

# 2005-2007 Transportation Budget Summary

**Editor's Note:** the information in this Budget Summary has been compiled from WisDOT and Legislative Fiscal Bureau data.

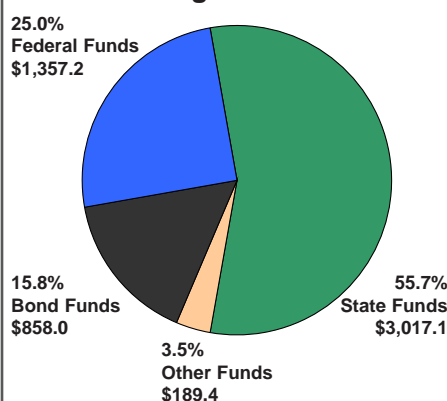
The 2005-2007 biennial bill (Wisconsin Act 25) provided an increase in program spending of approximately 15%. However, approximately one-third of that increase was attributable to the ramp up in Marquette Interchange reconstruction. Many other programs only received annual increases of 2% even though the price of fuel, health care, and commodities has driven annual transportation and construction inflation closer to 5%. Governor Doyle also continued his practice of using the Transportation Fund to cover general fund deficits. After a "one-time" transfer of \$675 million of segregate transportation user fees to the General Fund in the 2003-2005 budget, Governor Doyle tapped the Transportation Fund again with a \$427 million transfer. Like the last biennium, this transfer was partially offset with general fund supported general obligation bonds. The reduction in cash caused by the transfer led to a continued reliance on bonds as a revenue source for both the Southeast Freeway reconstruction and the Majors Program.

## Revenue

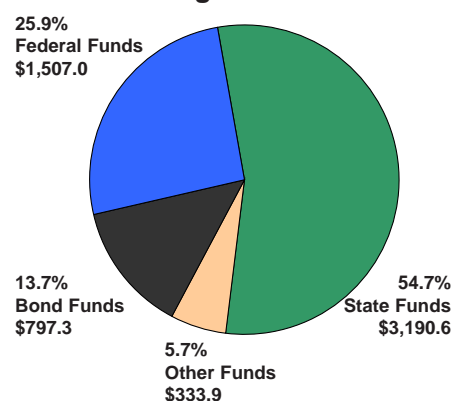
In the 2005-2007 biennial budget, transportation revenue

## Revenues: Wisconsin Transportation Budget all funds in millions

**2003-05 budget: \$4.70 billion\***



**2005-07 budget: \$5.35 billion\***



\*After amounts allocated to other agencies and transfers. Pie charts reflect the total amount expected to be collected.

allocated to WisDOT programs is \$5.35 billion after the \$427 million transfer to the General Fund. While bonding decreased from the high of the 2003-2005 biennial budget, at 16% of revenue, it is still more than double the historical rate of 6%.

State transportation funds are comprised of state motor fuel taxes, vehicle registration, drivers license, and other miscellaneous fees. Effective October 1, 2005, title fees on all vehicles were raised by \$10 to \$45 and duplicate titling fees increased from \$8 to \$20. These changes will generate \$27 million in the current biennium. The Governor had

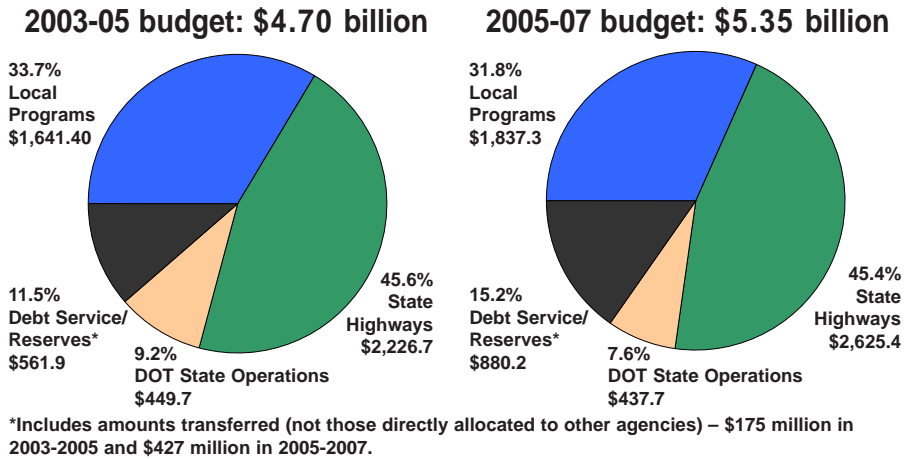
also proposed increases in auto and truck registration fees, but these increases were not included in the bill passed by the legislature. A one-cent reduction in the portion of the gas tax dedicated to the petroleum clean up fund (no Transportation Fund impact) will become effective May 1, 2006.

