
2011-13 Biennial Budget Highlights 2011 Wisconsin Act 32



Wisconsin Department of Transportation
Office of Policy, Budget and Finance

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Table of Contents

This document highlights the major finance and policy issues relating to the Department of Transportation's 2011 – 2013 biennial budget, as finalized by legislative action and the Governor's vetoes to 2011 Wisconsin Act 32.

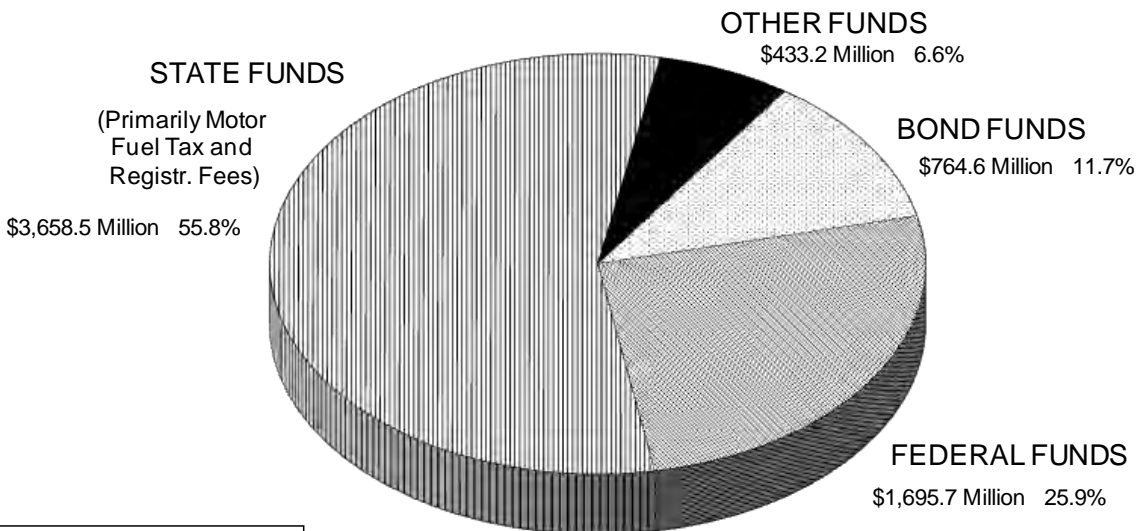
<u>REVENUE SOURCES</u>	1
<u>EXPENDITURES</u>	3
<u>STATE HIGHWAY PROGRAMS</u>	4
<u>LOCAL AID PROGRAMS</u>	7
<u>SERVICE DIVISIONS</u>	9
<u>AGENCY OPERATING/POSITION REDUCTIONS</u>	11
<u>ENTERPRISE-WIDE</u>	12
<u>ATTACHMENT 1: STATE HIGHWAY PROGRAM MATRIX</u>	13

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REVENUE SOURCES

The chart below illustrates the Wisconsin Department of Transportation’s revenue sources in four categories: State Funds, Federal Funds, Bond Funds, and Other Funds. State motor fuel taxes, vehicle registration and driver license fees comprise the majority of state transportation revenues. Other funds include revenue from the general fund as well as local revenue.

**2011-13 TRANSPORTATION
 REVENUE SOURCES
 TOTAL BUDGET \$6.50 BILLION
 2011 Wisconsin Act 32**



Revenues allocated to:	
WisDOT	6,552.0 Million
Other Agencies	- 50.8 Million

	6,501.2 Million

Revenue Initiatives

- Beginning in FY 13, the budget requires an annual transfer of 0.25% of General Fund revenues or not less than \$35.1 million. In addition, the budget provides a one-time transfer of \$125 million from the General Fund to the Transportation Fund.
- The budget repeals the \$9 motor vehicle environmental impact fee, which previously was deposited in the Environmental Fund. It also increases the existing certificate of title fee \$9 from \$53 to \$62. The title fee increase is expected to generate \$10.5 million in each year of the biennium.
- The budget transfers \$19.5 million each year from the Petroleum Inspection Fund to the Transportation Fund.
- The budget establishes a Transportation Finance and Policy Study Commission, which will examine issues related to the future of transportation finance in Wisconsin and prepare a report with findings and recommendations by March 2013.
- The budget requires the Department to submit a 10-year financing plan, which will include an estimate of total Transportation Fund revenues, proposed bonding, and estimated debt service for each year. No frequency or timetable for the plan or plans is established.

