



2003-2005 Transportation Budget Summary

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

The 2003-2005 biennial transportation budget bill (Wisconsin Act 33), maintains overall funding levels at approximately 2003 base levels. However, the budget includes a transfer of \$675 million from the Transportation Fund to the General Fund. This segregated transportation revenue is replaced with \$565 million of general obligation bonding, with the principal and interest to be repaid with transportation revenues.

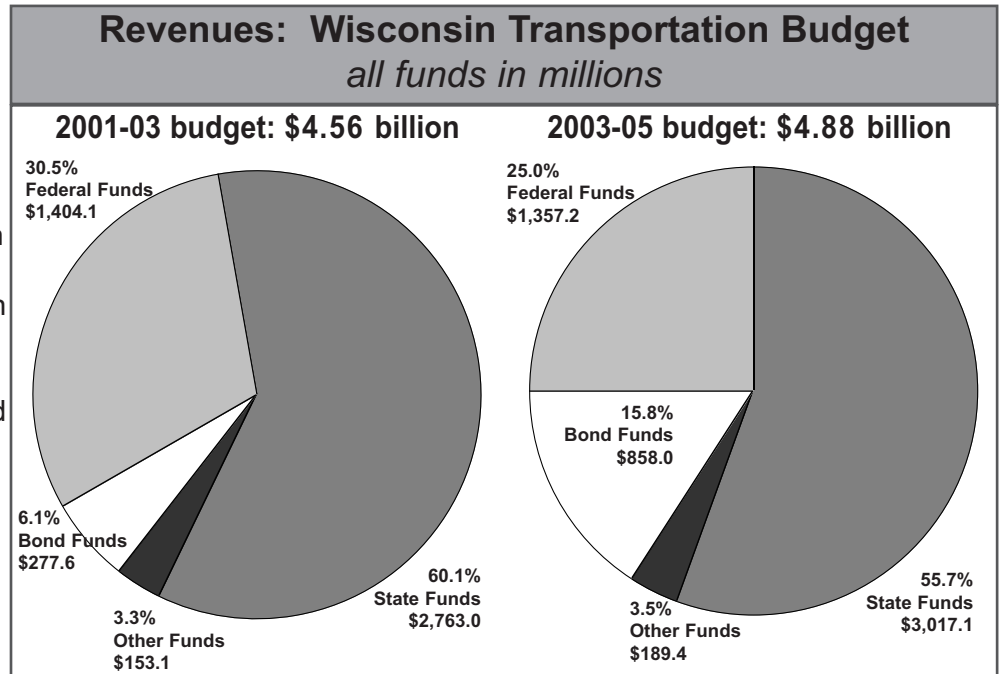
Revenues

In the 2003-05 biennial budget, transportation revenue allocated to WisDOT programs is \$4.88 billion after transfers to other state agencies. The substantial increase in bond funds was necessitated by the large transfer of transportation funds to cover shortfalls in general fund programs.

WisDOT has decreased its expectation of federal funding over this biennium by \$75 million from the 2003 base. This reduction is based on an 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 and many in Congress are opposed to

increasing transportation user fees to raise needed revenue.

State transportation funds are comprised of state motor fuel taxes, vehicle registration, driver's license, and other miscellaneous fees. Effective October 1, 2003, fees for automobile registration and vehicle titling will increase. The automobile registration fee will increase from \$45 to \$55 and will provide an additional \$60.5 million in the biennium. The title transfer fee will increase from \$25 to \$35 and will provide an estimated \$26.3 million for the biennium.



Transportation Revenues to Other Agencies (In Millions)

	2003-2005 Budget
General Fund Transfers	
Shared Revenue	-400
Misc. General Funds	-175
School Aids (1)	-100
	-675

(1) School Aids transfer of \$60 million a year will continue in the next biennium, \$120 million in 2005-2007.

2003-2005 Transportation Budget

Program Funding: Transportation Aids and Local Capital Assistance

Local Aids

General Transportation Aid payments to local governments remain at 2003 levels. Funding for 2004 and 2005 will be approximately \$90 million for counties and \$283 million for municipalities. In addition, the rate per mile remains at the 2003 level of \$1,825.

Local Road Improvement Program funding is reduced by \$2.5 million over the biennium. This reduction was tied to an unfunded earmark for the West Canal Street in Milwaukee.

