



# Budget Update

## Governor's 2003-2005 Biennial Budget

April 2003

This document provides a summary of the transportation budget for the 2003-2005 biennium as recommended by Governor Doyle. Subsequent updates will provide comparisons of the actions taken by the Joint Finance Committee and the Legislature during the budget development process.

**Editor's Note:** The information in this document has been compiled from materials issued by the Legislative Fiscal Bureau. The numbers for the table on page 3 were provided by WisDOT, and they reflect internal department adjustments. Therefore, the specific program allocations in the table may not correspond precisely with the allocations in the text of this document.

### Segregated Transportation Fund Transfers

(Amounts in Millions)			
	2003-04	2004-05	Total
Shared Revenue	\$230	\$170	\$400
School Aids	40	60	100
Transfer to General Fund	15	15	30
Total Transfer	\$285	\$245	\$530

- Shared Revenue – \$400 million of transportation revenues to maintain levels of shared revenues to local governments.
- K-12 School Aids – \$100 million of transportation revenues for the payment of school district equalization aids. \$60 million a year will be a continuing transfer (\$120 million a biennium).
- General Fund Subsidy – \$30 million of transportation revenues to help balance the general fund deficit.
- Increased Bonding – Governor Doyle has recommended an increase in bonding authority of \$1.16 billion for state highway improvement programs.

### Transportation Fund Bonding

The Governor's budget increases transportation fund bonding from 15 to 40% of highway program funding. This will result in a substantial increase in future debt service. The budget proposes fee increases and seeks to pledge other vehicle fees to finance the initial bonds. In the first year of this budget after the proposed fee increases, debt service consumes 30% of pledged revenue. Debt service is projected to increase 214% by 2012 and equal 60% of pledged revenue.

### Federal Funding

WisDOT has decreased its expectation of federal funding over the biennium by \$105 million from the 2003 base. This reduction is due to a prudent assessment of the proposals being discussed for reauthorization of TEA-21. While congressional leaders in both houses are pushing for increased transportation investment, the Bush Administration is vowing to hold the line on domestic spending.

The budget request also includes language changing the BAC from .1 to .08. This will ensure Wisconsin retains nearly \$9 million in federal highway aid in FY 04.

### Fee Increases

- Vehicle Registration Fee – Increase the registration fee by \$10 (to \$55), which would provide an increase of approximately \$53.1 million over the biennium.
- Vehicle Title Fee – Increase fee for issuance of new title and fee for title transfer by \$10 (to \$18.50), which would provide an increase of approximately \$22.5 million over the biennium.

### Base Reductions

The Governor's budget provides inflationary increases for most of the transportation aid programs. However, the budget reduces highway improvement program base budgets from the 2003 level by \$15.6 million. This reduction would be much larger if not for the substantial increases in bonding and federal funds dedicated to the Marquette Interchange. Base reductions for Highway Rehabilitation and Major projects total \$85 million. This is significant because the 2005 base number will be used as the starting point for transportation program funding during next biennium.

# Budget Update: Governor's 2003-2005 Biennial Budget

## PROGRAM FUNDING

### LOCAL TRANSPORTATION AID

- The Governor recommends increases of 2.5% per year for most of the Transportation Aid programs including: General Transportation Aids, Transit Aids, and Elderly and Disabled Aids.
- As part of Transit Aid, the budget also includes \$400,000 in FY 2005 to fund grants for commuter rail transit system development. It is expected that this funding will be utilized to match federal funds for preliminary engineering for a Kenosha-Racine-Milwaukee commuter rail system. SEWRPC projects preliminary engineering costs at \$4 million.

### LOCAL TRANSPORTATION PROJECTS

- Local Roads Improvement Program – Increase of 2.5% in each year. This is an increase of approximately \$3.6 million over the biennium.
- Amtrak/Hiawatha Service – Provide \$568,000 of state funding and \$2.3 million in federal funding to support higher costs associated with a new contract with Amtrak for the high-speed service between Milwaukee and Chicago.
- Office of Commissioner of Railroads (OCR) – Eliminate the Office and transfer \$1.17 million and 4 positions from OCR to DOT.
- Freight Rail Infrastructure Improvement Program (FRIIP) – Eliminate all state SEG funding for the program. Funding for the program would be composed entirely of loan repayment proceeds. Funding for FRIIP would be reduced by \$3.7 million over the biennium.
- Freight Rail Preservation Program – Increase of \$4.5 million in general obligation\* bonding over the biennium, to provide a total of \$32.5 million in bonding authority for the program. This added level of bonding authority would maintain the current level of funding.
- Harbor Assistance Program – An increase of \$3 million in general obligation\* bonding over the biennium, to provide a total of \$28 million in bonding authority for the program. This added level of bonding authority would maintain the level of funding provided in the 2001-2003 state budget.

\* Debt service paid from segregated transportation funds.

### STATE HIGHWAY REHABILITATION

Funding for highway rehabilitation would be reduced by 18.4% in FY 2004 and 11.8% in FY 2005, for a total reduction of \$157 million. For the first time, \$276 million in 10-year bonds would be issued for state highway rehabilitation projects.

### MARQUETTE INTERCHANGE

(Amounts in Millions)				
	03 Base	03-04	04-05	Total
SEG	\$40.2	\$7.9	\$0.0	\$7.9
FED	55.1	71.3	79.2	150.5
Bonding*	0	0	85.5	85.5
Total	\$95.3	\$79.2	\$164.7	\$243.9
% Increase (decrease)		(16.8%)	72.9%	28.0%

\* An additional almost \$400 million in bonding for 2005-6 is included in the Governor's request for increased bonding authority.

