
2019-21 Biennial Budget Highlights 2019 Wisconsin Act 9



Wisconsin Department of Transportation
Bureau of Budget

2019-21 Biennial Budget Highlights

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This document highlights the major finance and policy issues relating to the Wisconsin Department of Transportation’s 2019 – 2021 biennial budget, as finalized by legislative action and the Governor’s vetoes to 2019 Wisconsin Act 9.

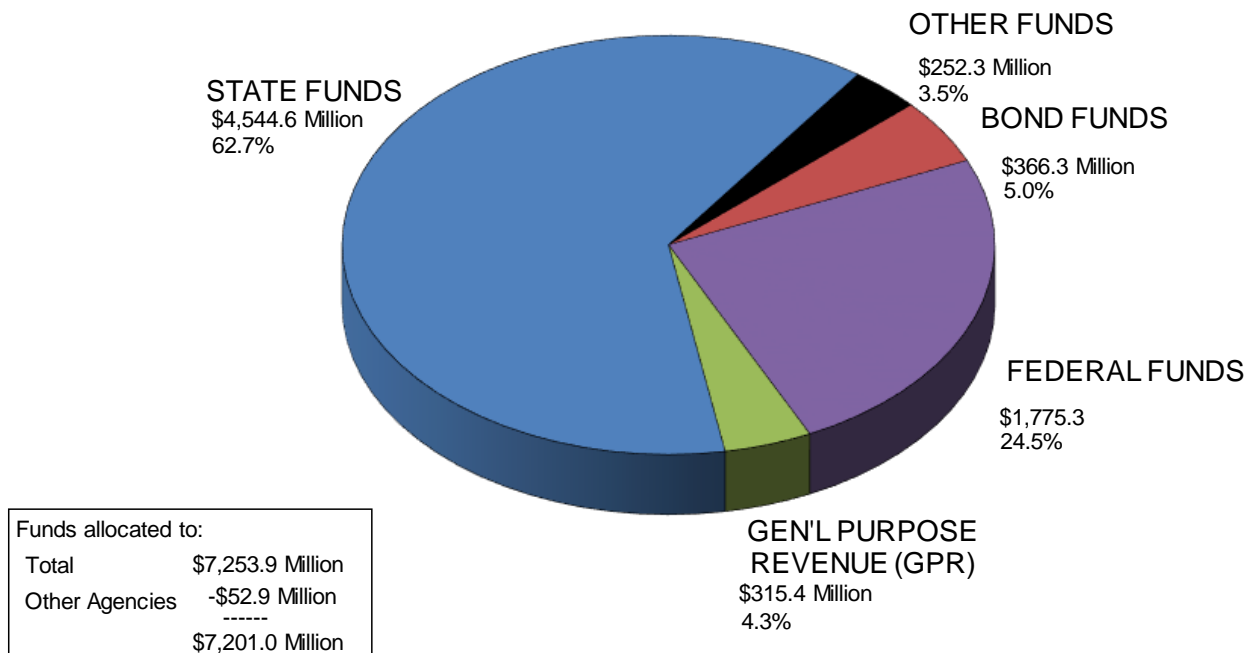
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REVENUE SOURCES

The chart below illustrates the sources of Transportation Fund revenues subdivided into major categories: State Funds (SEG), Federal Funds (FED), Bond Funds, and General Purpose Revenue (GPR), and Other Funds. State transportation revenues largely consist of motor fuel taxes, vehicle registration fees, and driver license fees. Wisconsin receives money from the federal government based on formula and discretionary funding programs. Other funds include program revenue and local revenue.