Transit

Elderly and Disabled Transit program funding is increased by \$221,000 in 2004 and \$447,000 in 2005 to provide inflationary increases of 2.5%.

Transit Operating Assistance program funding remains at 2003 levels for the biennium. Funding for 2004 and 2005 is \$56.8 million for Tier A-1, \$15.1 million for Tier A-2, \$21.7 million for Tier B, and \$4.9 million for Tier C.

Aviation/Harbors

Aviation program funding will be \$69.5 million in both 2004 and 2005.

Harbor Assistance program is provided \$3 million in additional bonding authority and \$1 million in state funds to continue funding at the levels approved for the last two budget cycles.

Rail

Commuter Rail Transit System Development program retains \$400,000 in state funds to provide one-half of the non-federal share for preliminary engineering for the Kenosha-Racine-Milwaukee (KRM) system. This budget allows

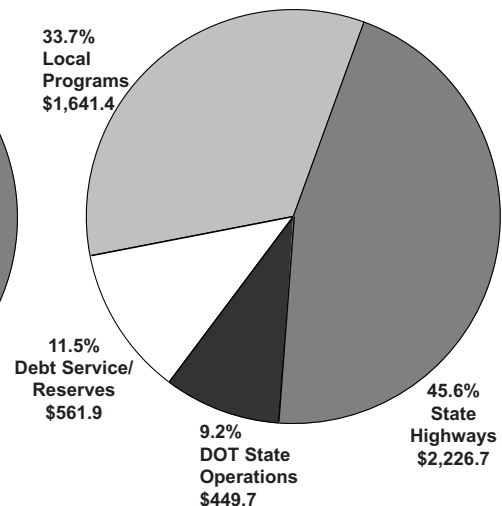
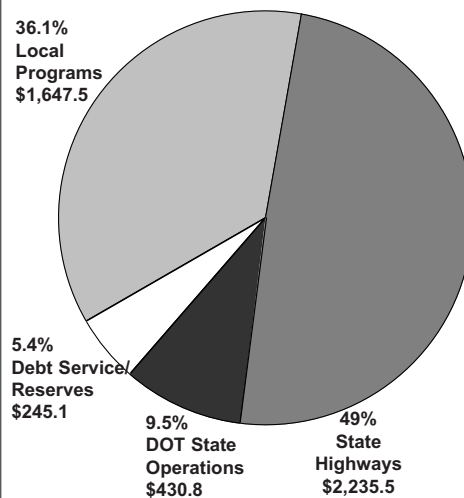
additional bonding authority for acquisition and rehabilitation of rail lines.

Freight Rail Infrastructure Loans receive no SEG funds, resulting in program funding from the revolving loan pool. Bonding authority is increased by \$500,000.

Expenditures: Wisconsin Transportation Budget all funds in millions

2001-03 budget: \$4.56 billion

2003-05 budget: \$4.88 billion



federal funds to flow directly to local governments for project development and also permits utilization of the funds for light rail projects.

Passenger Rail (Amtrak Hiawatha Service) program receives increased funding to reflect the estimated costs of a new contract with Amtrak for the Hiawatha service from Milwaukee to Chicago – \$1.1 million in state and federal funds in 2004 and \$1.7 million in 2005.

Freight Rail Preservation program receives \$4.5 million in

Program Delivery

WisDOT operations budget is permanently reduced by \$30 million:

- elimination of 302.5 FTE positions
- reduction in state highway program budgets for hiring consultants (\$8.6 million) for services such as design engineering and project management and for limited-term employees (\$4 million).

2003-2005 Transportation Budget

Program Funding: State Highways

Excluding the Marquette Interchange, Highway program funding is slightly lower than 2003 base levels. However, to accommodate the transfer of \$675 million from the Transportation Fund, SEG revenue was dramatically reduced and replaced with bonding.

Funding for the Majors program was reduced by \$4 million over the biennium and bonded at 57%, up from 55%. Highway Rehabilitation program funding was reduced by \$16 million over the biennium. Bonding for Rehabilitation is being used for the first time at a rate of 44%.

