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The Missed Opportunity of the Act 51 Study Committee

In a Nutshell

- The Act 51 Transportation Funding Study Committee convened in 1998 to identify inefficiencies in Michigan’s road program and advise the legislature on appropriate changes to the road funding distribution formula.
- The subsequent Study Committee report recommended the creation of an asset management process to inform and guide improvement of Michigan’s road program. State policymakers subsequently adopted an asset management program, but this has not resulted in meaningful reform.
- Core problems in Michigan’s roads program remain unresolved. The road funding formula is now more complex, more entrenched, and less effective than it was 25 years ago. Meaningful improvement will require independent research to achieve an objective assessment of problems and solutions.

Introduction

Public Act (PA) 51 of 1951 is the state law that distributes the primary sources of transportation funding in Michigan. The Citizens Research Council has long recommended fundamental reform of Act 51. Available evidence strongly suggests that Michigan’s transportation program does not use available funding as effectively as it could, and that the funding formula itself has become a barrier to better outcomes.

Fundamental reform of Act 51 is not a new idea. PA 308 of 1998 created the Act 51 Transportation Funding Study Committee to assess Michigan’s transportation funding needs and priorities. The Committee was further tasked with recommending “altercations of formulas for transportation funding.”

The Study Committee delivered its report to the legislature in June 2000, offering numerous recommendations supporting the vision that, “in ten years, Michigan will have the best multi-modal transportation system in North America.”¹ Very few of these recommendations were adopted in earnest by state policymakers. Most of the problems identified by the Study Committee persist today.

Examining the legacy of the Act 51 Transportation Funding Study Committee helps explain why Michigan’s road program continues to struggle and can inform a path toward more meaningful reform in the future.

Membership of the Study Committee and Advisory Groups

Any exercise in policy analysis inevitably reflects the backgrounds, experiences, and perspectives of those involved in the study. The Act 51 Transportation Funding Study Committee report exemplifies

this. Examining the various “voices” involved in developing the report provides keen insights into the contents contained in the final product.

PA 308 established a nine-member Study Committee. Four members were state legislators appointed by caucus leadership from each chamber. The remaining five members were private citizens appointed by the governor to represent major economic sectors: manufacturing, commerce, agriculture, tourism, and labor.

PA 308 also created a 24-member Citizens Advisory Committee (CAC) to review and comment on the Study Committee’s work.² Most CAC members were nominated by interest groups identified in the statute and appointed by the governor. Notably, the CAC was not convened until after the Study Committee’s report and recommendations had already been drafted. This limited the influence of the CAC.³

In practice, the Study Committee relied heavily on an “Information Panel” that was neither required nor contemplated by PA 308. The Committee’s report states that one of its first actions was to convene this panel of “local government and transportation agency representatives.” Participating organizations included the Michigan Association of Counties (MAC), Michigan Municipal League (MML), Michigan Townships Association (MTA), County Road Association of Michigan (CRAM), Southeast Michigan Council of Governments (SEMCOG), Suburban Mobility Authority for Regional Transportation (SMART), and the Michigan Department of Transportation (MDOT). The Study Committee and Information Panel met jointly 22 times, giving these stakeholders substantial influence over problem framing, data selection, and policy options.

MDOT had additional influence on the effort, as PA 308 required MDOT to establish a work program for the Study Committee and provide staff support. The report lists ten MDOT staff members who contributed to the effort. Additionally, the Study Committee Chair was a former MDOT Director.⁴

The intent behind the Study Committee and related advisory structure was to produce consensus recommendations serving the broad public interest. However, the reliance on unpaid political appointees representing varied interest groups—especially state and local road agencies—made it difficult to highlight specific problems or fundamentally challenge the status quo.

Recommendations of the Study Committee

The final report submitted by the Act 51 Transportation Funding Study Committee included, nominally, 19 recommendations.⁵ A review of the supplementary appendices demonstrates the difficulty of policymaking by committee. Members of both the CAC and Information Panel largely advocated on behalf of the interests of the groups they represented. This complicated the ability of the Study Committee to provide the legislature with specific, actionable recommendations.⁶

Despite the disparate views represented in the Study Committee report, a couple of key recommendations achieved near-consensus and have had a lasting impact on Michigan’s transportation program, discussed below.