2019-21 TRANSPORTATION FUNDING SOURCES TOTAL BUDGET \$7.2 BILLION 2019 Wisconsin Act 9



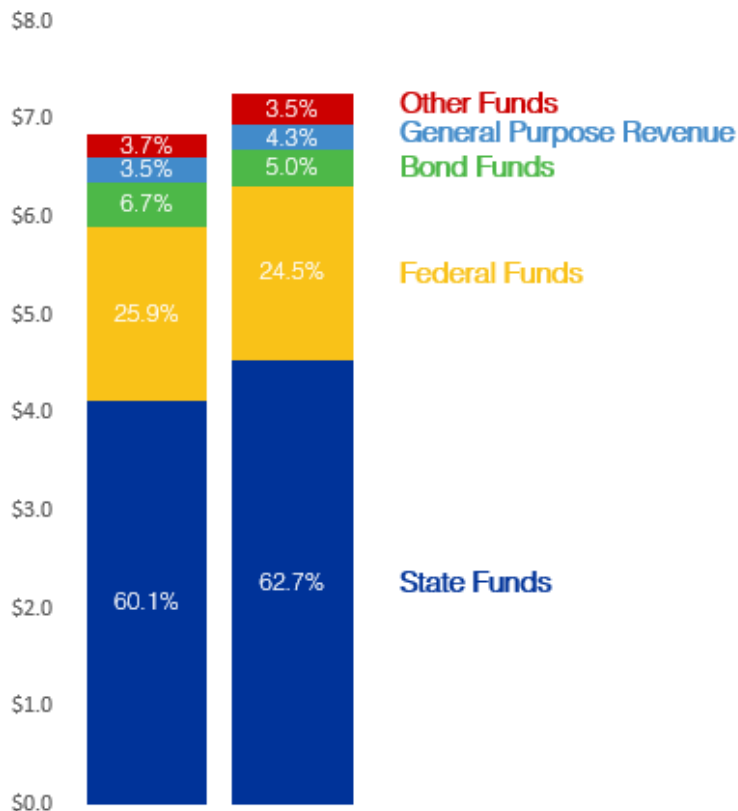
The biennial budget:

- Does not increase state motor fuel taxes or make inflation adjustments.
- Increases annual automobile registration fees from \$75 to \$85, effective October 1, 2019. The estimated revenue increase is \$65,317,600.
- Increases the following annual registration fees for light trucks—generating an additional \$25,678,200:
 - Vehicles weighing up to 4,500 pounds increase from \$75 to \$100; and
 - Vehicles between 4,500 and 6,000 pounds increase from \$84 to \$100.
- Permits the department to collect the \$75 registration surcharge for hybrid vehicles included in 2017 Wisconsin Act 59, effective October 1, 2019. The estimated revenue increase is \$11,280,400.

- Increases the vehicle title fee by \$95 from \$69.50 to \$164.50. This change results in an estimated \$272,913,600 in additional revenue.
- Reduces fuel suppliers' administrative allowances and eliminates retailer refunds for evaporation to generate an estimated \$14,800,000.
- Maintains an annual transfer of \$43,301,100 in FY20 and \$44,095,000 in FY21 from the General Fund to the Transportation Fund.
- Total borrowing decreased from the 2017-19 biennial amount of \$402.4 million to \$366.3 million, an 8.9% decrease.
- Bond proceeds make up 8.7% of all Highway Improvement Program funding in the 2019-21 biennium.
- Debt Service Payments for the 2019-21 Biennium are estimated at \$1,044.0 million:
 - Debt service paid from the Transportation Fund is estimated at \$803.6 million
 - Debt service paid from the General Fund is estimated at \$240.4 million.
- Total increases of approximately \$400 million over 2017-19 Biennial Budget (2017 Wisconsin Act 59):