The Governor recommends delaying the project for one year and rebuilding the interchange over four years, beginning in 2004 and ending in 2008. State funding for the project would be reduced, while federal funding and bonding levels would be increased. A total of \$244 million would be provided over the two-year budget period to be added to the \$160.6 million provided in the 2001-03 biennium. This would require approximately \$485 million to be found in the 2005-2007 biennium to fund the estimated \$890 million cost of the project.

### MAJOR HIGHWAY DEVELOPMENT

(Amounts in Millions)				
	03 Base	03-04	04-05	Total
SEG	\$53.6	\$16.7	\$33.0	\$49.7
FED	58.0	28.7	31.2	59.9
Bonding	130.1	173.3	158.2	331.5
Total	\$241.7	\$218.7	\$222.4	\$441.1
% Increase (decrease)		(9.5%)	(8.0%)	(8.7%)

Funding for the Majors would be reduced by 9.5% in FY 2004 and 8% in FY 2005 for a total reduction of \$37 million. A portion of the decrease in SEG and FED funding would be offset by the use of bonding. Bonds would provide 79% of total funding in FY 2004 and 71% in FY 2005 – up from 54% in the current fiscal year.

# Budget Update: Governor's 2003-2005 Biennial Budget

## PROGRAM DELIVERY

### CONSULTANTS

Funding for state highway rehabilitation and major highway programs reflect a reduction of \$12.6 million in budgets for hiring consultants (\$8.6 million) for services such as design engineering and project management and for limited-term employees (\$4 million).

### WISDOT ADMINISTRATION

As part of the agency fund transfer to the general fund highlighted previously (\$30 million), the Department is required to eliminate 300.5 positions over the biennium. This reduction will be met by eliminating vacant positions, although some layoffs may be required.

### 2003-05 TRANSPORTATION BUDGET: ALL FUNDS GOVERNOR'S RECOMMENDATION

Source: WisDOT

	FY 2003 Base	FY 2004 Budget		FY 2005 Budget		% of 04-05 Budget
		Dollars	% Change	Dollars	% Change	
<b>Transportation Aids</b>						
General Transportation Aids	366,156,200	378,002,500	3.2%	387,452,500	2.5%	16.8%
Transit Aids	124,156,500	126,224,100	1.7%	129,106,000	2.3%	5.6%
Elderly And Disabled Aids	10,952,500	11,173,700	2.0%	11,400,400	2.0%	0.5%
Special Highway Aids	18,011,000	18,011,000	0.0%	18,011,000	0.0%	0.8%
<b>Total Transportation Aids</b>	<b>519,276,200</b>	<b>533,411,300</b>	<b>2.7%</b>	<b>545,969,900</b>	<b>2.4%</b>	<b>23.6%</b>
<b>Local Transportation Capital Assistance</b>						
Local Bridge Assistance	43,549,700	40,538,900	-6.9%	41,711,900	0.0%	1.8%
Rail Assistance	16,821,500	14,955,900	-11.1%	15,614,300	4.4%	0.7%
Harbor/Rail Passenger Assist.	6,067,700	7,174,200	18.2%	7,814,200	8.9%	0.3%
Aeronautics Assistance	69,383,000	69,505,200	0.2%	69,505,200	0.0%	3.0%
Local Trans. Fac. Impr. Assist.	137,967,300	130,457,400	-5.4%	135,063,300	3.5%	5.8%
Multimodal Transp. Studies	750,000	750,000	0.0%	750,000	0.0%	0.0%
Transp. Fac. Econ. Assist. & Dev.	7,250,000	7,250,000	0.0%	7,250,000	0.0%	0.3%
Surface Transp. Grants	3,400,000	3,087,200	-9.2%	3,208,600	3.9%	0.1%
Congestion Mitig. & Air Qual.	15,623,200	14,186,000	-9.2%	14,743,700	3.9%	0.6%
Transp. Enhancements Grants	8,412,800	7,638,900	-9.2%	7,939,200	3.9%	0.3%
Transp. Infrastructure Loans	0	176,000	100.0%	5,000	-97.2%	0.0%
<b>Total Local Transp. Capital Assistance</b>	<b>309,225,200</b>	<b>295,719,700</b>	<b>-4.4%</b>	<b>303,605,400</b>	<b>2.7%</b>	<b>13.1%</b>
<b>State Highways</b>						
Major Highways	241,651,000	218,700,000	-9.5%	222,370,500	1.7%	9.7%
Rehabilitation	608,625,100	455,857,000	-25.1%	492,258,800	8.0%	20.8%
SE Wisc. Freeway Rehabilitation	108,325,700	79,241,800	-26.8%	164,741,800	107.9%	5.3%
Maintenance	165,425,000	179,658,700	8.6%	191,853,400	6.8%	8.1%
Admin. & Planning, Hwys	24,847,100	24,803,700	-0.2%	24,977,400	0.7%	1.1%
<b>Total State Highways</b>	<b>1,148,873,900</b>	<b>958,261,200</b>	<b>-16.6%</b>	<b>1,096,201,900</b>	<b>14.4%</b>	<b>45.0%</b>
Total DOT State Operations	220,714,600	225,138,600	2.0%	226,694,600	0.7%	9.9%
Total Debt Service/Reserves	124,206,300	165,665,600	33.4%	215,475,600	30.1%	8.3%
<b>TOTAL WisDOT BUDGET</b>	<b>2,322,296,200</b>	<b>2,178,196,400</b>	<b>-6.2%</b>	<b>2,387,947,400</b>	<b>9.6%</b>	<b>100.0%</b>