Extension of the Act 51 Sunset Date

In addition to creating the Study Committee, PA 308 extended the then-current Act 51 sunset date from September 30, 1998, to September 30, 2000. The legislature’s intent in creating the Study Committee was to obtain evidence-based recommendations for amending or replacing the distribution formula before the 2000 expiration.

Unfortunately, conflicting positions advanced by multiple interest groups prevented consensus on how the formula should be improved, and the Committee lacked a clear framework or data foundation for resolving those disagreements.

As a result, the Committee's final recommendation was "that the distribution percentages to road agencies be unchanged until the implementation of an asset management process." This asset management process was considered prerequisite to obtaining the information needed to appropriately amend the funding formula.

Implementation of a Statewide Asset Management Program

Considering the lack of objective information regarding statewide road funding needs, the Study Committee recommended "that a long-term, planned asset management process be extended for statewide use in transportation facilities." The Study Committee did not prescribe a specific approach to asset management, but provided several general recommendations that should guide an approach, including:

- **Create a Technical Advisory Panel** responsible for oversight of the state asset management program. The report recommended the panel include roads organizations such as MAC, MDOT, CRAM, and MML (largely the same groups represented in the Study Committee's 'Information Panel').
- **Conduct a statewide National Functional Classification (NFC) review.** The NFC is established by the Federal Highway Administration to rationally and formally classify roads across the country by function. The Study Committee recommended that the asset management program should incorporate NFC designations. Yet there was some concern that Michigan's NFC designations were adopted without sufficient consideration or stakeholder input, and thus should be reviewed prior to adopting them for asset management or funding distribution.⁷
- **Relate funding distribution to objective data.**⁸ One goal of the statewide asset management program would be to provide the legislature with enough data to make informed rational adjustments to the distribution formula. The report notes that this would "create a 'feedback loop' that is lacking at present."

The overall finding of the Study Committee was that there was not enough information available to inform any amendments to Michigan's road funding formula. Therefore, the Committee recommended the legislature create a statewide asset management program that would provide objective data to better inform policy changes.

Legacy of the Study Committee Report, "Transportation Funding for the 21st Century"

The Study Committee was unable to recommend changes to Michigan's road funding formula before the September 2000 Act 51 sunset date. While the formal report did not establish a specific timeline for reform, CAC members recommended extending Act 51 by one to four years, reflecting the time thought necessary to gather data needed to inform the process.⁹

However, the legislature simply repealed the Act 51 sunset date. Part of the reason for this is that it was thought that a sunset date on Michigan's road funding law could "trouble the financial markets on Wall Street where Michigan must sell its debt in order to raise money for [road funding bonds]."¹⁰

Once the sunset was repealed, policymakers lost a key incentive to confront the difficult issues surrounding Act 51 reform.

This risk was understood at the time. For example, one CAC member commented: "Act 51 is a complicated issue and the adoption of procedures is a time-consuming task; however, I think that in order to stay committed to an enactment of the proposed recommendations that the sunset should not be extended beyond one year."

Policymakers did not immediately act on the Study Committee's primary recommendation to implement a statewide asset management program. But in 2002, road interests (primarily the County Road Association of Michigan) drafted a bill for consideration by the legislature.¹¹ This was passed and signed into law as PA 499 of 2002.

PA 499 of 2002 created the Transportation Asset Management Council (TAMC).¹² The TAMC is charged with "advising the commission on a statewide asset management strategy and the processes and necessary tools needed to implement such a strategy beginning with the federal-aid eligible highway system." The TAMC was not formally tasked with advising the legislature on changes to the funding formula (as the Study Committee envisioned) and has not done so.

The TAMC did oversee the implementation of a statewide asset management program. But it remains unclear whether this has improved the condition of Michigan's roads and bridges. Using the most recent national data, Michigan ranks 28th in road funding but 40th in system condition. Michigan's road program appears less efficient than peer states such as Ohio, Indiana, and Georgia—indicating room for improvement.¹³

The legacy of the Act 51 Transportation Funding Study Committee is best described as a missed opportunity.