2017-2019 and 2019-2021 Transportation Funding Sources (in billions)*

As passed under 2017 Act 59 and 2019 Act 9



Total FY2017-19 Transportation Revenues: **\$6.85 billion***

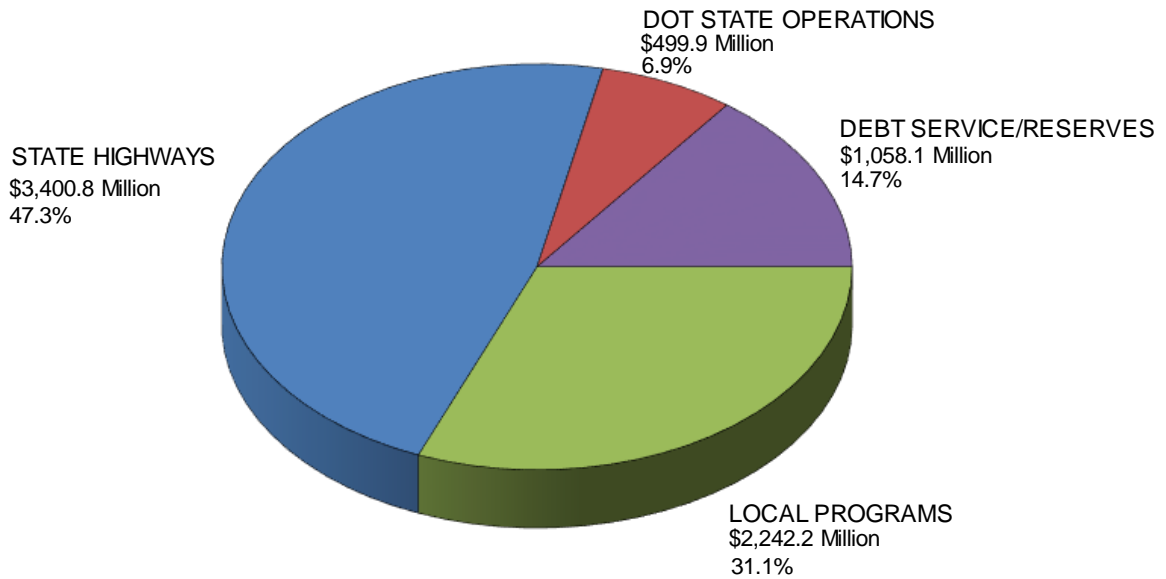
Total FY2019-21 Transportation Revenues: **\$7.25 billion***

*In FY 17-19, \$52 million of Transportation Revenue was allocated to other agencies and \$53 million is allocated to other agencies in FY 19-21.

