

CITIZENS LEAGUE
708 South Third Street, Suite 500
Minneapolis, MN 55415
338-0791

October 12, 1987

STATEMENT TO LEGISLATIVE COMMISSION

This proposal is a response to questions being raised by the Legislature and others over how best to finance roads in the state. While Mn/DOT's "Highway Improvement Program Alternatives" provides useful information, it fails to address the fundamental questions about how road needs are defined and how the costs are derived.

Previous Citizens League Position

In 1983 the Citizens League issued a study which examined the state trunk highway system and how revenues are spent on that system. Its recommendations to reduce the size of the state trunk highway system were intended to achieve an equilibrium between the dollars available and the number of miles of road on a system that remains fifth largest in the United States.

In the context of the debate today, the problem of increasing highway system costs and insufficient dollars remains. Road turnbacks are one answer to the problem, but one which is politically difficult to accomplish. It's time to find other measures to achieve the same end: establishing an equilibrium between dollars and miles.

We accept the premise that there will never be enough money to satisfy all the desires for new and better roads. But we don't believe that simply generating new sources of revenue for highway funding is a satisfactory response. We recommend that the Legislature take this opportunity to reevaluate the way highway funding priorities are established and focus on the basic assumptions made by the Department of Transportation when it recommends increasing spending on roads.

Minnesota's Commitment to Road Spending

Minnesota is not alone in facing this crisis. In a 1986 survey of transportation policy officials across the country, the Council of State Governments discovered that finance has become the number-one problem for everyone who understands and cares about both the near and long-term ability of states to meet their transportation needs.

Minnesota has maintained its commitment to highway spending relative to the rest of the country, according to the U.S. Department of Commerce: In 1985 we ranked 154 percent of the national average in state and local highway expenditures per capita.

Although the percentage of Minnesota dollars spent on highways decreased between 1970 and 1985 as spending on other items increased, road spending has gone up faster here than in the rest of the country. Minnesota still ranks above the national average in state-local highway expenditures per capita, as it did in 1970.

Good roads have long been a high priority for state spending here. They represent a vital part of our infrastructure, and as such, will and should continue to command a high priority.

Recommendations

I. Minnesota might need to spend more on roads than it does now, but it should only do so if it thinks differently about how the money is spent.

A. The Legislature should ensure that the most heavily traveled roads receive the highest priority. The state simply does not have the resources to build all highways to the same standards irrespective of road usage.

1. Similarly, in 1985, you adopted legislation allowing counties and townships to designate minimum maintenance roads which have lower traffic volumes and where maintenance standards and spending could be reduced.

Setting priorities for roads might be done by designating two classes of maintenance for roads in each of the road systems maintained by the state, counties, municipalities, and townships. This would allow the less-traveled roads to be maintained at a level required to serve only "occasional or intermittent" traffic, as statutorily defined for minimum maintenance roads.

2. An additional way to set priorities is to establish different levels of standards based on the predominant use of the road. For instance, if a system of heavily used truck routes were identified in the state, it could be maintained at the level required to support that use. Other roads could be maintained at different levels according to their uses.

B. The Legislature should not add more dollars to the highway user tax distribution fund unless the allocation of trunk highway money and the county state aid highway allocation formulae are revamped.

Building the entire county state aid system to existing design standards is "unrealistic," according to the Legislative Auditor's 1985 "County State Aid Highway System" and its 1987 follow-up report.

The allocation of the money from the county state aid system to counties ought to change. Currently, half of the aid provided to a county for its state-aid roads is based on the amount needed to bring roads up to existing design standards. Not all state-aid roads are heavily traveled; nor do they all need to be built to the same standard. The Legislature should consider allocation methods that more equitably target the scarce resources to the heavily traveled roads.

We appreciate the political difficulties involved in making these judgments, which is all the more reason to create a process that can operate on the best objective information available. We need a Code of Standards and Maintenance, with legislatively approved indices and definitions, so that it is clear what loads and what

traffic levels justify different levels of construction and maintenance. You might argue over those every session, as a matter of policy (and politics), but Mn/DOT would clearly have different rules for distributing an always-limited budget.

II. The Governor is in the best position to prepare for public debate a recommended agenda of road needs and costs. As he does for tax reform or educational policy reform, the Governor should oversee a process analyzing needs, and identifying priorities in a way that lays out a range of options and policy choices.

While this responsibility may not be exclusively reserved to the governor, he has both the authority and the opportunity to make it happen. He can challenge the old assumptions. He can insist on a new kind of analysis.

A. To facilitate the Governor's recommendations, and to fully understand what the state is getting for its road dollar, Mn/DOT should prepare a range of road needs and cost estimates.

Without knowing what different levels of transportation service and access are provided by different amounts of dollars the Legislature will not have adequate information upon which to make financing decisions. A range of road needs and costs is needed for the entire state.

For example, Mn/DOT has estimated the metropolitan area will need \$3.9 billion for road construction and improvements over the next 30 years. But, we don't know what kind of road system the metro area would have if, instead, we spent \$4.5 billion, \$2.5 billion, or \$1 billion.

While we have great respect for the quality of the department's work, it has a well-established practice of how things are done. We wonder if these aren't the sort of issues that would benefit from the contribution of outside analysis. Commissioning the Transportation Center at the University of Minnesota or retaining an independent consultant to assist Mn/DOT in producing an independent analysis of options based on differential standards, for example, might do a lot to broaden our perspectives and think more creatively about innovative approaches to these issues.

In conclusion, we believe that something has to change. It is simply no longer acceptable to send the bill for roads to the legislature and refuse to question the old assumptions and avoid dealing with the costs.

While it is not yet certain that currently dedicated funds won't meet our needs as they are now defined, it's a safe bet. But the case for more money, from whatever sources, isn't solid and doesn't deserve broad support unless it reflects a better way of planning. The key is what kind of information you insist on getting.