



# Transit Action Agenda for Michigan

A Policy Path Towards Transforming Public  
Transportation In Michigan

**TR** Transportation  
Riders United





# Information

Transportation Riders United is a Detroit-based nonprofit organization with over 20 years of transit advocacy experience. TRU believes everyone should be able to get where they need to go, regardless of whether they drive. TRU educates, advocates, and mobilizes for more and better public transit and other affordable, sustainable mobility options throughout the Detroit region.

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# Summary

**Michigan has a unique opportunity - and an urgent need - to transform our state's approach to public transit.**

Despite that, the availability and reliability of transit across the state has been eroded in many ways over recent decades: Lower investment compared to our peer states, layers of policy and organizational thinking that favor a focus on cars, and treatment of transit as solely an option of

last resort. These barriers have also characterized state legislative leaderships' policy approach.

Now is the time to change that. The historic alignment in our state's politics, momentum in our urban areas, and renewed availability of federal resources for transit provide a tremendous opportunity for our leaders to reverse decades of stagnant support for transit. Doing so will save Michiganders money and increase equitable access to opportunity while enabling the state to meet its climate commitments and become a more attractive place to live, visit, work, and invest.

By making bold investments, addressing constraints on existing funding structures, modernizing our state department of transportation's operations, and lowering legislative barriers for great transit in our cities, we can develop the high quality public transit our state deserves.

**We need to have transit systems that are timely, cost-effective, that are coherent**

- Lt. Governor Gilchrist, 2019





# Why Transit is Essential

Public transit is a crucial but often overlooked component of Michigan's transportation system. There are 77 public transportation agencies providing transit service in urban, suburban, and rural areas serving every county across the state. Before the pandemic, these agencies were providing 81.5 million trips annually.

Public transit is a critical link to opportunities, obligations, and everyday life for many people across our state, especially elders, people with disabilities, students, and many of our essential workers. **The absence of reliable service not only leaves people who need transit the most behind, it keeps us from realizing how public transit could improve the lives of more Michiganders.**



## Access

**Investing in quality public transportation makes Michigan and its opportunities more accessible.**

Many Michiganders drive by default, not by choice. An estimated one-third of Michiganders cannot drive and depend on public transit for all mobility not provided by friends or family.

Public transportation provides critical links to jobs, schools, universities, doctors offices, local businesses, houses of worship, recreation, and our state's top destinations. Making transit service more reliable and broadly available will help those who already depend on transit, provide realistic options for them, and benefit everyone who uses transit.

**Investing in fast, frequent, reliable transit will make Michigan more accessible.**

1. Public transit gives Michiganders of all ages freedom of mobility choice.

2. Public transit empowers those with disabilities to get where they need to with dignity.

3. Public transit connects households that can't afford car ownership with more opportunities and their everyday obligations.

4. Public transit makes Michigan a state where driving doesn't determine someone's destiny.



## Affordability

**Reliable transit saves Michigan families money and is a fiscally sustainable way to support our economy.**

Michigan families pay some of the highest transportation costs nationwide, making up 20-40% of household budgets. These costs are driven by our reliance on cars, the highest insurance premiums in the nation, and the types of unexpected repairs that poor road conditions can cause. Many households could save up to \$10,000 a year if they were able to get around with one less car.

**Michigan also has an ongoing problem keeping up with the cost of road maintenance.** Stronger investments in transit can help control rising road maintenance and construction costs in Michigan by investing in transportation alternatives before road expansion. Projects that add lanes and more pavement continue to be built in Michigan without the necessary increases in revenue or population growth to justify the costs. Public transit offers

households choices beyond car ownership and gives lawmakers the opportunity to invest in alternatives that have been proven solutions to alleviate traffic and control the rising cost of maintaining roads.

**Improved public transit will make Michigan more affordable and fiscally sustainable.**

1. Reliable public transit lowers household transportation costs, including car insurance, gas, and repairs.
2. Balancing our road spending with better funding for public transit and multimodal projects can help control the rising maintenance costs of infrastructure in Michigan.
3. Reliable public transit is essential to making sure everyone has an affordable way to work and school.
4. Consistent funding makes sure our transit agencies can sustain and grow the wages of our transportation operators

## Public Health & Safety

**We need reliable public transit for a safer and healthier mobility future in Michigan.**

Access to reliable public transit can help address some of the biggest public health and safety issues in Michigan, including car crashes, obesity, and asthma exacerbated by polluted air. Transit helps Michiganders reach doctor's appointments and other healthcare needs. More reliable and available transit can make it possible for more people to live active everyday lives with less driving.

**Quality public transit gives those who can't or shouldn't drive alternatives and is a way for leaders to address rising crashes and traffic deaths in Michigan.** In 2021 alone, there were close to 300,000 reported crashes and over 1,100 deaths on our roads, but just four transit fatalities across Michigan.

### Michigan's Transportation System Fails Many Michiganders



#### Unable due to Age (Youth)

19% of Michiganders are under 16.

#### Unable due to Age (Elderly)

3% of Michiganders are over 65 and without a license



#### Legally Unable

21% of Michiganders are legally barred from driving. This number includes many immigrants and individuals with suspended licenses.



#### Financially Unable

39% of Michiganders live below the United Way Alice threshold of what it really costs for a household to pay all essential bills, including transportation



#### Physically Unable

27% of Michiganders have a disability, with many disabilities affecting one's ability to drive.

## Expanded public transit will help create a safer and healthier Michigan.

1. Public transit is the safest, most energy, space, and resource efficient way to move people.
2. Public transit is a crucial connection provider, especially for seniors and people with disabilities.
3. Public transit facilitates a safer transportation system that includes more space for people walking and biking, along with alternatives that reduce the dominance of driving as a default.
4. Public transit is an alternative that addresses risk factors contributing to Michigan's increase of crashes and traffic deaths including aging, distracted driving, substance use, and poor weather conditions.

## Climate Future

**Meeting Michigan's climate commitments requires more reliable, available public transit to lower the need to travel by car.**

Transportation is the leading source of climate pollution and remains stubbornly high despite improvements in fuel efficiency. Hybrid and electric vehicles are great but not enough, not as long as people keep driving more and further every year.

Walking, biking, and transit must be safe, reliable, and convenient for people to drive less. The MI Healthy Climate Plan highlights the importance

of transit and commits to increase access to clean mobility - including public transit - by 15% a year. Now state leaders need a plan to make that happen.