Funding for Southeast Freeways (excluding the Marquette project) was reduced by \$80 million over the biennium from the legislature's budget. The budget firewall between the Marquette and the rest of the Southeast Freeway was removed. The estimated \$6.2

Highway Programs (In Millions)				
Program	FY 2003 (Base)	FY 2004	FY 2005	Variance to Base
Rehabilitation	\$558.0	\$542.7	\$556.7	-\$16.6
Majors	241.7	239.7	239.0	-4.7
SE WI Fwy.*	<u>95.3</u>	<u>87.2</u>	<u>173.7</u>	<u>70.3</u>
Total	\$895.0	\$869.6	\$969.4	\$49.0

* Only \$17 million is for Southeast Freeway Rehabilitation, an \$80 million reduction from the legislature's budget.

billion reconstruction project has almost no funding base going into future bienniums and the source of future funding is uncertain.

The Marquette project is funded with \$244 million in 2003-2005, and bonding for the

project will be 18% in the first year and 38% in the second.

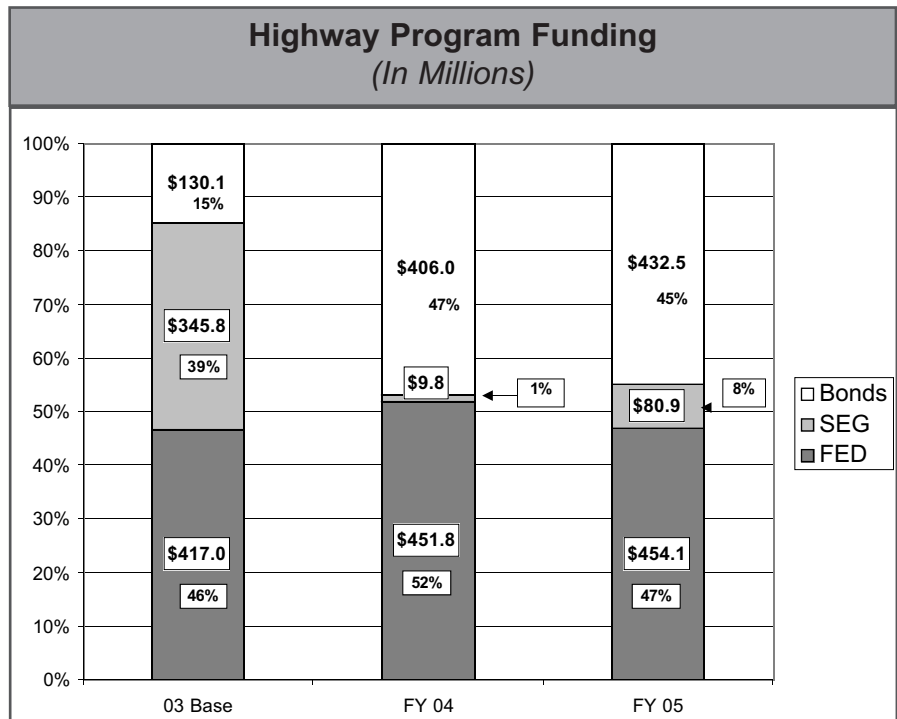
Funding for Highway Maintenance was reduced to base 2003 levels and \$7.4 million of a \$10 million adjustment to 2003 base was reversed.

4 Projects Enumerated

The following projects previously not enumerated by the TPC were enumerated as major highway projects in this budget:

- 1) USH 14 from Viroqua to Westby, Vernon County
- 2) USH 18 from STH 60 to Prairie du Chien, Crawford County
- 3) USH 41 from STH 26 to Breezewood Lane, Winnebago County
- 4) USH 41 from CTH F to CTH M, Brown County

However, no additional dollars were included in the Majors budget to ensure funding for these projects.



2003-2005 Transportation Budget

Debt Service: Long-term Implications

Total Bonding (In Millions)				
Program	FY 2003 (Base)	FY 2004	FY 2005	% of Program
Rehabilitation- GO bonds*	\$0	\$253.9	\$230.0	44%
Majors- TR bonds	130.1	136.2	136.8	57%
SE WI Fwy.- GO bonds*	0	15.9	65.7	31%
Total	\$130.1	\$406.0	\$432.5	46%

*Debt Service paid out of the Transportation Fund

outlast the 10 year bonds. Transportation revenue bonding for Majors increased \$12.8 million as the percentage of the program bonded increased from 55% to 57%.

cent gas tax will be needed just to service the debt. This projected increase in debt service only includes the bonding for this biennium's appropriations. There is \$435 million remaining from the \$1 billion general obligation bonding authority. If this is used to fund the remaining cost of the Marquette Interchange (approximately \$400 million) in the next biennium, debt service will increase again. In addition, no funding base or strategy has been established for the \$6.2 billion Southeast Freeway Reconstruction.