WisDOT increased the budget for federal funding by \$150 million over the last biennium. With the passage of SAFETEA-LU, it appears that there may be federal money in excess of the amount included in the 2005-2007 budget. It is still unclear just how much federal money Wisconsin can expect to receive.

# 2005-2007 Transportation Budget

## Program Funding: Transportation Aids and Local Capital Assistance

### Expenses: Wisconsin Transportation Budget *all funds in millions*



A new appropriation was created for the state's share of a federal project to construct a new lock in the Soo Locks complex. Wisconsin will pay \$177,800 annually for the next fifty years.

### Rail

The Commuter Rail Transit System Development Program awarded \$800,000 in 2006 for the Metra commuter rail extension project in Southeastern Wisconsin. Metra received \$400,000 in the last biennium to fund a portion of the preliminary engineering.

The Governor originally requested an additional \$5 million for Amtrak Hiawatha service to support higher costs and a reduced level of support from the state of Illinois. However, the legislature eliminated this increase plus an additional \$679,000 and set aside \$1.2 million in a Joint Finance Committee (JFC) supplemental appropriation. WisDOT would then have been required to request additional funding through the legislature's 13:10 supplemental appropriations process. The Governor vetoed the JFC supplemental appropriation and instructed DOT to find the money to fund this service.

The Freight Rail Preservation Program received \$12.0 million in additional bonding authority (transportation fund supported general obligation bonds). This is \$7.5 million more than has been provided for this program in the past several biennia.

### Local Aids

The General Transportation Aid increase represented a 2% annual calendar year increase. County Aid was increased from \$90 million in 2005 to \$90.9 million in 2006 and \$92.7 million in 2007. Aid to municipalities was increased to \$286 million in 2006 (up from \$283 million in 2005) and \$291 million in 2007. The mileage aid rate was also increased 2% annually.

The Local Road Improvement Program was increased \$906,800 in 2006 and \$1.8 million in 2007, which represented a 2% annual increase for the program. The increases are made up of equal parts SEG funding and local match.

### Transit

Elderly and Disabled Transit was provided a 23.9% increase (\$2 million) in 2006 and a 19.3% increase (\$4 million) in 2007.

Transit Operating Assistance was increased by \$493,300 in 2006 and \$2.5 million in 2007 to provide a 2% annual increase to each tier of mass transit system.

### Aviation/Harbors

Aeronautics Assistance was increased by \$66 million. This increase is comprised of a 2% annual increase in SEG funding and a \$65 million increase in local match to more accurately reflect the amount of local funds that are spent.

The Harbor Assistance Program was increased by \$9.7 million. \$8.1 million of this increase is for two specific grants – \$6 million for a boat slip project in Sturgeon Bay and \$2.1 million for the reconstruction of a dock wall in Green Bay. The remaining \$1.6 million increase is in the standard program. The entire increase was funded with transportation fund supported general obligation bonds.

# 2005-2007 Transportation Budget

## Program Funding: State Highways

Excluding the Marquette Interchange, highway program funding was increased approximately 10% over the last biennium. A portion of this increase was necessary to get programs like State Highway Rehabilitation and the Majors Program back up to 2003 base. However, in order for \$427 million to be transferred to the General Fund, much of the SEG revenue was removed from the State Highway Program and replaced with bonds.