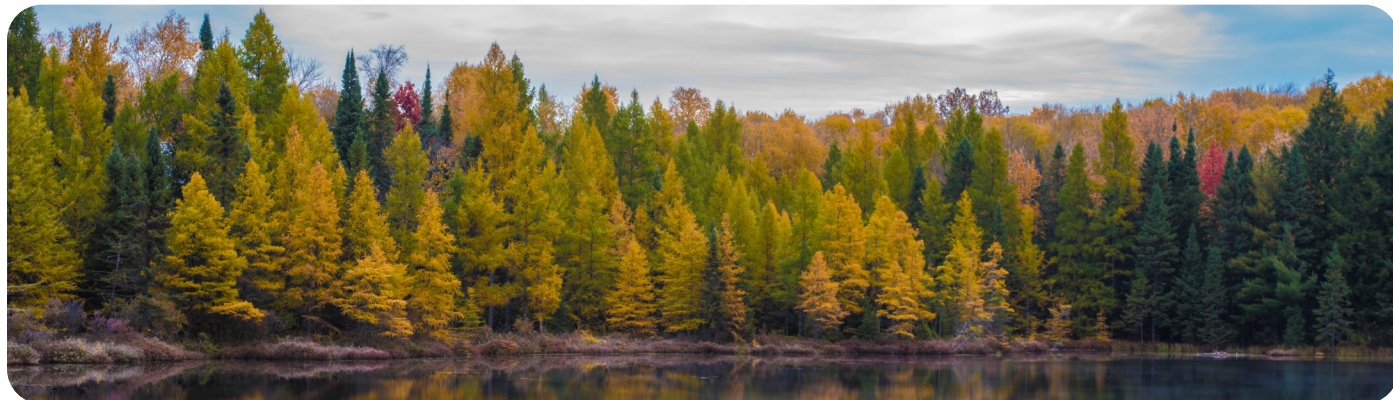
Boosting access to reliable public transit empowers individuals to seek alternatives that reduce transportation emissions and lower our energy consumption overall.

## Public transit is important to our climate response and electrified mobility future in Michigan.

1. Addressing the climate crisis in Michigan will require reducing how much people in our state drive, not just making our existing transportation network electric.
2. Public transit puts a clean mobility future in reach for more Michigan families and addresses existing inequalities in our transportation system.
3. Car dependent mobility puts drivers in harm's way during extreme weather events like flooding and winter storms.
4. The land use associated with sprawl and car-centered infrastructure is a threat to our state's natural landscape, even with electric vehicles.

## Competitive Michigan

**Our state needs strong public transit to retain and attract Michiganders and compete with our peer states.**





Younger demographics are turning away from car ownership and choosing to live in places where driving is an option, not a requirement. To attract and retain the young people who will lead Michigan's future, our state's transportation system must evolve to include more robust transit that supports walkability and urban vitality. Growing Michigan's population and economy will mean shifting investment towards a 21st century transportation system instead of widening highways and requiring all residents and visitors to drive to get anywhere.

### Public transit is part of a more attractive and competitive future in Michigan.

1. Attracting and retaining a new generation of talent for the future of our state will require better access to reliable public transit in our cities and metropolitan areas.
2. Reliable and frequent public transit supports the type of density, walkability, and neighborhood

vitality that many young Michiganders are leaving the state in search of.

3. Stronger investments in rail and intercity bus service can help boost tourism in our state and create stronger connections between Michigan cities and more of the Great Lakes region.

4. More stable funding for our public transportation agencies will make Michigan more competitive for discretionary funding that can pay for bigger mobility projects in the future.

## Take Aways

Public transit is vital to our state. Investing in a 21st century transportation network will open up opportunities to more Michiganders, save us money, and boost quality of life statewide. Reliable, high quality public transit is a proven solution to Michigan's mobility challenges and will help us build a more environmentally responsible and attractive future in Michigan.



**To attract and retain the young people who will lead Michigan's future, our state's transportation system must evolve to include more robust transit that supports walkability and urban vitality**

# Transit Funding in Michigan

**Like libraries, fire departments, and parks, transit is a public good that requires public investment.**

- Federal funding
- State funding
- Local taxes
- Directly generated funds from fares, ads, and contract services.

Transit agencies need funding for two main categories of expenses:

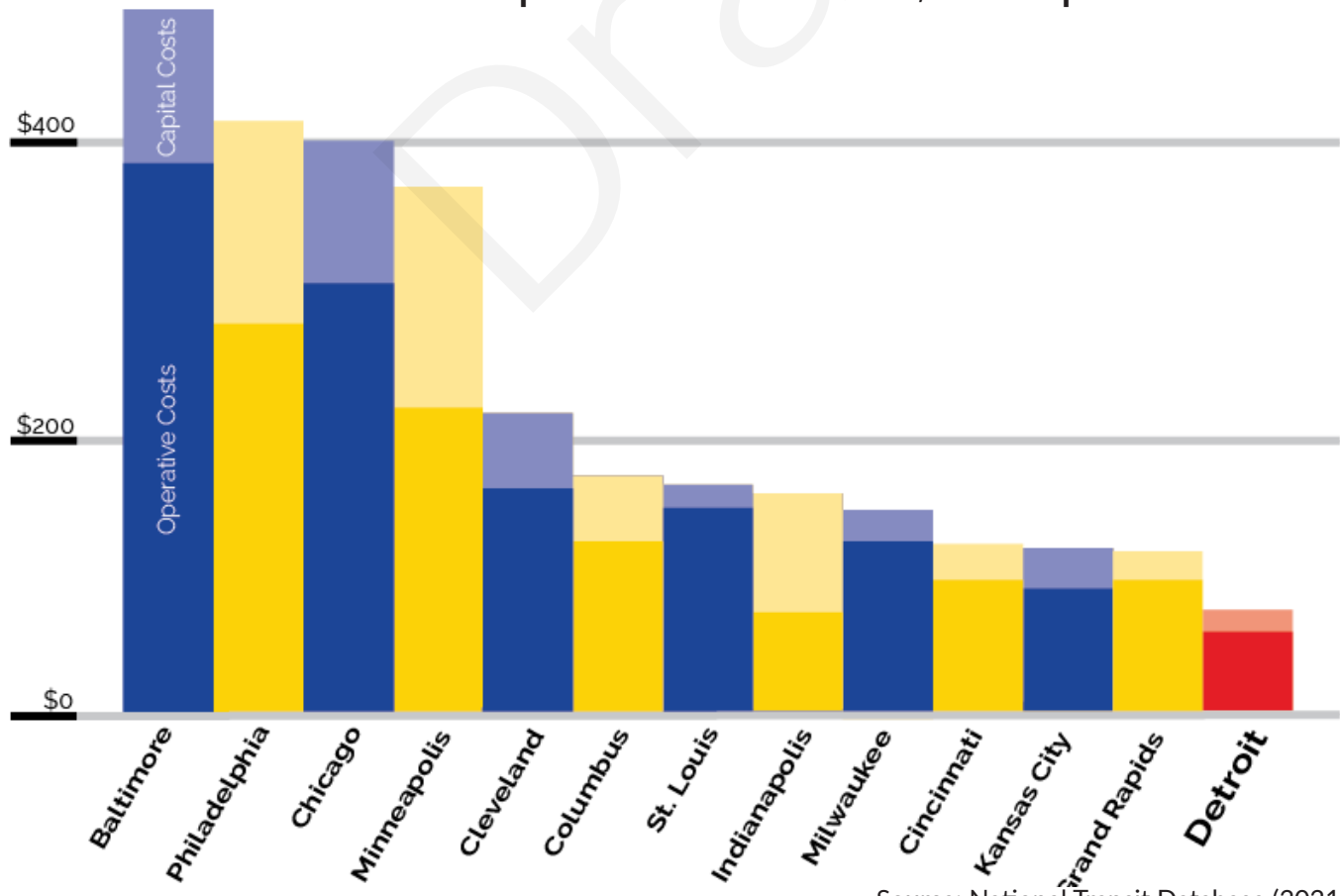
- Capital expenses, including buses, maintenance equipment, and buildings.
- Operating expenses, including paying drivers, mechanics, schedulers, and customer service staff, plus employee benefits and vehicle fuel.