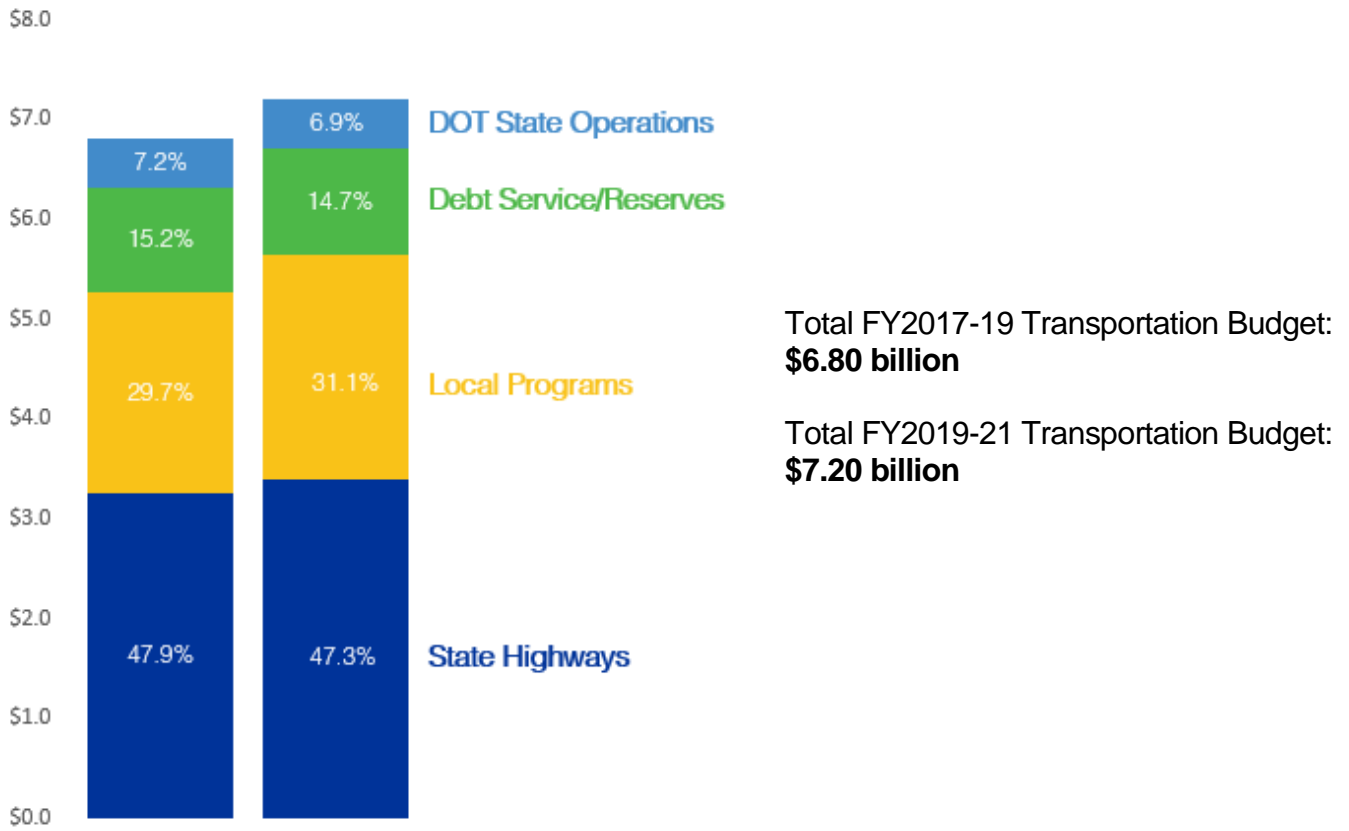
EXPENDITURES

The charts below illustrate the Department's expenditure authority in four categories - State Highways, Local Programs, Debt Service and Reserves, and DOT Operations - for the 2019-21 Biennial Budget and a comparison between 2017-19 and 2019-21 Biennial Budgets. DOT Operations includes overall department operations, the Division of State Patrol, and the Division of Motor Vehicles.

2019-21 TRANSPORTATION BUDGET ALL FUNDS TOTAL BUDGET \$7.2 BILLION *2019 Wisconsin Act 9*



2017-2019 and 2019-2021 Transportation Budgeted Expenditures (in billions)
As passed under 2017 Act 59 and 2019 Act 9



STATE HIGHWAY PROGRAMS

State Highway Rehabilitation (SHR)

This program provides for the rehabilitation of existing state highways and bridges.

The 2019-21 budget provides \$1,937.8 million (\$1,040.8 million SEG; \$897.0 million FED) in total funding for SHR; a 19% increase over base funding from the previous biennium. Continuation of the increased budget will allow the Department to advance approximately 250 projects within the six-year improvement program, of which 50 projects are in the current biennium.

Major Highway Development Program

This program provides for the development and construction of new or significantly improved highways that are generally the most complex, and costly projects. The program includes two categories of major highway projects:

- Projects enumerated in state statute. These include projects which:
 - Have a total estimated cost of \$40.9 million*, and
 - Construct a new highway of 2.5 miles or more in length,
 - Reconstruction or recondition an existing highway while relocating 2.5 miles or more of the existing highway or adding one or more lanes five miles or more in length to the existing highway, or
 - Improving an existing divided highway with at least two lanes in each direction to freeway standards for ten or more miles.
- Projects with a cost of at least \$102.3 million* that do not meet the other statutory requirements defining a major highway project. For example, SHR projects with costs greater than \$102.3 million and projects on the Southeast Wisconsin freeway system with a cost between \$102.3 million and \$684.5 million* are funded through the Major Highway Development Program.