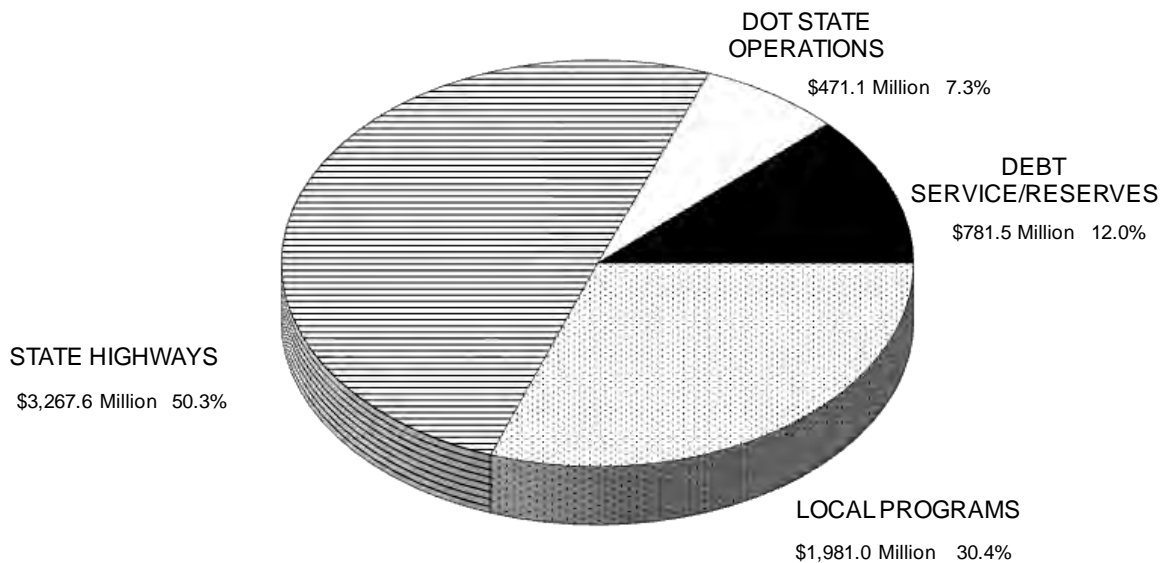
EXPENDITURES

The chart below illustrates the Department's expenditure authority in four categories: State Highways, Local Programs, Debt Service and Reserves, and DOT State Operations.

2011-13 TRANSPORTATION BUDGET ALL FUNDS

TOTAL BUDGET \$6.50 BILLION

2011 Wisconsin Act 32



STATE HIGHWAY PROGRAMS

State Highway Rehabilitation (SHR)

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

The budget provides \$810.8 million in total funding for SHR in FY 12 and \$825.8 million in FY 13. This represents a 5.8% increase over the 2009-11 biennium. This total includes \$81 million in Transportation Fund-supported General Obligation (GO) bonds as well as \$115.4 million in General Fund-supported GO bonds.

The budget provides that rehabilitation projects on the southeast Wisconsin freeway system with a cost of less than \$75 million be funded through the SHR program.

Major Highways

This program provides for the development and construction of new or significantly improved highways.

The budget includes two categories of major highway projects:

- Current law maintains the first project category; however, the total project cost threshold is increased from \$5 million to \$30 million.
- The second (and new) category includes any project with a cost of at least \$75 million and does not meet the other statutory requirements defining a major highway project. A project on the southeast Wisconsin freeway system with a cost between \$75 million and \$500 million will be funded through the Major Highway Program.