Bonding increased \$578 million over '03 base levels.

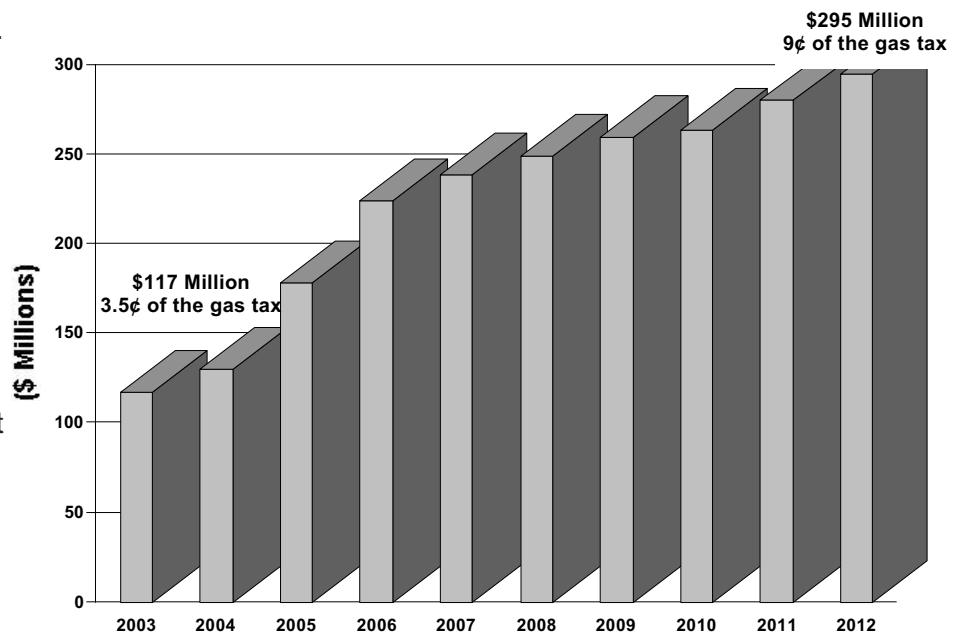
In this budget, bonding increased \$578 million over 2003 levels. The increase partially offsets the transfer of transportation funds to the General Fund. \$565 million of \$1 billion in general obligation bonding authority was allocated in the current biennium. The debt service on this bonding will be paid with transportation funds.

The Marquette Interchange will be bonded at 31% over the biennium- \$81.6 million in general obligation bonds. State Highway Rehabilitation, the program that upgrades deteriorating systems and modernizes State Trunk Highways and bridges to meet current and projected travel needs, will be bonded for the first time in this biennium. 44% of this program (\$483.9 million) will be funded with 10 year general obligation bonds. Given the nature of rehabilitation projects, many of the projects may not

The amount of bonding in this biennium will impact the Transportation Fund for many years. Debt service will double by 2007 and by 2012, the equivalent of 9 cents of the 28

Without a massive tax increase or major cuts to programs, more debt will be necessary to complete these large projects and maintain existing programs.

By 2012, 9¢ of the gas tax will go to debt service.



2003-2005 Transportation Budget

Source: WisDOT

2003-2005 Transportation Budget: Total Biennium Comparison All Funds (State and Federal)