What Went Wrong

Many of the barriers to meaningful reform of Michigan's road program long predate the Act 51 Transportation Funding Study Committee.

Drafting legislation to fundamentally reform policy is difficult, time-consuming work. As such, lawmakers often adopt "model legislation" that has been drafted by others. For example, the model legislation for Act 51 was provided by a (now defunct) national lobbyist called the Automotive Safety Foundation.¹⁴

Act 51 was conceived in 1951 as a 15-year construction program to modernize Michigan's highway system.¹⁵ However, rather than transition to a more appropriate approach for long-term funding, successive legislatures incrementally amended the law to address emergent needs and perceived deficiencies. Each amendment, layered on top of existing law, made Act 51 longer, more complicated, and thus subsequently more difficult for future legislatures to understand and amend.¹⁶

Eventually it became clear that Act 51 needed fundamental reform. Public Act 438 of 1982 established a sunset for Act 51 of September 30, 1984, and created a legislative task force to recommend a new distribution formula. But this task force was unsuccessful. In 1987, the House Legislative Analysis Section noted:

"With no recommendation having been made, the deadline has been extended several times. Meanwhile, several concerns are being voiced about problems facing the state transportation system.

Some of these concerns are the current state of disrepair of Michigan's highways, roads, streets and bridges ... and the lack of flexibility of local units of government to obtain funds. ... What is needed, many say, is to establish alternative funding methods for transportation projects with limited resources and to update funding distribution."

The legislature attempted reform again in 1987 with a slightly different approach. Public Act 234 of 1987 created a "needs study committee" to "recommend, if it considers it necessary, alterations of formulas for transportation funding and alterations to the distributions of transportation responsibilities before January 1, 1990."

PA 234 of 1987 again failed to result in fundamental reform but served as the model legislation for PA 308 of 1998, which created the Act 51 Transportation Funding Study Committee. The 1998 effort was comparatively more successful in that the Study Committee produced a formal report available to both policymakers and the public.¹⁷ Yet the recommendations were heavily influenced by Michigan's road agencies and reflective of the numerous (often tangential) interests of the various groups involved.

Some stakeholders even resisted the general idea that reform was needed.¹⁸ For example, one interest group petitioned to have the following sentence removed from the report: "In order for Michigan transportation agencies to respond effectively to this constantly changing world, we must change our current way of financing transportation." The Study Committee rejected this suggestion (retaining the call for change), but accepted others that watered-down the findings. Understandably, Michigan's road agencies were apprehensive about any reform that might result in them getting a lesser share of funding or impose more accountability with respect to how effectively funding is used.

The final report is informative and insightful but did not provide policymakers with a clear path forward.

The primary recommendation of the Study Committee was to create an asset management process that would guide future reform. This eventually led to the passage of PA 499 of 2002, which created the Transportation Asset Management Council.

The TAMC ostensibly represents good governance and stewardship of public dollars. However, it should not be overlooked that this group consists of volunteer appointees representing Michigan's road agencies. The goal of an efficient state roads program may often be in conflict with the individual interests represented on the TAMC. Information provided by this group should be evaluated in this context.

One example is TAMC's selection of PASER as the statewide pavement condition metric. PASER was developed nearly 40 years ago for rural and small-city agencies that don't have the resources or need for a formal, engineering-quality pavement management program. However, TAMC has adopted PASER to assess even the state's major high-traffic roads. TAMC claimed that PASER was chosen because the "Study Committee stressed the need for one method and one method only."¹⁹

This claim is false.

The Study Committee report explicitly stated that "data collection needs, appropriate performance measures, and the ensuing investment priorities may vary by functional classification." Nowhere in the report is it stated that one method or metric should be adopted for asset management, and it is repeatedly suggested otherwise. PASER was adopted statewide because the majority of the groups comprising TAMC wanted it—despite the Study Committee's recommendations.

Further highlighting how the Study Committee's recommendations were misrepresented, the national functional classification (NFC) was never integrated into the asset management program or funding scheme. The report states, "Functional classification is important to an asset management approach because it allows similar types of roads and bridges to be compared regardless of jurisdiction." However, comments from CAC members showed that some interest groups objected to using NFC classifications in a funding formula. These interests took control of the narrative after the publication of the report and the idea of adopting the NFC into a funding scheme has largely been forgotten. To this day, Act 51 funding is distributed according to a unique and poorly defined "legal system" of roads that does not closely reflect the use of the road or related funding needs.

