

LARGE SYSTEM, SMALL BUDGET

Michigan has the 8th largest public road system in the nation. One would think that with a system that large, funding for the system would also have to be ranked pretty high. Actually, the opposite is true. The table below lists where Michigan ranks in per capita state and local expenditures compared to other states in various sectors. Even with the 8th largest road system nationally, Michigan's funding ranked dead last in 2010 and nearly last in 2013, the last year for which data is available.

Per Capita State & Local Expenditures (Michigan's Rank in the Nation)						
Expenditures	1964*	1974*	1984*	1992*	2010*	2013**
Health	5	8	9	12	13	15
Education	11	7	10	11	9	32
Welfare	31	5	3	7	32	35
Roads	43	44	42	49	50	48

RCOC:

- ✓ Is separate from county general government and does not receive any revenue from property taxes
- ✓ Receives the majority of its funding from the state-collected gas tax and vehicle-registration fees
- ✓ Has congested roads due to the tremendous growth in the county over more than 30 years
- ✓ Receives no direct revenue from growth and development
- ✓ Pays more than \$2 million, on average, to pave a mile of gravel road
- ✓ Pays approx. \$8 million to widen one mile of road from two lanes to five
- ✓ Is located in a state that for more than 50 years ranked in the bottom nine states in per capita state and local road funding

ROAD COMMISSION
for OAKLAND COUNTY

31001 Lahser Road • Beverly Hills • MI 48025

BOARD OF ROAD COMMISSIONERS

RONALD J. FOWKES

GREGORY C. JAMIAN

ERIC S. WILSON

Dennis G. Kolar, PE
Managing Director

Gary Piotrowicz, PE, PTOE
*Deputy Managing Director
County Highway Engineer*

RCOC MISSION STATEMENT

RCOC strives to provide the public with leadership in:

- Safe and convenient roads
- Sound financial management
- Responsive and dependable service
- Respect for the environment
- Sensitivity to community concerns

HAVE A QUESTION FOR THE ROAD COMMISSION?

CALL OR WRITE:

DEPARTMENT OF CUSTOMER SERVICES
2420 PONTIAC LAKE ROAD
WATERFORD, MI 48328

TOLL-FREE: (877) 858-4804

TDD: (248) 858-8005

OR, visit RCOC online at
www.rcocweb.org

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ROAD COMMISSION
for OAKLAND COUNTY

MICHIGAN'S ROAD-FUNDING DILEMMA

- ◆ Why are roads bad?
- ◆ What about the new funding package?
- ◆ Will it get better?

ROAD FUNDING IN MICHIGAN:

WHY ARE OUR ROADS IN POOR SHAPE?

WE DIDN'T GET HERE OVERNIGHT

It's no secret that Michigan's roads are in terrible condition. But, how they got to be that way is not as well known.

For decades, Michigan has spent less money, per capita, to build and maintain its roads than nearly all other states in the nation. During those many years, our roads have gradually gotten worse and worse.

The state Legislature acknowledged this situation in 2015 when it finally passed a road-funding package intended to generate \$1.2 billion per year in new road funding (the new funding started in 2017 and is to be phased in through 2021). That is a lot of money, but it is less than the experts said was needed, and half of the new money is not guaranteed. In fact, in 2008, the non-partisan Transportation Funding Task Force, appointed by the governor and Legislature, studied the state's transportation infrastructure in great detail. It concluded the state needed \$3.6 billion more in funding annually -- in 2008 dollars.



THE 2015 ROAD-FUNDING PACKAGE

The Michigan Legislature worked for years to adopt a new road-funding package. Finally, in late 2015, it did so. The package, which is being phased in over 5 years, includes:

- ▶ Increased the gas tax from 19 cents per gallon to 26.3 cents (effective Jan. 1, 2017)
- ▶ Increased the diesel tax from 15 cents per gallon to 26.3 cents (effective Jan. 1, 2017)
- ▶ Increased vehicle registration fees by 20 percent (effective Jan. 1, 2017)
- ▶ Established additional fees for electric and hybrid vehicles (which use less gas, and, so, otherwise pay less toward road maintenance; effective Jan. 1, 2017)
- ▶ Electric vehicles pay an additional \$135 per year and hybrid vehicles pay an additional \$47 per year.