**For decades, Michigan communities have invested far less than comparable communities in transit on a per capita basis and less than  $\frac{1}{3}$  as much as major cities like Chicago or LA.** This is unfortunately demonstrated in Michigan's poorer transit service quality and quantity.

Funding for public transit comes from four main sources:

Getting to know how Michigan pays for transportation infrastructure is the first step to

## Transit Investment in Comparable Metro Areas, Per Capita



Source: National Transit Database (2021)

understanding and developing solutions to the unique funding problems our public transit agencies face. **The distribution of transportation funding in Michigan is determined by state statute, specifically Public Act 51, signed into law in 1951.** Revenue is sourced from an array of taxes, fees, and funding programs at the state, local, and federal levels and managed through the Michigan Transportation Fund.

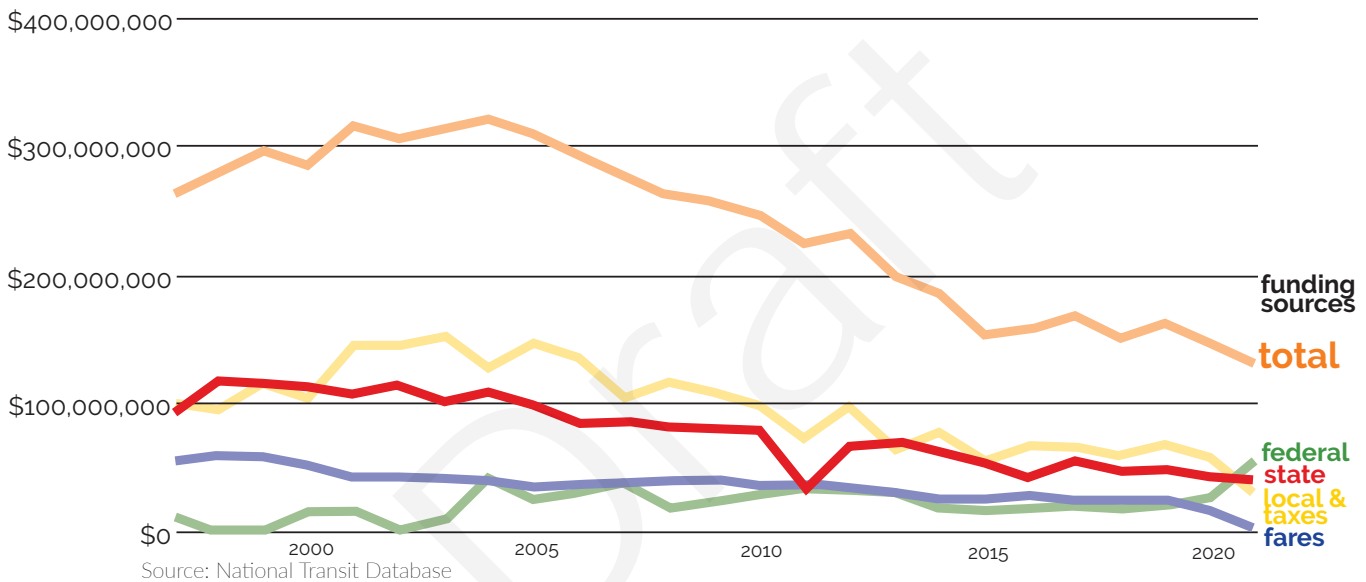
## Michigan Transportation Fund

Michigan levies a fuel tax at the pump, dedicates vehicle registration fees, a portion of income taxes, and an excise tax on marijuana sales to support the

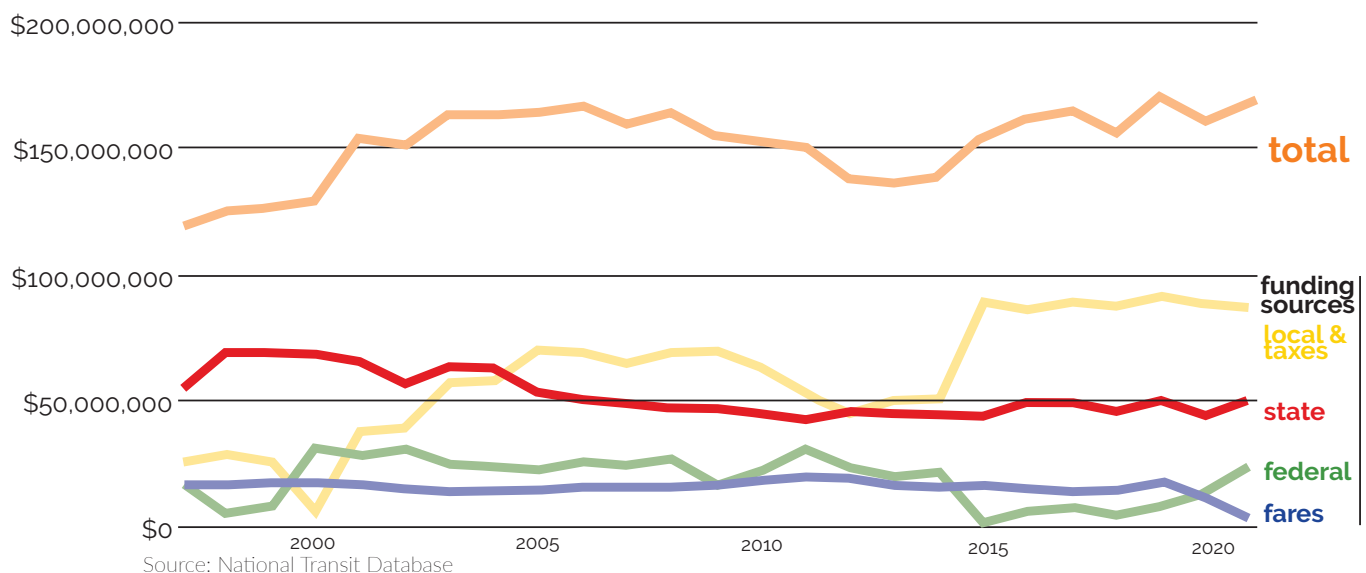
Michigan Transportation Fund. This fund is then split into three different pots:

- The State Trunkline Fund is used to build and maintain roads and bridges along the state routes, which have Michigan, US highway, or Interstate signage.
- The Local Program Fund supports the many municipalities, counties, and road commissions that maintain county and local streets.
- The Comprehensive Transportation fund is the only one of these three pots to support public transit and greenways.

### DDOT Operating Budget, 1997-2021 (Inflation Adjusted)



### SMART Operating Budget, 1997-2021 (inflation Adjusted)





## Comprehensive Transportation Fund

The Comprehensive Transportation Fund (CTF) is a state restricted fund that is used for public transit expenses and other non-road transportation expenses. The fund helps **pay for intercity bus service, passenger rail, freight rail**, MDOT administrative costs, and some transit agency expenses. **The CTF funds many important transportation obligations with quite limited funds.** The CTF's revenue is made up of streams from driver's license fees, 4.65% of auto-related sales taxes, and up to 10% of funds from the Michigan Transportation Fund.