Funding for the Majors Program was increased to reflect a 2% annual inflation adjustment plus an additional increase in 2007 of \$50 million. The administration indicated that the additional increase was necessary to accelerate projects so that all enumerated projects can begin construction within six years. 55% of the program was funded with transportation revenue bonds (TRBs). The legislature's budget reduced bonding to 45% of the program, but this provision

Highway Programs <i>In millions</i>				
Program	FY 2005 (Actual)*	FY 2006	FY 2007	Variance to 2005
Rehabilitation	\$555.0	\$593.4	\$612.4	\$95.8
Majors	239.0	244.0	298.8	64.8
SE Wis. Fwy.	<u>173.7</u>	<u>377.3</u>	<u>94.0</u>	<u>123.9</u>
<b>Total</b>	<b>\$967.7</b>	<b>\$1,214.7</b>	<b>\$1,005.2</b>	<b>\$284.5</b>
*Actuals used. After Governor's 03-05 vetoes, 05 base doesn't reflect 05 funding.				

was vetoed by the Governor in order to fund a transfer to the General Fund.

State Highway Rehabilitation funding was increased 2% annually with additional increases of \$28.5 million in 2006 and \$36.5 million in 2007. These additional increases were intended to allow DOT to maintain the pavement quality of existing state highways. \$250 million in SEG funding was

removed from this program in 2006 and replaced with general fund supported general obligation bonds.

The Marquette Interchange was funded with \$370.4 million (excluding carryovers) in the 2005-2007 biennial budget. \$213 million of this amount is transportation fund supported general obligation bonds. When completed, approximately 36% of the \$810 million project cost will be funded with debt. The Governor vetoed the legislature's provision that would have provided cash financing. Because of the use of debt, the estimated \$5 billion remaining cost for the Southeast Freeway reconstruction has almost no funding base.

Highway Maintenance was provided with a 2% annual inflationary increase and an additional increase of \$9.3 million to reflect the projected growth in lane miles on the state highway system.

Total Bonding <i>In millions</i>				
Program	FY 2005 (Actual)	FY 2006	FY 2007	% of Program
Rehabilitation- GO bonds*	\$230.0	\$250.0	\$0.0	21%
Majors- TR bonds	136.8	150.8	146.7	55%
SE Wis. Fwy.- GO bonds	<u>*65.7</u>	<u>213.1</u>	<u>0.0</u>	<u>45%</u>
<b>Total</b>	<b>\$432.5</b>	<b>\$613.9</b>	<b>\$146.7</b>	<b>34%</b>
*Debt service paid out of the General Fund.				



# 2005-2007 Transportation Budget

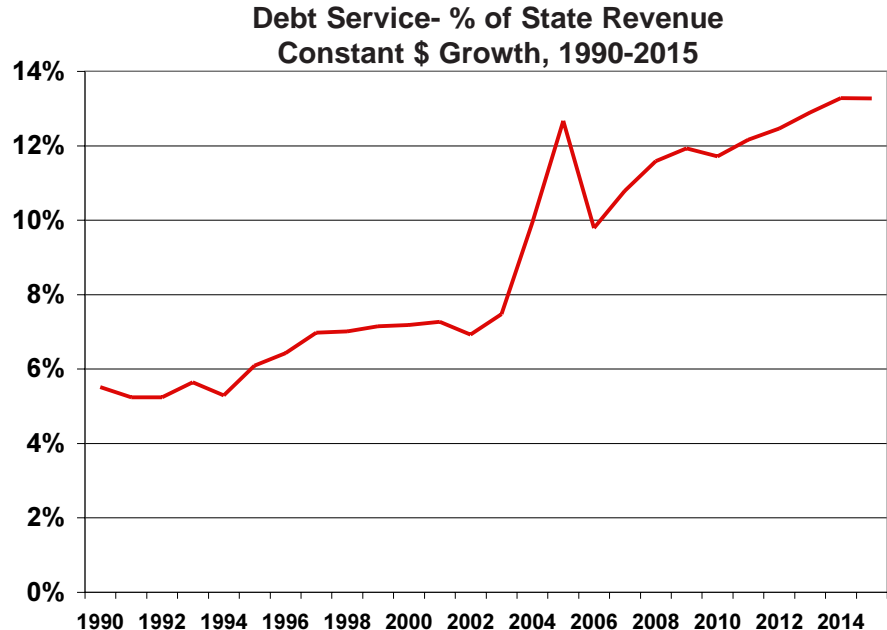
## ACT 25 and Long-term Implications

***"In the final analysis, 20-year highway bonds pay for schools this year and next."*** *Wisconsin Taxpayers Alliance, July 2005*

