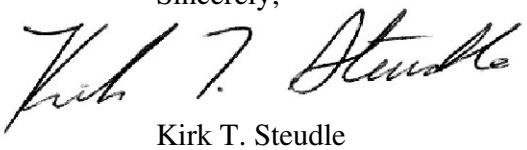
3. Dedicated Funding for Bus Capital Projects – Transit agencies in Michigan have long relied on the dedicated funding for bus capital projects that has been provided through a program authorized in 49 USC 5309. The program has provided roughly $1 billion per year for bus capital projects nationwide, and agencies in Michigan have averaged a combined total of $33.4 million per year over the 2005-12 fiscal years. MAP-21 attempts to re-engineer the program to gear it more toward fixed guideway systems, and it attempts to address the needs of bus systems by directing more funding through formula-based programs. For Michigan, the combined effect of these two changes would reduce funding to transit agencies in Michigan by nearly $25 million per year or 17 percent. Transit agencies in Michigan would benefit if either a bus capital program similar in size to that which exists today were to be continued in the conference legislation or if the increase in formula funding were better directed to states that are impacted the most by the structure proposed in MAP-21.

4. Continued Vigilance on Donor State Equity – States that have long found themselves on the losing end of the highway formula funding equation have fought hard over the past several decades to secure an equitable share of highway dollars. In this challenging fiscal environment, it is remarkable that reauthorization legislation approved by the House Transportation and Infrastructure Committee actually increased the rate of return for donor states to 94 percent. This provision in the American Energy and Infrastructure Jobs Act offers an excellent road map to donor equity provision that will benefit Michigan.

We greatly appreciate your efforts in representing the transportation interests of Michigan in the reauthorization process thus far. We remain optimistic that, with your continued efforts, the process will result in sound legislation that meets the pressing need for renewed federal transportation funding in Michigan. MDOT has been fully engaged in the national dialogue on reauthorization since efforts began long before SAFETEA-LU was set to expire in 2009, and we stand ready to provide any assistance you need to see this through to completion.

If you have any questions or we can be of further assistance, please feel free to contact either me or David E. Wresinski, Director, Bureau of Transportation Planning, at 517-373-0343.

Sincerely,



Kirk T. Steudle
Director

BTP:IPD:CH:ab
cc: Eric Brown
Kelly Bartlett
Dave Wresinski
Polly Kent
Maria Bowerman
Executive File