

WRITTEN TESTIMONY

OF

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Governor, State of Michigan**

HEARING ON

**“Building Back Better: Investing in Transportation while Addressing Climate Change,
Improving Equity, and Fostering Economic Growth and Innovation.”**

**Committee on Environment and Public Works
United States Senate**

February 24, 2021

Mr. Chairman, Ranking Member Capito, and Members of the Committee, thank you for the invitation to testify before this, your first legislative hearing of the 117th Congress. I am more than pleased to appear before you today about what’s possible if we work together to address issues head-on, and how a commitment to investing in transportation and leading on climate change and equity are pathways to economic growth and innovation, not only in my state, but also across the country.

Since taking office, my administration has been focused on taking bold action to build – and rebuild – a better Michigan. Our focus and investment on improving critical infrastructure has not waned during the unprecedented COVID-19 pandemic, and I welcome all to the table, like this Committee and all our federal partners, who can help us achieve our goals.

Rebuilding Michigan

It is important for me as the “Fix-the-Damn-Roads Governor” to start by saying that we need significant investments in our roadways and bridges. Without this significant investment, we struggle to remain competitive for businesses and families. According to TRIP, a national transportation research nonprofit, a total of 43 percent of Michigan’s major roads are in poor or mediocre condition and driving on deteriorated roads costs Michigan motorists \$4.67 billion a year – \$659 per motorist – in the form of additional repairs, accelerated vehicle depreciation, increased fuel consumption, and tire wear.¹

¹ https://tripnet.org/wp-content/uploads/2020/04/TRIP_Fact_Sheet_MI.pdf

At the start of my term, I unveiled a proposal to raise the state gas tax, which would have generated \$2.5 billion a year to fix the state's crumbling roads. Unfortunately, bipartisan consensus in Lansing could not be found to support it. Doing nothing isn't an option for me, so that's why I put forward "Plan B" – a \$3.5 billion bonding program called "Rebuilding Michigan" to help rebuild the state highways and bridges that are critical to the economy and carry the most traffic. This is being done without raising taxes and will support thousands of good-paying jobs for our hardworking union construction workers in the state.

The first \$800 million of the Rebuilding Michigan bond issuances closed last September. As a testament to the Michigan Department of Transportation's (MDOT) creditworthiness and our timing, that \$800 million in principal generated \$1.1 billion in bond proceeds. Investors paid a premium, acknowledging strong endorsements of ratings agencies. The investment strategy is aimed at fixes that result in longer useful life and improves the condition of the state's busiest commercial and commuter corridors. Rebuilding Michigan allows MDOT to rebuild major segments of highly traveled interstates in Michigan, such as I-69, I-75, and I-94, as well as several other busy freeways. When all of the \$3.5 billion in bonds are sold over the next few years, they will finance or help accelerate rebuilding or major rehabilitation of hundreds of major highway segments across the state.

To be sure local infrastructure needs are also addressed, I have put forward a plan to repair or rebuild hundreds of local bridges. Michigan has approximately 1,000 local bridges in poor or critical condition, many of which have load restrictions and 59 of which are completely closed because they are no longer safe for traffic. Closed bridges, whether in urban or rural areas of my state, not only adversely affect personal mobility, but they also slow our economic recovery by impeding the flow of agricultural products to market, raw materials like lumber to paper mills, and the movement of materials and products associated with our manufacturing industries. As part of my budget proposal to the Michigan State Legislature this year, I have requested approval of a supplemental budget authorization of \$300 million of our state's precious general funds to start chipping away at this backlog and reopen the closed bridges. Building off a successful local bridge bundling pilot project led by the MDOT, in collaboration with our county and city road agencies, this new investment by our state will make a measurable impact. But it is not enough.

Just as the State of Michigan seeks to be a good partner with our local road agencies, we also have sought to be an innovative partner in high profile projects of great promise. For example, we have partnered with Canada to deliver the Gordie Howe International Bridge project. Construction of the bridge – which will link Windsor and Detroit, Ontario and Michigan, and Canada and the United States – is well underway. The Gordie Howe International Bridge will greatly enhance the flow of commerce throughout our entire region and, in particular, with Canada, our most important trading partner; Michigan exports nearly \$25 billion in goods to Canada annually, representing 41 percent of the state's total goods exports. Making this state-of-the-art international border crossing a reality requires a collaborative effort with another government and many other stakeholders. We have a good record of forming successful

partnerships to achieve shared goals, but we need focused, long-term, and sustainable funding sources for continued progress on the infrastructure front. The status quo cannot be an option.

Investing in Tomorrow, Today

For too long, there has been a misconception that you can either have environmental protections and public health safeguards or economic growth and good-paying jobs. This is not a binary choice. In fact, the health of our economy is inextricably linked to the health of our people and our planet. This can be a challenge, but we can manage it if we work together.

In industrial states like Michigan, we have seen the loss of jobs to automation, modernization, and market changes. But our economy is vibrant. Michigan is not just the auto capital of the world, we're the advanced mobility leader. Since I was sworn into office, I've announced more than 11,400 new good-paying auto jobs. We've also committed to decarbonizing the state economy-wide by 2050 – and for the state that put the world of wheels – that means aggressively advancing the future of mobility and electrification. Mobility solutions are climate solutions.

Transportation is the biggest source of climate pollution in America. Focusing on electric trucks, buses, and cars – and the batteries that will propel them – will create jobs for the future, clean the air, and help us compete with Europe and China in this rapidly expanding market. Michigan is leading the way in this work.