The amount transferred out of the Transportation Fund in the current biennium is less than in the previous biennium, and there is less bonding in the current budget than in the 2003-2005 budget. However, this budget continues the dangerous practice of treating the Transportation Fund as the rainy-day fund and bonding for the difference. Debt service will continue to consume a larger percentage of transportation revenue.

The legislature passed a budget that recognized the long-term impact of excessive debt. The legislature's budget would have cash financed the Marquette – saving \$150 million in interest payments and establishing a base for future Southeast Freeway reconstruction. Because the Governor vetoed this provision, it makes it more likely that a significant portion of the remaining cost will be funded with bonds – adding billions in interest payments to the cost of the project. In addition, the legislature would have reduced bonding for the Majors Program to 45%. The Governor vetoed both these provisions in order to maximize the amount available for transfer from the Transportation Fund.

Most importantly, the 2005-2007 biennial budget did nothing to solve the structural deficit in the general fund. The Legislative



Fiscal Bureau is already predicting that the state will face a \$1.2 billion structural deficit in 2007-2009. Unless the Wisconsin economy experiences historically high growth, the deficit will persist and state transportation programs will continue to have to compete for limited funds with a host of social service, education, and other government programs even though transportation funds are segregated from general fund revenues. The hot transportation issues for the 2007-2009 biennial budget will once again be transfers, bonding, and level of debt service.

### Regional Transit Authority

The development of a Regional Transit Authority (RTA) was included in the legislature's budget and signed into law by the Governor. The RTA includes the counties of Kenosha, Milwaukee and Racine. By November 15, 2008, the RTA is required to issue a report to the Governor and the Legislature that includes:

- A permanent funding source
- A plan for fund distribution
- A plan to improve the coordination of expanded mass transit, commuter rail, and passenger rail in the region
- A recommendation on whether the RTA should continue after September 30, 2009.

## ***2005-2007 Transportation Budget***

### **2005-2007 Transportation Budget: Total Biennium Comparison All Funds (State and Federal)**

	Base Doubled (FY 2005)	<b>2005-2007 Budget</b>	
		Dollars	% Change from BYD
<b>Transportation Aids:</b>			
General Transportation Aids	746,671,400	761,679,600	2.0%
Transit Aids	274,214,800	277,184,600	1.1%
Elderly & Disabled Aids	22,800,800	28,800,800	26.3%
Special Highway Aids	36,022,000	36,986,400	2.7%
Total Transportation Aids	1,079,709,000	1,104,651,400	2.3%
<b>Local Transportation Capital Assistance:</b>			
Local Bridge Assistance	83,470,800	83,464,400	0.0%
Rail Assistance	30,142,600	37,630,400	24.8%
Harbor/Rail Passenger Asst.	15,636,800	25,456,700	62.8%
Aeronautics Assistance	189,577,000	255,264,400	34.6%
Local Trans. Fac. Impr. Asst.	260,175,800	268,550,800	3.2%
Multimodal Trans. Studies	0	0	0.0%
Trans. Fac. Econ. Asst. & Dev.	14,500,000	16,900,000	16.6%
Surface Trans. Grants	0	0	0.0%
Congestion Mitig. & Air Qual.	29,487,400	29,487,400	0.0%
Trans. Enhancements Grants	15,878,400	15,878,400	0.0%
Trans. Infrastructure Loans	10,000	10,000	0.0%
Total Local Transp. Capital Asst.	638,878,800	732,642,500	14.7%
<b>State Highways:</b>			
Major Highways (1)	382,926,600	542,740,600	41.7%
Rehabilitation (1)	912,744,000	1,209,813,200	32.5%
SE Wis. Freeway Rehabilitation (1)	321,690,400	471,272,400	46.5%
Maintenance	341,448,400	359,501,600	5.3%
Admin. & Planning, Hwys.	52,164,000	42,082,000	-19.3%
Total State Highways	2,010,973,400	2,625,409,800	30.6%
Total Dot State Operations	472,574,600	437,691,900	-7.4%
Total Debt Service/Reserves (2)	319,267,200	880,186,800	175.7%
<b>Total Transportation Budget</b>	<b>4,521,403,000</b>	<b>5,780,582,400</b>	<b>27.8%</b>