There was no single mistake or oversight that created Michigan's currently intractable and inefficient road funding system; it was created over decades. In 1998, the legislature appropriately declined to reform the system without better information. Instead, it created a Study Committee to provide guidance; that was a reasonable approach. The Study Committee, consisting of unpaid volunteer appointees, created an Information Panel of road interests to inform the report; that was also reasonable. Responding to the report's main recommendation, the legislature relied on the road interests to determine transportation asset management policy; that was understandable. It was not obvious at any step that this wouldn't work.

But it hasn't worked.

Michigan has not implemented any process to identify or respond to wasteful spending by road agencies. Moreover, TAMC has never advised the legislature on funding formula changes (which was the focus of the Study Committee recommendation to create this entity). This makes sense from a perspective of group dynamics; TAMC collectively represents all of Michigan's road agencies. Many of these agencies may get a lesser share of funding within a reformed program. Furthermore, it is understandable that the road agencies would oppose efforts to independently assess their performance and hold poor performers accountable.

Essentially, the foxes have been put in charge of the henhouse. The collective message that they've given to policymakers is, "We all need more hens."

How to do Better

Michigan policymakers and the public need an objective assessment of Michigan's transportation program and funding approach. This is not obtainable by appointing unpaid volunteers representing various road interests.

Michigan needs to spend a little bit of money to get good analysis and advice. Earmarking funds for roads research is common. For example, a 2025 appropriations bill dedicated \$7.7 million to research road usage charges (i.e., deriving revenue from a miles-travelled fee rather than a fuel tax). Providing a similar amount of funding to an independent analysis of Michigan's road program could easily pay for itself by identifying waste and inefficiency within the program and providing the legislature with a clear path toward addressing the issues.

Michigan's legislature should enact legislation that does the following:

- Appropriate at least \$5 million to a Michigan Roads Program Evaluation Study. Allow at least three years from bid letting to submittal of final deliverables.
- Identify or create a body that can independently and objectively draft a Request for Proposal and

administer the study. This could be a group of legislators or an independent agency such as the Michigan Department of Technology, Management and Budget. (It is critical to manage the influence of individual interest groups.)

- Provide the study team with full access to all relevant data and files possessed by MDOT and TAMC.
- Require the study to address the following issues:
 - ◇ Factors that impose life-cycle costs to roads and bridges across Michigan
 - ◇ Annualized funding required to maintain statewide network, evaluated by jurisdiction and national functional classification
 - ◇ Evaluation of appropriateness of functional classification of federal aid network as a basis for funding distribution
 - ◇ Sources of waste and efficiency in Michigan's roads program
 - ◇ Additional data required to answer any of the above questions that are currently unanswerable

Summary

Over 25 years after the Act 51 Transportation Funding Study Committee completed its work, Michigan remains constrained by the same structural problems.

The creation of the Transportation Asset Management Council fulfilled much of the letter, but little of the spirit, of the Study Committee's main recommendation. The state asset management program prioritizes administrative convenience and institutional consensus rather than objective analysis and accountability. As a result, Michigan's roads program gained new reporting requirements but not a credible feedback loop linking funding decisions to system needs or outcomes.

The central lesson is clear: Michigan can't rely on the beneficiaries of an ineffective program to diagnose or fix the system. The input and experience of the road agencies are valuable, but their individual objectives and biases must be recognized. If Michigan is serious about improving the performance of its road program, it must invest in independent research by knowledgeable professionals acting in the public interest. Such research is necessary to obtain an objective perspective and actionable policy recommendations.

The alternative – and status quo – is to throw more money into a wasteful system and hope that things will improve.

Footnotes

1. This report is not known to be available in digital format. A physical copy (with appendices) is available in the Library of Michigan (Call Number: HE196.5 .T733 2000). □□
2. Disclosure: Among the CAC members was Earl M. Ryan, then President of the Citizens Research Council of Michigan. Mr. Ryan was appointed to represent the Executive Office. □□
3. Report appendices B and G include review comments from CAC members. Many members noted being

allotted insufficient time to provide informed feedback on the report.