PA 51 calls for up to 10% Michigan Transportation Fund to go to the CTF. This transfer has not reached the statutory ceiling for decades, averaging around 8% for the last 20 years. The CTF's allocation from the MTF was further eroded in 1992, 1997, 2018, and 2020 by spending for other things taken out before the dollars reached the CTF. These deductions include spending on rail grade crossings, road debt service, reallocations for state bridge programs, and the Transportation Economic Development Fund.

The largest share of the CTF is used to cover capital and operational expenditures for the state's transit agencies. PA 51 outlines the priorities of the fund including:

- Up to 50% of local bus operating expenses for urban systems and up to 60% for non-urban systems (currently only 29% and 35% of expenses are funded),
- At least \$8 million to local bus capital expenses,
- At least 10% for intercity passenger or freight rail
- \$2 million to municipalities for a credit program to be used for reducing public transit operating deficits.

**These funding decisions were made by previous legislatures and can be updated by today's legislators to better meet Michigan's present needs.**

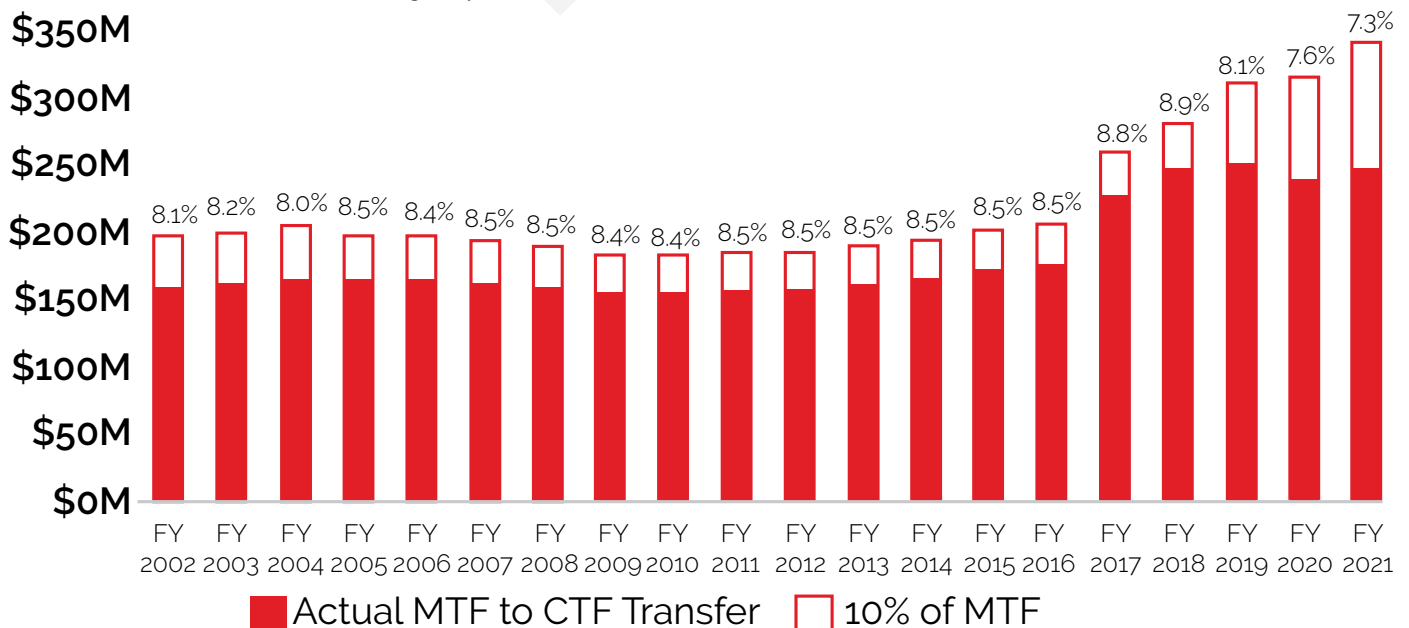
## Local Revenue

Local revenue is an important part of transit agency budgets, typically making up about 35% of total revenues. **Local taxes for Michigan's public transit are mostly collected through property tax millages** levied specifically for transit providers. This is the case for most of Michigan's transit agencies including SMART in Metro Detroit. In some cases, cities fund transit directly through their municipal budgets, which is how DDOT is funded within the City of Detroit.

Throughout the rest of the country, **most metro regions fund their public transit through a local dedicated sales tax or through a combination of**

### Revenue Transfers from the MTF to the CTF, Fiscal Years 2002-2021

Source: House Fiscal Agency



**numerous funding mechanisms**, which spreads the cost. However Michigan's constitution currently bars counties or metro regions from levying a sales tax. This significantly limits the revenue transit agencies can raise locally. Transit agencies in our peer states usually exist separately from their municipal governments, protected from other budgetary needs.

## Property Taxes

Because so few other options exist, **most Michigan transit agencies are locally funded through a local property tax**. Yet Michigan cities are overly reliant on property taxes to pay for not just transit but also schools, libraries, police, fire, and most other local needs. These are further constrained by the Headlee amendment and Proposition A which diminish the funds available for public services when values go down. Because so many services rely on the same funding source, transit is sometime seen as competing with schools or police for limited property tax dollars, especially where property taxes are already high.

Local transit taxes are usually limited to 4-5 years at a time, requiring transit agencies to go back to the ballot every four years to request a renewal or increase of funding. This also limits long-term planning or bonding, since there is no guarantee of funding past four years. Despite all these hurdles and most voters not riding transit, **Michigan voters consistently support transit service by voting yes on most local transit millages**.

## Federal Funds

The US Department of Transportation (USDOT) supports local transit agencies primarily by covering the majority of capital costs, like new buses. USDOT also administers a number of federal grant, discretionary, and formula funding programs to support the planning and implementation of transportation projects by state and local agencies.

USDOT also funds up to half the costs of construction of major rapid transit construction projects around the country, but only if local communities have raised the other half locally, have ongoing operating funds committed for the next twenty



years, and have completed a long federal application process. Very few transit projects in Michigan have succeeded in getting those “new starts” funds, due to the local funding limitations listed above. So Michiganders’ federal tax dollars are funding rapid transit projects in other states that are then out-competing us.

Being competitive for federal funding requires effective coordination between local, regional, and state agencies. A historic lack of intergovernmental cooperation in Michigan and inconsistent funding for long-term planning has made us less competitive for some of these dollars. Many discretionary programs have criteria that benefit projects that are already well connected to existing transit infrastructure, meet certain ridership goals, or are part of larger coordination efforts. MDOT supports local transit agencies by providing matching funds for replacement buses and helping rural agencies access federal dollars.

Federal funding is typically limited to capital expenditures, but select programs like the Congestion Mitigation and Air Quality (CMAQ) program, Urbanized Area Formula grant, and Formula Grants for Rural Areas can help with operating expenses. These are often used by transit agencies for new bus purchases and other fleet services.

Greater state investment and more local funding options would both make Michigan more competitive to bring home more federal funding.