▶ Called for \$600 million per year to be shifted from the state's General Fund to roads

The gas and diesel tax increases, vehicle registration fee increase and electric/hybrid-vehicle fees generate \$600 million per year or half of the new money.

The challenge with the General Fund portion of the package is that it was based on the assumption that there would be \$600 million to spare in the General Fund each year for the foreseeable future. If other issues emerge to compete for these dollars, if the General Fund doesn't grow as predicted or if a future Legislature has different priorities, this funding could be in jeopardy.

The General Fund dollars are scheduled to begin to be transferred to roads in 2019, with \$150 million that year, \$325 million in 2020 and \$600 million beginning in 2021 and each year after that.

Additionally, the legislation mandates that, beginning Jan. 1, 2022, the fuel tax rates will increase annually at the rate of inflation (based on the Consumer Price Index or CPI) not to exceed 5 percent. This is important because it helps to preserve the "buying power" of the fuel tax revenues over time. Without this requirement, the revenues would remain stagnant while costs continue to rise each year.

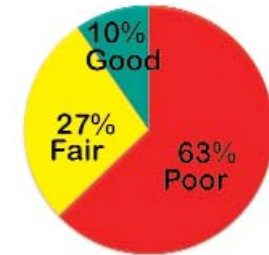
THE FUTURE: WITH AND WITHOUT THE SECOND HALF OF THE NEW FUNDING PACKAGE

At the top of the next column is a pie chart showing the current pavement condition of roads under the jurisdiction of the Road Commission for Oakland County (RCOC). Below that are pie charts showing projections of the condition the roads in 2025 with the full funding promised in the 2015 package (\$1.2 billion per year from 2021 and beyond) and without the second \$600 million from the Michigan General Fund. The difference is stark.

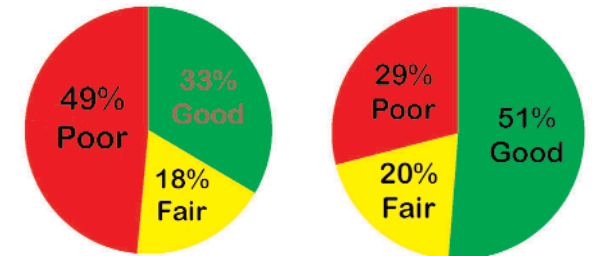
RCOC's share of the first \$600 million allowed it to "stop the bleeding." That is, this infusion of new money was enough to stop the years-long deterioration of the road system.

But, that new funding is not enough to restore the road system to the condition it should be in. That will only begin to happen if the second \$600 million from the state General Fund comes through.

2017 RCOC PAVED ROAD CONDITIONS



PROJECTED 2025 RCOC PAVED ROAD CONDITIONS



WITH RCOC'S SHARE OF \$600 MILLION IN NEW ANNUAL FUNDING

WITH RCOC'S SHARE OF \$1.2 BILLION IN NEW ANNUAL FUNDING

ROAD CONDITIONS

The 2017 pie chart above paints a picture of what Michigan drivers have known for years -- our roads are in terrible condition. The reality is that, until recently, they had been getting worse for years. And, the worse a road is, the more costly it is to repair. Because Michigan put off properly funding its roads for so long, it is now very costly to repair them.

As the chart shows, 63 percent of RCOC's paved roads are currently in poor condition, while 27 percent are in fair condition and only 10 percent are in good condition.

HOW POOR ROADS AFFECT YOU

According to the Washington DC-based TRIP organization, inadequate roads, highways and bridges represent a financial burden to the average Michigan household of more than \$3,000 annually in the form of traffic crashes, delays caused by traffic congestion and extra vehicle-repair and operating costs due to driving on rough roads.