



Thank you for the opportunity to provide feedback on critical infrastructure funding, the impact it has on rural American communities, and the challenges we have in seeking such funding.

Chairman Peters, Ranking Member Young and all subcommittee members, infrastructure connectivity and integration of our counties, towns and villages is crucial to our rural health and future prosperity.

I am Marty Fittante, CEO of the non-profit economic development organization, InvestUP, which is based in and proudly calls home, the Upper Peninsula of Michigan. This northernmost and 100% rural region spans 15 geographically large counties of Michigan's 83 counties, we are 1/3 of the State's total land mass and with a population of just over 303,000 residents, we are just 3% of Michigan's total population. As a point of reference, right now, you are almost just as close to Washington DC as you are to Copper Harbor, the northernmost town of the UP's Keweenaw Peninsula. We are bigger than 9 states!

To say we are proud of our ruralness is an understatement. With 16,377 square miles of scenic landscape, 4,300 inland lakes, 12,000 miles of streams, 1,700 miles of shoreline and... 509 moose!, in some parts of the region, we can go days without seeing another neighbor or vehicle in passing. And we are okay with that.

Because, at the very same time, we can boast having three major universities, three SmartZones, a national park, a national lakeshore, a national historical park, a national hiking trail, an international bridge, the only nickel producing mine in the country, one of the longest iron ore producing mines in the country, one of the oldest cities in the country, and international ski jumps.

Amidst all this interesting opportunity that brings students, business travelers and tourists to the region, we also make things- from the iconic to the sophisticated, in the UP. We make circuit boards, snowplows, Stormy Kromer hats, Thoracic Fixation Systems, rocket thrusters and repair kits for the Space Shuttle, and NBA and NCAA maple hardwood basketball courts. Just to mention a few products.

All of which needs infrastructure to connect our industries and people within the region as well as the rest of the state, country and globe, which is becoming increasingly more interconnected and with that provides more opportunity for rural communities like ours. We see that reality with population gains, for the first time in decades, in 10 of our 15 counties.

Small communities and large infrastructure projects typically mix like Lions and Packers fans, and we have our fair share of those as well as we share a border with Wisconsin. Our small municipalities, economic and community development non-profits and schools operate on limited budgets, resources and staffing. While at the same time, our roads, railways, ports and telecommunications span a great number of miles to bring products and people in, as well as out, effectively and incurs tremendous expenses. Not to mention the added challenge of our winter weather with that infrastructure.



We consider ourselves extremely fortunate and grateful to see that the City of Menominee, in affiliation with a local transportation and warehousing business, K&K Integrated Logistics, has been awarded a \$21M RAISE grant this year. This \$26M infrastructure improvement project will not only transform the existing site to greater capacity, it is expected to enhance worker and public safety, reduce harbor and highway congestion, result in a 25% increase in KKIL jobs, reduce emissions, incorporate greater energy efficiencies and savings, and revitalize the local economy – a local economy that is both in direct competition with the State of Wisconsin as well as shares workforce and industry, within a disadvantaged county of the region.

K&K Integrated Logistics is a private, family-owned company which transports products and raw materials and is planning a large-scale project that includes dock wall improvements, rail reconfiguration and expansion, storage construction and equipment installation. The project would not move forward without the RAISE grant to invest in this community. Menominee County has a population of just over 23,000, the City of Menominee just over 8,000 and K&K IL currently has 48 employees.

Successfully implementing federal funds is as much of a challenge as it is impactful. In another example of federal infrastructure grants deploying to rural communities in our region, the Chippewa County International Airport received \$5.2M from the FAA's Supplemental Airport Improvement Program.

This award enabled the development of a brand-new general aviation terminal which opened in 2022 at the Chippewa County International Airport in the eastern Upper Peninsula. The new terminal replaced a former air force building, built by the military prior to closing the Kincheloe Air Force Base in 1977.

Chris Olson, president of the Chippewa County Economic Development Corporation which manages the airport, says, "This infrastructure investment is another key project to help our community expand its reach both domestically and internationally. The project will ultimately strengthen the county's competitive position and help build capacity that will generate economic opportunity for the region."

To provide an example of demonstrated economic impact of federal infrastructure funds in one of our more remote and rural counties, in 2010 the Alger County Road Commission completed the repaving and construction of county road H-58 from the City of Munising to the Village of Grand Marais along a scenic stretch of Lake Superior and within the Pictured Rocks National Lakeshore. Senator Peters, you might recall this route in northern Alger County from a Harley ride in the UP?

The roadway was promised as part of the park's enabling legislation from 1966 but remained partially paved and largely gravel and dirt up until the early 2000's when Congress finally passed full funding for the \$14m project. Completing the roadway effectively connected the two rural communities and opened up the park for greater access. In fact, the Park Service indicates that visitation to the park has increased steadily year over year since H-58 opened in 2010, bringing at the peak, over 1.3m tourists to the small county of only about 8,800 residents during the short summer months of 2021. Several years prior to improvements to H-58 the park averaged under 450,000 visitors per summer season.