## Flexing Federal Funds

In addition to dedicated transit funds, the USDOT provides states and municipal planning organizations like SEMCOG (the Southeast Michigan Council of Governments) with billions in transportation funding, much of which can be “flexed” to be used for transit purposes if the state so chooses. This includes not just the CMAQ program Michigan has often flexed, but also Surface Transportation Block Grants, Highway Safety Improvement Program, National Highway Performance Program, State Planning and Research, and the new Carbon Reduction Program.

While sometimes referred to as highways programs, states and metro regions have a great deal of flexibility in how those funds are utilized. In fact the USDOT encourages localities to flex their funds to meet critical local needs, such as bus stop improvements, pedestrian and bicycle improvements near transit stops, ADA-compliant curb cuts, streetscaping, signage, and preservation of historic transit buildings for transit use. Michigan flexes less than 4% of flexible federal funds for transit projects, mostly through the CMAQ program, half of which still funds road projects.



**While transit funding is a complex mix of many sources, transit funding is all made by choices from elected and appointed leaders. Michigan's underfunding of transit is a choice that can and must change.**



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# Lessons From Other States

State government officials, transportation professionals, and policy minds around the country are mulling over solutions to many of the same challenges we've outlined here, and there are promising practices that offer key lessons for our efforts to redefine mobility in Michigan. Michigan can look to states with similar development contexts, goals for the climate and equity, and political circumstances for lessons that can help tackle our transportation challenges at home. Colorado, Minnesota, and Indiana were all examined as peer states with examples of policy and efforts that could be considered in Lansing.



## Colorado

- Like Michigan, Colorado relies heavily on fuel taxes and registration fees for long-term transportation funding.
- Funding of transit at the state level has been limited historically, but leaders have begun to recognize the importance of transit as a part of their climate solution.
- Colorado's 2019 Climate Action Plan set state-wide goals to reduce emissions by 26%, as a result, CDOT and the state's MPOs are required to meet specific reduction targets every 5 years.
- Proposed transportation projects must be

reviewed and modeled to ensure they contribute to reducing emissions. Funding must be directed towards alternative options or mitigation measures if they do not.

- CDOT's travel modeling takes account of factors like induced demand, air quality, and expanded active transportation networks, enabling better project selection and decision making.

Colorado has been working toward creating new legislation designed to provide long-term dedicated funding for transportation. SB 21-260, passed in June 2021, raises funds through fiscal year 2031-2032 in a few different ways. The first is a road usage fee applied to fuel purchases (increasing from two cents per gallon to eight cents per gallon by 2028), a per-use fee for rideshare services and retail delivery, and an increase to an existing electric vehicle registration fee that ramps up over time to encourage continued short-term adoption of EVs. One-time revenues from the Federal COVID State Fiscal Recovery Fund as well as a mix of one-time and annual revenues from the General Fund will also be transferred to various accounts dedicated to transportation investment. The full legislative package is projected to raise \$5.4 billion for transportation through 2032.

Colorado leaders recognize the importance of public transit as a tool to combat climate change, decrease roadway congestion, and improve accessibility, and this reality is reflected in the state's future funding priorities. Of the \$5.4 billion transportation funding anticipated from this investment, there are allocations for electrification of public transit buses, the Multimodal Mitigation and Options Fund eligible to support transit operations, and the Revitalizing Main Street program, which funds improvements to pedestrian and bicycle infrastructure so that those using



non-motorized modes can connect more easily and safely to transit. **Only about 55% of this funding package is ultimately dedicated to highway and road projects**, which stands in stark contrast with more traditional transportation funding formulas.

## Minnesota

- Minnesota has been a leader in addressing climate change, supporting strong public transit in cities, and connecting transportation decision making to their goals to reduce emissions.
- Minnesota has a variety of funding streams specifically allocated to public transit in state law.
- Goals to advance sustainability and public health, increase the share of trips taken with public transit, and ensure alignment between MnDOT operations and state environmental policy are all specifically stated in MnDOT's governing statute.

- MnDOT maintains a dashboard of sustainability metrics that align with its strategic planning efforts and measures factors like Vehicle Miles Traveled, state level GHG emissions, complete streets, and frequency of biking and walking around the state.

Instead of a singular transportation fund, Minnesota's funding system consists of six separate funds, two of which are allocated to public transit. Under statute, at least 40% of the Motor Vehicle Sales Tax (MVST) must be apportioned to the Transit Assistance Fund, which is then divided between metropolitan transit agencies and Greater Minnesota transit. 38% of Motor Vehicle Lease Sales Tax (MVLST) are allocated to Greater Minnesota transit.

Minnesota offers a variety of mechanisms to fund public transit. In addition to the above funds, there are statewide grants that can provide supplementary funding for specific uses. Minnesota offers rural public transit operating grants that provide support for ongoing operations of transit service over the course of one year. Although this grant only applies for one year, it may provide rural transit providers with necessary funding to fulfill daily needs. For bus replacement, there is a separate Public Transit Vehicle Replacement Grant, which provides financial assistance to public transit service providers who are in need of replacement vehicles.

The statute governing the Minnesota Department of Transportation (MnDOT) outlines 16 goals for the agency. Several are specifically related to advancing sustainability and public health like increasing the share of trips taken using public transit, reducing GHG emissions, and ensuring that transportation planning is consistent with State environmental and energy goals. To monitor progress toward these objectives, MnDOT reports annually on a series of metrics that align with the priorities established in its annual strategic plan. MnDOT priorities include reducing transportation carbon pollution, sustainability efforts related to functions like facilities emissions, water consumption, fleet electrification, and salt usage, and