The 2019-21 budget provides \$564.2 million for the Major Highway Development Program. The program received the following: \$52.2 million SEG; \$338.8 million FED; and \$173.1 million Transportation Revenue Bond proceeds (\$142.2 million new authority; \$30.9 million existing).

The 2019-21 Biennial Budget enumerated the following projects:

- I-43 between Silver Spring Drive and WIS 60 in Milwaukee and Ozaukee counties.
- I-41 between WIS 96 and County F in Brown and Outagamie counties.

*Thresholds for high-cost and expansion Major Highway Development Program Projects and Southeast Wisconsin Freeway Megaprojects are adjusted annually based on changes to the Wisconsin DOT Transportation Price Index, Yearly Moving Average. Thresholds listed are for state fiscal year (SFY) 2020.

Southeast Wisconsin Freeway Megaprojects

This program provides funding for all projects on the Southeast Wisconsin freeway system expected to cost more than \$684.5 million, including the reconstruction of the I-94 North-South freeway and the Zoo Interchange. Under this program:

- The megaproject cost threshold is indexed to construction inflation. The threshold listed is for SFY 2020.
- Megaprojects must be enumerated in state statute.

The budget provides \$226.4 million (\$63.3 million SEG; \$68.1 million FED; \$95.0 million General Obligation (GO) Bond [Transportation Fund Supported]) in total funding for the megaprojects program during the 2019-21 biennium. This represents a 36% decrease in funding compared to the 2017-2019 biennium.

Specifically, the SE Megaprojects budget includes funding to complete the Zoo Interchange project from I-41 north of Watertown Plank Road to Burleigh Street.

High Cost Bridge Construction and Major Interstate Bridge Construction

The High Cost Bridge program funds construction and rehabilitation of bridges and approaches on a state highway with an estimated cost exceeding \$150 million.

The Major Interstate Bridge Construction program involves the construction or reconstruction of a bridge crossing a river that forms the boundary of the state, for which the state's share of costs is estimated to exceed \$100 million.

The 2019-21 budget:

- Repurposes \$10.0 million in existing GO bond authority from the High Cost State Bridge Program remaining after completion of the Hoan Bridge project in Milwaukee.
- Provides \$27.0 million of GO bond authority for the Major Interstate Bridge Program to complete the St. Croix Crossing project which replaced the Stillwater Bridge connecting Stillwater, Minnesota with Houlton, Wisconsin.
- Modifies current law to allow the Department to use State Highway Rehabilitation funds to fund preliminary design costs for Major Interstate Bridge projects.

State Highway Maintenance & Traffic Operations

This program is responsible for ensuring year-round mobility by providing routine maintenance, repair, operation, and preservation services on the STH system. Routine maintenance activities include, but are not limited to, repairing potholes, removing snow, applying salt, controlling vegetation, maintaining rest areas and waysides, as well as installing and maintaining pavement markings. Many of these activities are performed by counties under contract with the Department.

This program also funds traffic operations, such as signal installation and maintenance, highway lighting and signing, and communications network hardware, software and operations for the safety of the traveling public.

The 2019-21 budget provides \$637.6 million (\$628.2 million SEG; \$9.4 million FED) in total funding for the State Highway Maintenance & Traffic Operations programs.

State Highway Program Delivery

Department staff are responsible for designing and overseeing a wide range of transportation infrastructure projects including planning, design, construction, repair and rehabilitation of state highways, bridges and related structures. Due to position reductions and growth in the size of the highway program, the Department has increasingly relied on private consultants to provide design and construction management previously done by permanent staff.

The 2019-21 budget authorizes the Department to utilize the design build project delivery method. Design build contracts are project contracts under which the design, engineering, and construction are provided by a single contractor.

Attachment 1 provides a summary of funding for the State Highway Program.

LOCAL AID PROGRAMS

General Transportation Aids (GTA)

These funds are distributed to local governments to partially offset the cost of maintaining and improving local roads and streets.

The Department's budget provides \$985.6 million in funding for the biennium, including a 10% increase in aids payments beginning in calendar year 2020.