While the completion of H-58 became a reality only because of the dedication of Congressional funding, the length of time between authorization (1966) and completion (2010) was due to sporadic and inadequate funding. The impact is tremendous, but it took over four decades to get to this point.

As I am sure you are well aware, these grant funds do come with some challenges, especially for small rural municipalities. Not only the difficulty in competing for round after round of federal grant opportunities, but in applying for, accepting, remaining compliant, tracking and reporting on grant awards poses great capacity challenges for small communities. In fact, while immensely appreciative of the RAISE grant for the City of Menominee, Brett Botbyl, City Manager said, "Well the grants are very labor intensive, so you almost need a grant writer or engineering company to do the work for you." Deploying this additional expertise in Menominee's case can certainly be directly attributed to the success of the project award.

Sadly, the complexity that can come along with federal funding actually caused InvestUP to return a nearly \$1m grant award that was designed for workforce training because we could not, after considerable effort, find a compliant practical use. The required actions and collection of personal information from participants adversely impacted the public's willingness to participate where they could have received "free" funding for skilled training through our colleges and universities.

To further support these small municipalities experiences, the University of Michigan's Michigan Public Policy Survey found in 2023 that of statewide local government leaders, only 15% of township leaders were confident they can monitor grant opportunities and only 14% of village leaders felt the same.

In addition, overall, 33% of Michigan local leaders are NOT confident they can successfully apply for future grants or funding. In fact, one comment from the study boldly stated, "The application process is what holds small townships back. Navigating federal systems is very intimidating. This township qualifies for many, but they barely ever get submitted or even applied for because of the lack of staffing and expertise."

In the same U of M survey, leaders offered some recommendations on how their governments could best approach grant funding opportunities and they are consistent with comments that we have heard from municipal leaders and non-profit leaders time and again. These include the need for more local expertise such as hiring grant writers, not only to write and monitor grants, but to identify available opportunities in a timely manner.

Perhaps the most impactful approach around building that local expertise would be a long-term, sustained funding source, that isn't overly prescriptive, that would allow communities to build internal capacity for planning and grant writing. Michigan's Office of Rural Prosperity has supported efforts to build internal capacity through their Rural Readiness Program, with small grants to rural communities to fund grant writers, planning, and grant writing education.

"In just six months, the success of this approach has become clear, with just half a dozen communities able to submit over \$13 million in grant applications, secure over \$2 million in funding, and educate over 300 community partners on the grant writing process," says Sarah Lucas, Director, Office of Rural Prosperity within the Michigan Department of Labor & Economic Opportunity. She goes on further to say, "These are small, one-time grants; but longer-term



investments like this in capacity would provide certainty and expertise that could help communities look towards future opportunities, and to plan and budget accordingly.”

Currently, the federal funding landscape is structured around competitive, one-time awards that tend to further strain the lack of local capacity. The episodic nature of these funds discourages communities from working towards long-term solutions and developing projects for which there may or may not be funds available. More predictable structures and funding resources for rural communities could both streamline the process and build in certainty and capacity for large investments. To emphasize this point, InvestUP did not submit an application for the US EDA’s Recompets pilot grant, although we seemed to be well-suited for it, for this very reason. So as grateful as we are for the Office of Rural Development and its efforts, more opportunity would result by entrusting regions with the resources to build this capacity.

An important, parallel consideration, addressed in Michigan’s Roadmap to Rural Prosperity, is the potential for funders and agencies to reduce the time, expense, and capacity burden that local governments and rural non-profits experience in federal funding opportunities by streamlining and simplifying processes related to grant application, submittal, and reporting processes.

One such approach is to provide shorter application forms or standardized forms and required submittals across programs and agencies to eliminate redundant data entry and application information. Other changes could include lowered or eliminated financial match requirements. Another related challenge here is that urban areas and non-profits have philanthropic funds they can also call on to use to our competitive disadvantage to secure that funding. Further approaches could include the allowance of in-kind matching, and inclusion of administrative or indirect costs in grant awards, to allow communities or organizations with limited resources to compete in grant programs.

Additionally, it would be helpful to expand timelines to allow for planning and implementation with reduced staffing resources; and cooperative grant agreements that feature strong funder engagement and partnership in program implementation, to help communities and organizations build greater administrative expertise and capacity to successfully plan, implement, and manage grant awards.

Understandably, these issues are not easily solved over the course of this testimony or subcommittee hearing. But we offer up our time and further feedback if called upon to assist in any way we can to making federal grants true opportunities.

We do sincerely appreciate and thank you for the federal investment in rural community infrastructure and the opportunity to express our appreciation as well as provide some feedback on how we can, collectively, do even better. And arguably as importantly, we are also happy to recommend a few scenic stretches for your next ride back in the UP, Senator Peters.