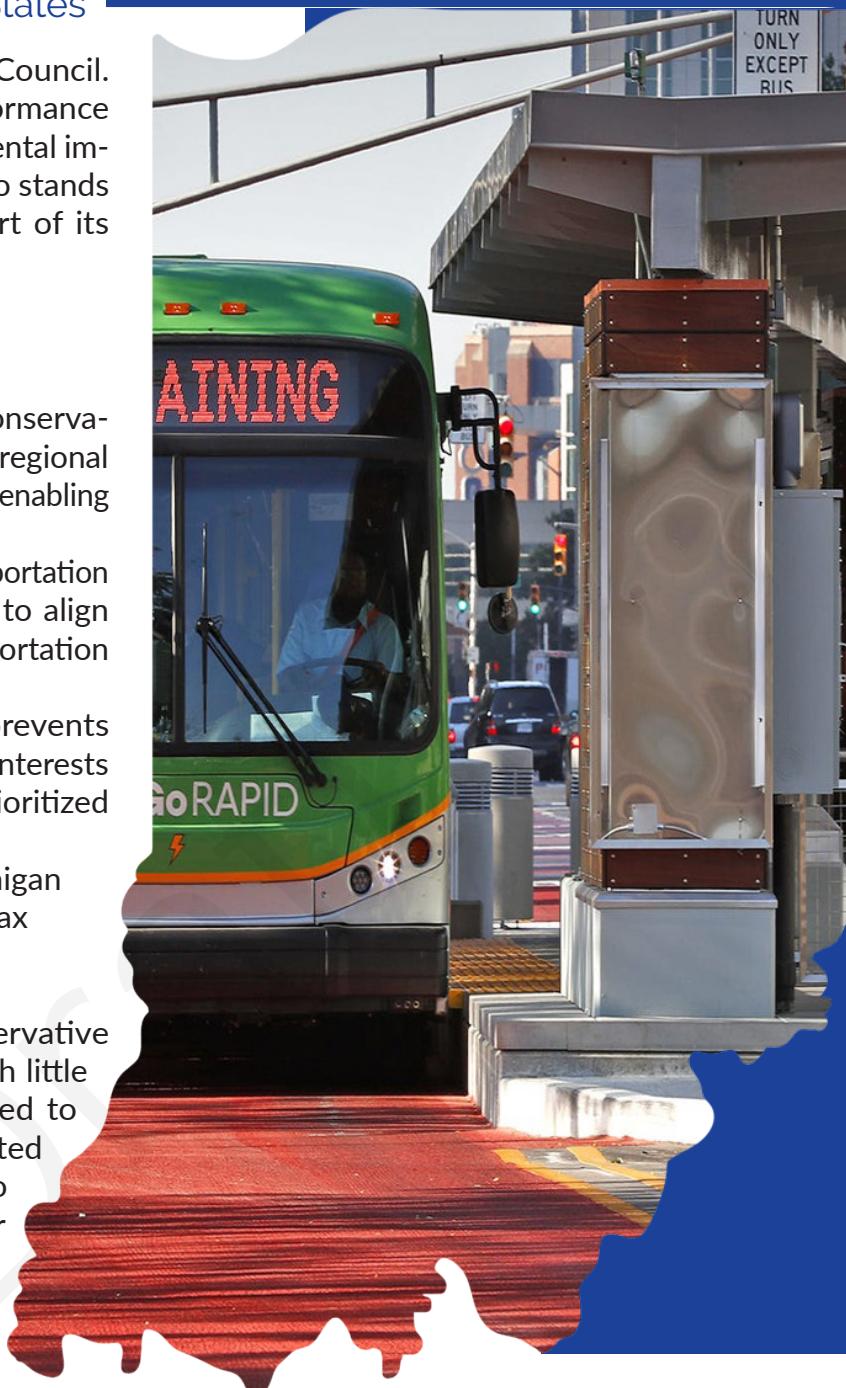
a Sustainable Transportation Advisory Council. MnDOT operates a MinnesotaGo Performance dashboard with key data about environmental impact, emissions, and transit. The state also stands out for including GHG emissions as part of its environmental review process.

## Indiana

- Indiana gives an example of a more conservative path towards lowering barriers to regional transportation planning in state law and enabling local funding options.
- The Indy Connect Comprehensive transportation plan is a successful model of efforts to align land use decisions with regional transportation planning.
- Indiana's public transit legislation prevents state investment in rail due to special interests groups, which is why the state has prioritized BRT investments.
- Indiana has similar limitations as Michigan on property taxes and no local sales tax option.

For years, Indiana took a typical conservative approach to transportation spending with little investment in public transit. That started to change when the state legislature granted the Indianapolis region the authority to put transit funding to a vote in 2014 after years of debate and false starts. Republican Mayor Greg Ballard of Indianapolis became one of the strongest champions for transit, making the case that the region needed a 21st century transportation network to attract business and keep young people from leaving the state.

The Indianapolis region then developed a comprehensive transportation plan known as Indy Connect, aimed at providing residents access to a multimodal transportation network of bus routes, rapid transit lines, walking and biking paths and roadways. Similar to Michigan, several constraints and the lack of a dedicated revenue source for transit inhibited the region's ability to put that into action, including no local sales tax and limits on property taxes.



Signed into law by Republican Governor Mike Pence, legislation gives the authority to the six counties in the Indianapolis region to increase local income tax rates by up to 0.25% and dedicate the revenue to transit — except for rail transit — if approved by a county voter referendum. The legislation also allows adjoining municipalities to increase taxes and join the transit district by local referendum if the county-wide vote in their county fails.

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# Getting it Done in Michigan

When all Michiganders can depend on convenient, high-quality public transit, we will save money, connect workers with jobs, minimize the climate crisis, and make Michigan a more affordable, attractive place to live, work, learn, and invest.

Michigan leaders must take these bold actions to provide the world class transit we need. These fall into three main categories:

## MAKE TRANSFORMATIONAL INVESTMENTS

1. Restore State Investment in Local Bus Operating (LBO)
2. Make Transformational Investments in Rapid Transit and Rail
3. Flex Federal Funds to Support Transit and Rail

## MODERNIZE MDOT

4. Quantify and Increase Transit Access and Quality
5. Create a mode neutral project selection process
6. Prioritize People Over Pavement

## ELIMINATE BARRIERS FOR LOCAL COMMUNITIES

7. Enable Local Funding Options
8. Amend RTA to Allow More Flexibility
9. Support cities' multimodal goals along state routes.





# Make Transformational Investments

As President Biden has often said, “Don’t tell me what you value. Show me your budget and I’ll tell you what you value.” Michigan must address constraints on funding that have starved transit agencies of sufficient funding for decades.

Michigan’s transportation budget and policies must prioritize core values of affordable access, safety, equity, sustainability, and accountability. Only with major increases in state funding and thoughtful prioritization of federal funding can Michigan provide affordable reliable mobility options for all.

**Michigan needs to invest \$1 billion each year in transit, rail, and active mobility.** Investing roughly double what’s been spent in recent years is necessary to start overcoming decades of neglect and making transit into a positive feature for the state. While significant, it’s just 15% of MDOT’s total budget and would put Michigan’s investment more in line with states like Colorado and Minnesota.

Transit must be prioritized as Michigan develops future transportation funding. As changing technologies and travel patterns effect the way Michigan raises money for transportation infrastructure in the future, lawmakers must ensure dedicated streams of funding for public transportation. Whether transportation is funded through a vehicle-miles-traveled charge, a carbon tax, general funds, or other means, Michigan must provide a breadth of reliable, affordable transportation options. Transit must be central in all future funding conversations.

## 1. Restore State Investment in Local Bus Operating (LBO)

LBO provides funding that is **vital to operating all of Michigan’s 77 local public transit services**, which together serve every one of Michigan’s 83 counties. At one time, the State of Michigan covered half the cost of running public transit in urban areas and 60% of the cost in rural areas, but that

investment has been declining for decades, now covering less than 30% and 35% respectively. As state investments declined, local communities had to either raise local property taxes, which not all can do, or else gut essential transit services riders depend on.

This decline in state funding has contributed to a widespread struggle to pay competitive wages to drivers. SMART and DDOT, for example, are short 20-25% of the drivers they need to fully operate, even after cutting back on service. This has resulted in a persistent no-show bus crisis of up to 20% of buses not showing up, devastating the riders who need those buses to get to work, school, doctors, and more.

**Michigan must restore the state’s investment in LBO** to provide 50% of urban and 60% of rural transit operating costs **with dedicated funds** that are not subject to every shift of Michigan’s political or economic winds. Restoring the state’s investment in LBO will enable local transit agencies to provide competitive wages, restore service eliminated in recent years, decrease pressure on local funding, and make existing service more reliable.