	Base Doubled (FY 2003)	2003-2005 Budget	
		Dollars	% Change from BYD
Transportation Aids:			
General Transportation Aids	732,312,400	746,671,400	2.0%
Transit Aids	248,313,000	251,214,800	1.2%
Elderly And Disabled Aids	21,905,000	22,574,100	3.1%
Special Highway Aids	36,022,000	36,022,000	0.0%
Total Transportation Aids	1,038,552,400	1,056,482,300	1.7%
Local Transportation Capital Assistance:			
Local Bridge Assistance	87,099,400	84,450,200	-3.0%
Rail Assistance	33,643,000	29,391,200	-12.6%
Harbor/Rail Passenger Asst.	12,135,400	15,388,200	26.8%
Aeronautics Assistance	138,766,000	139,005,200	0.2%
Local Trans. Fac. Impr. Asst.	275,934,600	257,530,400	-6.7%
Multimodal Trans. Studies	1,500,000	0	-100.0%
Trans. Fac. Econ. Asst. & Dev.	14,500,000	14,500,000	0.0%
Surface Trans. Grants	6,800,000	0	-100.0%
Congestion Mitig. & Air Qual.	31,246,400	28,929,700	-7.4%
Trans. Enhancements Grants	16,825,600	15,578,100	-7.4%
Trans. Infrastructure Loans	0	181,000	100.0%
Total Loc. Trans. Capital Asst.	618,450,400	584,954,000	-5.4%
State Highways:			
Major Highways	483,302,000	478,670,500	-1.0%
Rehabilitation	1,217,250,200	1,099,370,000	-9.7%
Se Wisc Freeway Rehabilitation	216,651,400	260,983,600	20.5%
Maintenance	330,850,000	337,903,900	2.1%
Admin. & Planning, Hwys	49,694,200	49,740,700	0.1%
Total State Highways	2,297,747,800	2,226,668,700	-3.1%
Total Dot State Operations	441,429,200	449,680,200	1.9%
Total Debt Service/Reserves	248,412,600	561,917,300	126.2%
Total Transportation Budget	4,644,592,400	4,879,702,500	5.1%

2003-2005 Transportation Budget

Source: WisDOT

2003-2005 Transportation Budget: Totals by Fiscal Year All Funds (State and Federal)

	Base Year (FY 2003)	FY 2004 Budget		FY 2005 Budget	
		Dollars	% Change from BY	Dollars	% Change from FY04
Transportation Aids:					
General Transportation Aids	366,156,200	373,335,700	2.0%	373,335,700	0.0%
Transit Aids	124,156,500	125,607,400	1.2%	125,607,400	0.0%
Elderly And Disabled Aids	10,952,500	11,173,700	2.0%	11,400,400	2.0%
Special Highway Aids	18,011,000	18,011,000	0.0%	18,011,000	0.0%
Total Transportation Aids	519,276,200	528,127,800	1.7%	528,354,500	0.0%
Local Transportation Capital Assistance:					
Local Bridge Assistance	43,549,700	42,738,600	-1.9%	41,711,600	-2.4%
Rail Assistance	16,821,500	14,366,400	-14.6%	15,024,800	4.6%
Harbor/Rail Passenger Asst.	6,067,700	7,574,100	24.8%	7,814,100	3.2%
Aeronautics Assistance	69,383,000	69,502,600	0.2%	69,502,600	0.0%
Local Trans. Fac. Impr. Asst.	137,967,300	127,442,500	-7.6%	130,087,900	2.1%
Multimodal Trans. Studies	750,000	0	-100.0%	0	0.0%
Trans. Fac. Econ. Asst. & Dev.	7,250,000	7,250,000	0.0%	7,250,000	0.0%
Surface Trans. Grants	3,400,000	0	-100.0%	0	0.0%
Congestion Mitig. & Air Qual.	15,623,200	14,186,000	-9.2%	14,743,700	3.9%
Trans. Enhancements Grants	8,412,800	7,638,900	-9.2%	7,939,200	3.9%
Trans. Infrastructure Loans	0	176,000	100.0%	5,000	-97.2%
Total Loc. Trans. Capital Asst.	309,225,200	290,875,100	-5.9%	294,078,900	1.1%
State Highways:					
Major Highways	241,651,000	239,700,000	-0.8%	238,970,500	-0.3%
Rehabilitation	608,625,100	542,708,700	-10.8%	556,661,300	2.6%
Se Wisc Freeway Rehabilitation	108,325,700	87,241,800	-19.5%	173,741,800	99.1%
Maintenance	165,425,000	168,908,400	2.1%	168,995,500	0.1%
Admin. & Planning, Hwys	24,847,100	24,783,500	-0.3%	24,957,200	0.7%
Total State Highways	1,148,873,900	1,063,342,400	-7.4%	1,163,326,300	9.4%
Total Dot State Operations	220,714,600	224,062,100	1.5%	225,618,100	0.7%
Total Debt Service/Reserves	124,206,300	253,678,500	104.2%	308,238,800	21.5%
Total Transportation Budget	2,322,296,200	2,360,085,900	1.6%	2,519,616,600	6.8%