The budget also provides a \$2.5 million annual supplement to towns that are limited by the cost limitation cap under the GTA funding formula.

Local Road Improvement/Highway and Local Bridge Improvement Assistance

The Local Transportation Facility Improvement Assistance Program (STP-Urban, STP-Rural, LRIP) is a reimbursement program that assists local governments in improving seriously deteriorating county highways, town roads, and city and village streets. The Department's budget maintains \$204.1 million in total biennial funding.

The Local Bridge program allocates federal and state funds to complete a variety of improvements to federal-aid-eligible local bridges. The Department's budget maintains funding of \$85.8 million over the biennium.

Special Highway Aids

Special Highway Aids includes the following programs: Connecting Highway Aids, Lift Bridge Aids, Disaster Damage Aids, County Forest Roads and Expressway Policing Aids.

In total, \$34.1 million in funding over the biennium is provided for Special Highway Aids. The Department's budget provides an increase of \$35,600 annually for the County Forest Road Aid program.

Transit Assistance

Transit assistance funds are distributed to public transit and shared ride taxi operators. The budget:

- Provides \$275,000 annually for supplemental paratransit aids.
- Provides a 2% increase in mass transit operating assistance in calendar year 2020.
- Increases funding for the Transportation Employment and Mobility program by \$250,000 each year to supplement the Wisconsin Employment Transportation Assistance program.

Elderly and Disabled Transportation Aids

These funds are distributed to counties and non-profit service providers to support the continued mobility of elderly and disabled populations. The Department's budget provides an increase of \$1.5 million annually for Elderly and Disabled Transportation Aids. This represents a 10% increase over prior year funding.

In addition, the budget provides \$39,600 each year for the Tribal Elderly Transportation grants program. Funds for the program are provided from tribal gaming proceeds.

Aeronautics

The Department's budget provides an increase of \$994,800 each year to support Next Generation air traffic control projects at general aviation and commercial airports.

Rail

The rail programs include the Freight Rail Infrastructure Improvement Program, the Freight Railroad Preservation Program, the Railroad Crossing Assistance program, and the Passenger Rail Route Development program.

The budget provides:

- An additional \$232,650 in FY20 and FY21 for railroad crossing assistance.
- \$30.0 million in GO bond authority for the Freight Railroad Preservation Program.
- \$25.0 million SEG, and an additional \$10.0 million in GO bond authority for the Passenger Rail Route Development program.

The biennial budget also authorizes the use of Freight Rail Infrastructure Improvement Program funds for a new Intermodal Facilities grant program. Intermodal facilities allow for the transfer of shipping containers to/from rail for more efficient transport of goods. The budget requires grants under this program to be made from the Freight Railroad Preservation Program after July 1, 2021.

Harbors

To maintain and upgrade harbors within the state boundaries, the budget provides \$14.5 million in state funding over the biennium for harbor assistance. The budget also provides \$32.0 million in GO bond authority for the Harbor Assistance Program.

The 2019-21 biennial budget requires that the Department give priority to municipalities in which a shipbuilder in this state is conducting operations. The budget also directs the Department of Workforce Development to provide \$2.0 million in grants each year to shipbuilders in Wisconsin for training incoming and current staff.

Multimodal Local Supplement

The 2019-21 biennial budget provides \$75 million to local and tribal governments for local transportation system projects, including roads, bridges, transit capital and facilities, bicycle and pedestrian accommodations, railroads, and harbors. The one-time funding is provided from the state's General Purpose Revenue and will be distributed through a competitive grant process to address critical local transportation system needs.