This additional investment could be achieved through modifying the portion of the auto-related sales tax invested in the Comprehensive Transportation Fund, correcting major loopholes in how auto-related sales taxes are collected, through transit investments from the state’s general fund, or through other mechanisms. All are policy choices within the legislature’s control.



**Michigan needs to invest \$1 billion each year in transit, rail, and active mobility.**

## 2. Make Transformational Investments in Rapid Transit and Rail

While LBO provides the essential operating funds for each community's transit, Michigan also needs to **make the bold investments that will bring Michigan's non-road infrastructure into the 21st century.**

Many major corridors in Michigan's larger cities have the opportunity and need for true rapid transit - either light rail or bus rapid transit (as long as it has dedicated lanes, high frequency, and enhanced stations). **Woodward, Michigan, and Gratiot** in metro Detroit, **Washtenaw** in the Ann Arbor area, and **Michigan Ave** in the Lansing area **have all been evaluated as ready for rapid transit**, they just lack the necessary funding to be accomplished. Rapid transit projects in moderate and large cities are among the top amenities young professionals want that Michigan fails to provide. (The Grand Rapids area has invested in rapid transit over the past decade and happens to be one of Michigan's fastest growing cities.)

Federal funds can potentially fund up to half of the cost but generally require matching local and state investments. Michigan has lost out on billions in potential federal investments because we have failed to invest locally - that must change. Using not only one-time funds, but every year, **the state of Michigan must fund the development of rapid**

transit through and between Michigan's cities.

Michigan has substantial rail infrastructure that connects our cities, but only portions of it are used for passenger service. Much of the service that does exist falls short of being frequent or reliable enough to provide attractive alternatives to drivers. MDOT has a state Rail Plan that deserves major investment. It includes boosting existing Amtrak service and developing coast-to-coast, north-south rail service, and rail linkages with Windsor-Toronto and Toledo-Cleveland. While the costs are not insignificant, these investments could be transformational in not only connecting big cities like Detroit, Lansing, and Grand Rapids, but also improving connections with communities like Traverse City, Cadillac, Mt Pleasant, Owosso, Alma, Holland, Plymouth, and others.

## 3. Flex Federal Funds to Support Transit and Rail

There are unprecedented levels of federal funding available for transportation and it does not have to be used in the ways it has in the past. The US Department of Transportation gives states enormous flexibility on how to spend the dollars they receive:

"Federal law allows Federal-Aid Highway Program funding apportioned to State DOTs to be flexed (or transferred) to projects administered by Federal Transit Administration for public transportation





projects, including projects that enhance transit or access to transit.” - <https://www.planning.dot.gov/flex.aspx>

**Michigan should flex federal funds to support necessary transit and rail investments** to ensure a balanced transportation network, not just more unsustainable highways. While Michigan has in the past flexed funding from the Congestion Mitigation and Air Quality Improvement (CMAQ) program to support transit, they can and should also flex funding from the following programs:

- Surface Transportation Block Grants (STBG)
- Highway Safety Improvement Program (HSIP)
- National Highway Performance Program (NHPP)
- Transportation Alternatives (TA)
- State Planning and Research (SPR)
- Carbon Reduction Program (new)

MDOT has the legal ability to use these funds for the state’s most important projects, which are not always highways. Many funds that have in the past gone towards highways should instead be utilized on alternatives in order for our state to reduce emissions, meet our climate goals, and support a balanced transportation network.



## Modernize MDOT

In the 21st century, a modern, effective Department of Transportation needs to be more than a Department of Highways, filling potholes, building roundabouts, and even building EV charging infrastructure. MDOT makes positive statements about multimodality, safety, equity, and addressing the climate crisis, but most of its structures and decision-making processes prioritize projects that promote driving at the expense of those objectives.

MDOT has also failed to use traffic models that account for induced demand or fairly consider more cost effective non-car alternatives. The Michigan Department of Transportation can better advance the state’s goals by aligning data collection, staffing, and decision-making processes with the state’s stated values and climate commitments.

With a few thoughtful changes, MDOT can better serve Michigan by providing a more affordable, equitable, climate-friendly transportation system that works for all Michiganders.

## 4. Quantify and Increase Transit Access and Quality

For more people to utilize public transportation, it must be available and accessible in the places people live and must be reliable and convenient. In order to achieve that, MDOT’s Office of Passenger Transportation (OPT) needs a direct mandate and sufficient funding to **quantify the transit that currently exists** across all of Michigan, evaluate the efficacy of transit in serving each community’s needs, **identify gaps** where communities lack sufficient transit (based on their population and job density and other relevant factors), and **support efforts to fill in those gaps and improve that service**. MDOT must then incorporate meaningful metrics on transit access and efficacy into their annual performance measures.

The OPT does a good job of what it has been mandated to do, particularly supporting rural transit agencies and getting them federal and state funds for buying new buses. They also need an explicit mission of measuring and consistently quantifying transit access and quality throughout the state, and then making plans to expand that access.





Elevating the OPT into a larger Bureau of Urban and Passenger Transportation may be valuable to enact this broadened mission.

Quantifying transit access is also a critical step in implementing the MI Healthy Climate Plan commitment to “increase access to clean transportation - including public transit - by 15% a year.” You can’t improve what you don’t measure!

**Because Michigan is such a diverse state, different communities need different types of transit. Every part of Michigan needs some level of public transportation, at minimum ensuring that no senior or person with a disability is trapped at home when they can no longer drive. Michiganders within the federally-defined urbanized area need regular fixed route bus service available to everyone to connect to jobs and other opportunities. And people living in high-density neighborhoods and along major corridors should have rapid transit running every 10 minutes, ensuring Michigan offers the vibrant car-optional communities many people move elsewhere to find.**

**MDOT should have public conversations among riders, elected officials, and others to set expectations for what transportation all Michiganders should have. After these conversations, MDOT should develop a plan supporting local communities to accomplish those goals.**

## 5. Create a Mode-Neutral Project Selection Process

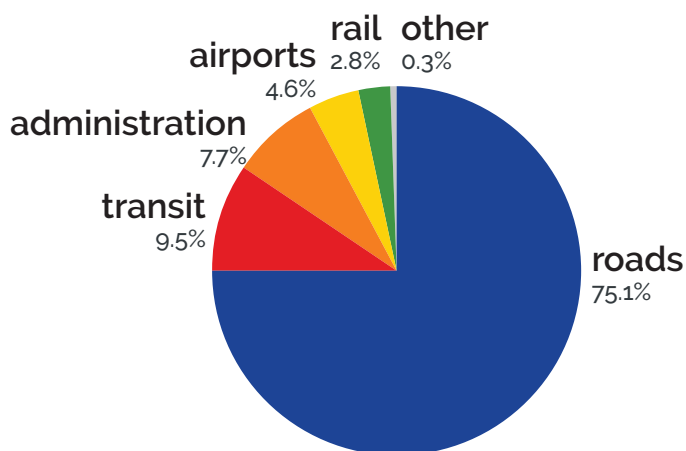
MDOT invests more than \$6 billion a year on transportation, yet few people feel Michigan’s transportation does a great job serving all Michiganders’ needs. MDOT’s existing siloed approach to transportation funding and decision-making

ignores the integrated nature of our transportation network and how people want to get around in the 21st century. Many people at the local and state levels have complained that MDOT decision-making is too opaque and fails to support local needs.