My state is home to the richest cluster of engineering talent in the country and has the world's most diverse collection of autonomous vehicle testing environments, such as the American Center for Mobility, for both early- and later-stage technologies. Assets like these have helped us attract billions in new investments to fund innovative mobility projects, leading to new technologies being developed and deployed in our state and expanding on our traditional strength in the automotive sector. For example, Michigan is developing a first-of-its-kind, 40-mile driverless vehicle lane between Detroit and Ann Arbor, is working towards building an electric vehicle charging network that connects the entire state by 2030, and has the largest deployment of a Vehicle-to-Infrastructure (V2I) communications network in the world, covering over 500 miles of roadway.

We must work together, not just to fix our failing infrastructure, but to modernize it in ways that leverages new technologies, transforms communities, balances the safety of all users, and facilitates the transformation to connected, autonomous, shared, and electric vehicles. We can lead the world on autonomous and electric vehicles, or we follow. Investing in needed infrastructure will play a critical role in making us – our country – a winner in this space. This is our moment.

Federal Support for States

To effectively rebuild our infrastructure while concurrently supporting our economic growth, states need a supportive and productive partnership with our Federal Government.

The COVID-19 pandemic has had a devastating impact on Michigan's transportation revenues. Our state lost 7.4 percent of expected state Michigan Transportation Fund revenue in fiscal year 2020 and anticipates it will lose another 5.1 and 4.8 percent in revenue in both fiscal year 2021 and 2022, respectively. Michigan, like so many states, desperately needs federal assistance to support its transportation and infrastructure goals and needs.

That is why it is imperative for Congress to enact a timely reauthorization of long-term federal surface transportation legislation with funding that is both predictable and sustainable. Funding stability provided by federal transportation programs is crucial for Michigan's extensive capital investment needs, the needs which take multiple years to plan and construct, especially during a time of financial duress. Short-term program extensions are damaging because they can cause unnecessary program disruptions and delay essential safety and mobility benefits to Michigan communities.

A key feature of reauthorization should be shoring up and stabilizing the Highway Trust Fund. Now how to get there has been debated for years as we all know, and I am not before you today with the answer, but we know that for too long, the Trust Fund has been kept artificially solvent by the transfer of general funds. While often necessary and helpful to stave off crisis, that is not sound budgeting or good policy. As a governor who has been forced to transfer general funds to Michigan roads to prevent further decline, I understand these pressures firsthand.

As you look to craft your reauthorization bill this year, I would ask you to support bold action to reduce carbon pollution from transportation and prepare our transportation system for climate change impacts that are unavoidable. We welcome efforts that can incentivize climate mitigation and resilience in formula and competitive grant funding and support the full transition to electric. With domestic automakers in my state pledging billions to develop and sell more electric vehicles in the coming years, the effort made by this Committee in 2019 to create new competitive grants for alternative fuel infrastructure – a \$1 billion program for states and localities to build alternative fueling infrastructure along designated highway corridors – is especially relevant, important, and needed.

As mentioned above, it is tremendously important to incentivize resilience in transportation investments so that the impacts of climate change can be better weathered. Congress should expand infrastructure betterment eligibility, which would make it easier for states to incorporate resilient design and infrastructure materials when using Emergency Relief funds after natural disasters. A federally declared flooding disaster event last year washed area roads and two dams in mid-Michigan, causing immense damage and strife as the state was in the middle of dealing

with the COVID-19 pandemic. An expansion of betterment eligibility would allow us to, as we rebuild, improve the resilience of Michigan's infrastructure against future extreme weather events.

Vision for the Future

When talking about investing in transportation, we need a national vision that invests in innovative transportation ideas and needs across our country, much like the Interstate system did 65 years ago, and makes us the envy of the world.

In order to make our economy more equitable for workers and address issues like climate change head-on, we need your help. We need to ensure that these transitions are equitable, and that policies to protect workers and communities are put in place early so we can stop them from being left behind or displaced. This includes workforce investment to ensure the workforce of tomorrow is prepared for a changing transportation sector.

In Michigan, we have recognized that we need more skilled workers, which is why I launched the 60x30 initiative, setting the goal of having 60 percent of Michigan's workforce obtain a post-high school degree or certificate for an in-demand skill by 2030. We welcome Federal Government support to help us achieve this goal by providing funding for critical workforce and education initiatives. Last year, we announced the Future for Frontliners program, a scholarship program for Michiganders without college degrees who worked in essential industries during the state COVID-19 shutdown in the spring of 2020. The program will provide these frontline workers with tuition-free access to local community college to pursue an associate degree or a skills certificate, either full-time or part-time while they work. Additionally, our innovative post-secondary programs in Michigan, such as Michigan Reconnect, provides a tuition free pathway to a two-year degree for adults over 25, and the Going Pro Talent Fund helps employers train and place workers into high skill jobs.

With bold policy direction and a commitment to sufficiently invest in our future at the federal level – be it transforming fleets to include more electric vehicles or investing in emerging technologies and critical supply chains here at home as examples – states can respond and help the Federal Government implement a bold, modern infrastructure foundation upon which our nation's economy can grow and flourish for decades to come, and all the while, support a commitment to improving the environment and lives of our citizens.

Conclusion

My state has earned several names or expressions over the years. We are the birthplace of Motown. We put America on wheels. We were the Arsenal of Democracy during World War II. More recently, we became part of a nationwide arsenal of health as so many of our large and small manufacturers quickly shifted to make the masks, shields, and innovations our frontline

heroes needed. Our manufacturing heritage brings us pride – ask anyone who has seen the long awaited COVID-19 vaccine depart the Pfizer plant in Portage, Michigan.

The same holds for my state as an arsenal of ideas and innovation that welcomes federal leadership at this time to harness the moment — not shrink from it — to go big. Invest in the needed infrastructure and policies to address the reality and challenges of climate change and provide environmental justice to communities long underserved. Doing so will indeed build us all back better.

Let's get to work.