SERVICE DIVISIONS

Division of State Patrol (DSP)

The budget provides total operating funding of \$67.0 million in FY20 and \$68.6 million in FY21. These amounts include law enforcement, support and highway safety programs. The budget:

- Provides \$1,840,700 over the biennium to fund the replacement of mobile communications equipment for state troopers.
- Provides \$120,200 program revenue in each year to fund the replacement of evidential breath test instruments (EBTs).
- Realigned spending authority associated with the reorganization of staff, which occurred during the last biennium. The Department moved Traffic and Criminal Software (TRaCS) unit personnel from the Division of Motor Vehicles to DSP. TRaCS is an application that provides automated reporting for law enforcement of common data points including citation information, OWI, crash data, and incident forms.

Division of Motor Vehicles (DMV)

The budget provides total operating funding of \$74.3 million in FY20 and \$74.2 million in FY21.

The budget includes increases of \$476,000 in FY20 and FY21 in additional spending authority to offset rising postage costs incurred due to postage rate increases and the increasing number of local governments implementing a local vehicle registration fee (wheel tax).

Division of Business Management (DBM)

The budget includes \$9,080,000 in existing Transportation Revenue Bonds for the Department's building program.

ENTERPRISE WIDE INITIATIVES

The budget adjusts existing transfers from the Transportation Fund, representing motor fuel excise taxes paid by users of motor boats, ATVs and snowmobiles to \$819,800 in FY20 and \$531,400 in FY21. This is neither an increase or a decrease; just a re-estimate that occurs each biennium.

Links:

2019 Wisconsin Act 9:

<https://docs.legis.wisconsin.gov/2019/related/acts/9.pdf>

Wisconsin Department of Transportation MAPSS Performance Improvement Program:

<https://wisconsindot.gov/Pages/about-wisdot/performance/mapss/default.aspx>

Attachment A

Highway Programs Funding - Historical Comparison

	Act 55 2015-17 Biennium	Act 59 2017-19 Biennium	Act 9 2019-21 Biennium
SE Mega			
SEG	36,546,900	18,148,400	63,319,200
FED	78,053,100	83,033,100	68,080,800
G.O. Bond SEG	0	0	95,000,000
G.O. Bond GPR **	<u>300,000,000</u>	<u>252,400,000</u>	<u>0</u>
	414,600,000	353,581,500	226,400,000

Percent change 17/19 to 19/21

-35.97%

**In 2017-19 \$252.4 M in GO Bonding was included in Act 58

Majors

SEG	131,120,400	73,543,900	52,223,200
FED	185,741,200	375,336,100	338,802,200
TRB	169,012,200	114,820,000	142,254,600
SEG-S	0	0	30,920,000
Contingent Bonding	<u>155,227,629</u>	<u>0</u>	<u>0</u>
	641,101,429	563,700,000	564,200,000

Percent change 17/19 to 19/21

0.09%

SHR

SEG	627,294,500	770,604,700	1,040,836,000
FED	920,730,900	848,827,700	896,977,600
Contingent bonding	<u>150,000,000</u>	<u>0</u>	<u>0</u>
	1,698,025,400	1,619,432,400	1,937,813,600

Percent change 17/19 to 19/21

19.66%

Maintenance

Highway Mgmt/Ops, Routine Maintenance, ITS and Signals and State-owned Lift Bridges

SEG	533,568,800	597,705,000	628,133,400
FED	<u>2,205,000</u>	<u>2,205,000</u>	<u>9,425,000</u>
	535,773,800	599,910,000	637,558,400

Percent change 17/19 to 19/21

6.28%

High-Cost State Bridge

SEG	0	0	0
FED	0	0	0
GO Bonding	<u>16,800,000</u>	<u>0</u>	<u>(10,000,000)</u>
	16,800,000	0	(10,000,000)

Percent change 17/19 to 19/21

NA

Major Interstate Bridge

SEG	0	8,000,000	0
FED	0	0	0
GO Bonding	<u>20,000,000</u>	<u>0</u>	<u>27,000,000</u>
	20,000,000	8,000,000	27,000,000

Percent change 17/19 to 19/21

237.50%

TOTAL	\$ 3,326,300,629	\$ 3,144,623,900	\$ 3,382,972,000
Percent change 17/19 to 19/21			7.58%