4. Bob Welke, a 40-year MDOT employee and Director of the Department from 1996-1997 was appointed to represent "commerce."
5. While the report includes 19 recommendations by count, several of these are components of a broader recommendation to pursue a statewide asset management program. Further, many recommendations are vague to the extent that they are better interpreted more as suggestions to pursue additional study.
6. This description is slightly unfair to the Study Committee, whose final report was informative and provided justified advice. However, the report was often muddled by conflicting messages and did not provide model legislation that would have helped the legislature respond to recommendations.
7. The NFC designations are revised by MDOT (and approved by USDOT-FHWA) following each decennial Census. A review of CAC member comments suggests a concern that Michigan's NFC classifications may have been designated without sufficient consideration or stakeholder input. As the Study Committee recommended incorporating NFC designations into the proposed asset management process, it was considered important to revisit Michigan's NFC system in earnest.
8. This refers to a recommendation to "tie revenue to performance." We have reinterpreted the language here to avoid the implication that the Study Committee recommended that poorly performing agencies should be defunded. The recommendation is to relate revenue distribution with funding needs according to performance-oriented metrics such as system condition, traffic volume, and NFC classification.
9. In the year 2000, the need for fundamental reform of Act 51 was well understood among state policymakers. A review of CAC comments (available in report appendices B and G) suggests that some road agency interests opposed fundamental reform, yet all comments advocated extending the Act 51 sunset date rather than repealing it. Accepting Act 51 in perpetuity would likely have seemed ridiculous. However, after the publication of the Study Committee report, road interests (most notably CRAM) worked against fundamental reforms. As of 2025, CRAM holds that the only problem with Michigan's road program is that it needs more funding.
10. Notably, Act 51 had included a sunset date since at least 1982. This did not previously seem to prevent selling state road funding bonds. This concern over bond ratings may have been manufactured by groups that opposed reform to Act 51 or investigations into Michigan's road program that would be necessary to propose reform.
11. Asset Management Guide for Local Agencies in Michigan, 2007. p. 2-2. This source reads, "CRAM and MDOT jointly developed a new asset management bill for consideration by the State Legislature. With support from all transportation custodians in the State, the bill was passed and signed into law as Act 499 of the Public Acts of 2002." However, a broad historical understanding of policy efforts during this period suggests that CRAM was especially active in lobbying for such an approach. It is unclear to what extent this effort was supported by other "transportation custodians" as opposed to CRAM controlling the narrative as well as policy efforts.
12. TAMC performs roughly the same function as the 'Technical Advisory Panel' recommended by the Study Committee's report. However, a significant difference is that the report implies that the Technical Advisory Panel would administer the state asset management program through a contracted third party. While TAMC does occasionally contract consultants, TAMC has assumed full control of the program. This has resulted in an asset management process that lacks the independence and objectivity that was originally envisioned by the Study Committee.
13. Notably, Michigan does appear to make better use of road funding dollars than other peer states such as Pennsylvania, Wisconsin, and Illinois.
14. The Automotive Safety Foundation has since evolved in to a much less influential lobby group, the Road-

way Safety Foundation. □□

15. G. Schaub of the Michigan State Highway Department (now MDOT) stated in 1952, "The prime purpose of the additional revenues [from Act 51] is to give the motoring public more and better road and streets in a fifteen-year program." (Proceedings of the 37th Annual Highway Conference (1952), p. 12 – emphasis added.) While Act 51 was envisioned as a 15-year construction program, it did not initially include a sunset provision. It appears the first sunset provision (of 1984) was adopted in 1982. □□
16. Demonstrating the extent to which Act 51 has been amended, the full title of the Act is now 445 words, four times the length of the Act title when adopted in 1951. □□
17. Research was unable to identify any reports, recommendations, or references to outputs of these earlier efforts. □□
18. Stakeholder (CAC) comments available in Appendices B and G of the report. □□
19. Asset Management Guide for Local Agencies in Michigan, 2007. p. 2-1. □□

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