(1) After Governor's 03-05 vetoes, 05 base doesn't reflect 05 funding. See page 3.

(2) 2005-07 amount includes the \$427 million to be transferred to the General Fund.

*Source: WisDOT*

## ***2005-2007 Transportation Budget***

### **2005-2007 Transportation Budget: Totals by Fiscal Year All Funds (State and Federal)**

	Base Year (FY 2005)	FY 2006 Budget		FY 2007 Budget	
		Dollars	% Change from BY	Dollars	% Change from 06
Transportation Aids:					
General Transportation Aids	373,335,700	377,069,100	1.0%	384,610,500	2.0%
Transit Aids	137,107,400	137,600,700	0.4%	139,583,900	1.4%
Elderly & Disabled Aids	11,400,400	13,400,400	17.5%	15,400,400	14.9%
Special Highway Aids	18,011,000	18,403,700	2.2%	18,582,700	1.0%
Total Transportation Aids	539,854,500	546,473,900	1.2%	558,177,500	2.1%
Local Transportation Capital Assistance:					
Local Bridge Assistance	41,735,400	41,732,200	0.0%	41,732,200	0.0%
Rail Assistance	15,071,300	18,815,200	24.8%	18,815,200	0.0%
Harbor/Rail Passenger Asst.	7,818,400	13,885,100	77.6%	11,571,600	-16.7%
Aeronautics Assistance	94,788,500	126,507,600	33.5%	128,756,800	1.8%
Local Trans. Fac. Impr. Asst.	130,087,900	133,812,900	2.9%	134,737,900	0.7%
Multimodal Trans. Studies	0	0	0.0%	0	0.0%
Trans. Fac. Econ. Asst & Dev.	7,250,000	9,650,000	33.1%	7,250,000	-24.9%
Surface Trans. Grants	0	0	0.0%	0	0.0%
Congestion Mitig. & Air Qual.	14,743,700	14,743,700	0.0%	14,743,700	0.0%
Trans. Enhancements Grants	7,939,200	7,939,200	0.0%	7,939,200	0.0%
Trans. Infrastructure Loans	5,000	5,000	0.0%	5,000	0.0%
Total Loc. Trans. Capital Asst.	319,439,400	367,090,900	14.9%	365,551,600	-0.4%
State Highways:					
Major Highways (1)	191,463,300	243,950,100	27.4%	298,790,500	22.5%
Rehabilitation (1)	456,372,000	595,449,000	30.5%	614,364,200	3.2%
SE Wis. Freeway Rehabilitation (1)	160,845,200	377,286,000	134.6%	93,986,400	-75.1%
Maintenance	170,724,200	176,629,100	3.5%	182,872,500	3.5%
Admin. & Planning, Hwys	26,082,000	21,434,400	-17.8%	20,647,600	-3.7%
Total State Highways	1,005,486,700	1,414,748,600	40.7%	1,210,661,200	-14.4%
Total Dot State Operations	236,287,300	216,600,100	-8.3%	221,091,800	2.1%
Total Debt Service/Reserves (2)	159,633,600	538,425,000	237.3%	341,761,800	-36.5%
Total Transportation Budget	2,260,701,500	3,083,338,500	36.4%	2,697,243,900	-12.5%

(1) After Governor's 03-05 vetoes, 05 base doesn't reflect 05 funding. See page 3.

(2) Includes transfer to the General Fund of \$338 million in 06 and \$89 million in 07.

*Source: WisDOT*