MDOT should instead be directed to evaluate and **prioritize projects based on transparent, quantifiable metrics** that match the state’s and agencies stated values. Consider not just traffic flow but also pedestrian safety, climate impact, accessibility, and other essential metrics when deciding where to invest the state’s transportation funding.

Projects should be selected that **provide the highest return on investment for Michiganders**, regardless of whether they’re classified as road building, transit, bike lanes, or systems management. Then MDOT should report back on impacts of project investments after they’re completed to evaluate their success. The Virginia Smart Scale program is a great example to consider:

“SMART SCALE is a process that helps Virginia meet its most critical transportation needs using limited tax dollars. It evaluates potential transportation projects based on key factors like how they improve safety, reduce congestion, increase accessibility, contribute to economic development, promote efficient land use, and affect the environment. The anticipated benefits are calculated and the projects are scored and ranked. This information is used by the Commonwealth Transportation Board to help guide and inform their project selection decisions.”  
- <https://www.smartscale.org/>



MDOT FY24 Funding Allocation  
Sources: General Omnibus and House Fiscal Agency

## 6. Prioritize People Over Pavement

It is absurd that Michigan is still widening and building new highways, given that our population has barely changed in the past forty years and that we can't afford to maintain the ones we have. Michigan must **stop building and widening highways**, including so-called "Flex Lanes," that are only used part of the time. Doubling down on roadway expansion and sprawl is not a fiscally nor environmentally sustainable way to build the future of mobility in our state. Michigan needs transportation solutions that address traffic issues by relieving stress on existing infrastructure through better investments in transit and multimodal projects and encourage greater density.

Instead of highway widening, Michigan should create a more balanced transportation landscape that more equitably invests in safe convenient options for people walking using wheelchairs, taking transit,



and biking. Roads should be regulated to prioritize pedestrian and bike safety, not the convenience of car drivers, such as having lower speed limits, narrower lanes, and dedicated protected bike lanes.

Additionally, MDOT and the Transportation Commission need leaders with substantial multimodal experience to effectively balance investments that serve the diverse needs of our diverse state. This needs to be prioritized in future appointments.

## Eliminate Barriers for Local Communities

Michigan leaders can facilitate opportunities for stronger public transit in Michigan cities by lowering legislative barriers to regional cooperation, enabling local funding options, and supporting safety for all along state roads. This will help develop the necessary regional agencies, funding mechanisms, public space improvements, and land use policies that will be key to implementing successful public transit in our state.

## 7. Enable Local Funding Options

The state needs to provide local communities more options for funding public transit themselves. Most major metropolitan areas across the US fund most of their transit through a dedicated county or regional sales tax, but Michigan's constitution currently doesn't allow that. While onerous, Michigan needs to amend the constitution to **allow counties** that want to use **the sales tax to invest in transit** to do so. Even a ½ cent sales tax in a few counties would go a long way towards fund-



ing the high quality transit options many Michiganders want.

The legislature should also enable other funding mechanisms. That should include parking fees, toll revenues, income taxes, hotel and liquor taxes, and potentially other mechanisms. The OPT should be directed to support local communities that want to improve and expand their public transportation. They can study what the keys are to success and actively support Michigan communities that want to provide a greater investment and remove any state barriers preventing that success.

## 8. Amend RTA to Allow More Flexibility

The Regional Transit Authority of Southeast Michigan was created by state law in 2012 to address the transit limitations that had been holding back our state's largest region. Despite voter support by more than 894,000 Michiganders in 2016, since that narrow defeat, a few politicians have been able to prevent RTA from going back on the ballot ever since.

**The legislature needs to amend the RTA law** to allow fewer than four counties to invest together, so that one county can no longer veto progress for the other counties. It may also be useful to allow counties that already provide countywide transit to include just their urbanized areas in new RTA funding measures. This could ensure that everyone in southeast Michigan has some level of transit and boost investment from urban and more dense suburban communities without overburdening very rural communities where fixed route transit is infeasible.

More broadly, Michigan leaders need to revisit laws that place limitations on regional coordination and add complexities to the transportation planning and decision-making process.

## 9. Support Cities' Multimodal Goals Along State Routes

MDOT is in charge of many of the most major

roadways in our cities, including Woodward, Michigan Ave, Grand River, and Washtenaw. Yet for too long, MDOT has prioritized personal car speed and convenience over enabling communities to achieve important local goals of walkability, rapid transit, and safe streets for all and the accompanying local economic benefits they provide.

Instead of being a barrier to local goals of walkability, rapid transit, and safe streets, MDOT should have a Complete Streets Liaison to support local municipalities' walkability and safety goals, especially on MDOT roads.

MDOT also needs to expand and enhance implementation of Complete Streets on state-owned roadways and to regulate roads to prioritize pedestrian and bicyclist safety, not the convenience of car passengers. MDOT should also maintain bike and bus lanes on all state roadways instead of forcing that cost onto locals.

State leaders can also encourage local governments and regional planning agencies to make transit-supportive land-use decisions like ending exclusive zoning, encouraging multi-use development near transit, and streamlining infrastructure project management.

**These investments and policy changes can put Michigan on track to provide all Michiganders the affordable, accessible transportation choices we all deserve, while making Michigan a more attractive, sustainable state ready to compete for residents and businesses throughout the 21st century.**

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# Conclusion

**Public transportation is a crucial piece of an accessible, affordable, safe, healthy, and climate responsive future in Michigan.**

Reversing decades of stagnant investment in public transportation and giving our transit agencies the resources to address long-standing inadequacies is a sustainable, proven, and necessary step towards moving Michigan forward. Our state's public transit providers are strapped for cash, facing operational shortfalls, and too often lack the resources to reach even modest goals for service improvements. The generational, systemic deficiencies in our legislature and lack of fiscal support of public transportation require structural change and bold commitments for addressing the most urgent needs and supporting the future of public transit.

Transit has strong benefits for Michiganders from all backgrounds, income levels, abilities, identities, and even those who don't expect transit to matter where they live. Accessible transportation places more opportunities in reach across the state for those who are unable or choose not to drive. Making public transit more accessible and reliable also means more people can count on transit as an alternative to driving, relieving congestion and pressure on existing infrastructure. With stronger choices, more Michiganders can meet their household transportation needs with less driving and fewer cars. This will help make our state more affordable and save Michiganders from some of the highest insurance and household transportation costs in the nation. More reliable public transportation supports seniors who have aged out of driving, gives us safer ways to get around in Michigan weather, and is a proactive response to growing distracted and impaired driving. This means safer streets for all users and fewer crashes and deaths on our roads. A balanced transportation network enables a climate forward future in

our state and will be a key part of retaining and attracting the next generation of talent. Transit supports higher quality housing, amenities, and the connectivity we need for a thriving state.

With these insights and lessons from our peers, leaders in Lansing can act to position our state as a leader in public transportation. Lawmakers have the influence to restore and expand existing allocations towards transit, leverage MDOT's position to advance a multimodal transportation network, and eliminate legislative stipulations that have inhibited regional coordination and funding of public transit. **These steps will place us on the path towards great transit in Michigan and a brighter mobility future that includes more choice.**





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