For both categories of major highway projects, the total cost threshold is adjusted annually using the Wisconsin DOT Transportation Price Index, Yearly Moving Average. The budget maintains the current Transportation Projects Commission (TPC) review and approval process for major highway projects in the first category, but creates a new TPC review and approval process for projects in the second category:

- DOT may prepare an Environmental Impact Statement (EIS) or Environmental Assessment for a major highway project without TPC approval.
- However, prior to construction the TPC must approve a request to proceed with the construction of the project. This request can be submitted anytime after the completion of a draft EIS.

The budget enumerates four new highway projects, U.S. Interstate I-90 in Dane and Rock counties; State Trunk Highway (STH) 38 in Racine and Milwaukee counties; USH 10 in Calumet and Winnebago counties; and STH 15 in Outagamie County.

The budget provides total program funding of \$372 million in FY 12 and \$371.6 million in FY 13. This represents a 3.3% increase over the 2009-11 biennium. This includes Transportation Revenue Bond (TRB) funds in FY 12 totaling \$154.7 million, and \$159.7 million in FY 13. The budget also provides Transportation Fund-supported GO bond authority totaling \$27 million in FY 12 and \$23 million FY 13.

Southeast Wisconsin Freeway Megaprojects

The budget provides for the creation of a Southeast Wisconsin Freeway Megaproject program for all projects on the southeast Wisconsin freeway system expected to cost more than \$500 million, including the reconstruction of the I-94 North-South freeway and the Zoo Interchange.

- The megaproject cost threshold is indexed to construction inflation.
- Megaprojects must be enumerated in state law.

The budget provides \$232 million in total funding for megaprojects in FY 12 and \$188 million in FY 13. This total includes \$104 million in Transportation Fund supported GO bonds in FY 12, and \$47.2 million in FY 13. These amounts include:

- \$152 million in FY 12 and \$43 million in FY 13 for the I-94 North-South freeway project between the Illinois state line and the Mitchell Interchange in Milwaukee, a distance of about 35 miles.
- \$80 million in FY 12 and \$145 million in FY 13 for the reconstruction of the Zoo Interchange in western Milwaukee County. The budget also requires the Department to submit a report to the Wisconsin State Legislature's Joint Committee on Finance which identifies a financing plan and schedule for the Zoo Interchange reconstruction, but no timetable is established for the report.

The Southeast Wisconsin Freeway Rehabilitation Program created by 2001 Wisconsin Act 16 has effectively expired.

Major Interstate Bridge Construction

This program provides for construction of new interstate bridge projects for which Wisconsin's estimated cost share is at least \$100 million. The budget eliminates the precondition that the state receive at least \$75 million in federal funds specifically designated for a major interstate bridge project before accessing bond funds for the project.

High Cost Bridge Construction

The budget creates a high-cost state highway bridge program for rehabilitation or construction projects. This new program is for bridges on a state highway and its approaches that have an estimated cost exceeding \$150 million. No funding is provided in the 2011-13 biennium.

State Highway Maintenance & Traffic Operations

This program is responsible for ensuring year-round mobility by providing daily maintenance, repair and preservation services on the state trunk highway system. These activities include but are not limited to repairing potholes, removing snow, applying salt, controlling vegetation, installing and maintaining pavement markings, and operating intelligent transportation systems.

The budget:

- Provides total funding of \$218.7 million in FY 12 and \$207.6 in FY 13. This reflects an increase of \$18,385,800 in FY 12 and \$7,287,000 in FY 13.
- Requires the Department to work cooperatively with county highway departments to determine an appropriate level of work sufficient to fully utilize manpower and equipment needed for winter maintenance.
- Reduces the Department of Natural Resources car-killed deer removal program by \$109,500 SEG and \$109,500 GPR annually.

The budget also modifies the outdoor advertising sign relocation law, the state prevailing wage law as it pertains to public works projects, and transportation project borrow and disposal site requirements.

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 budget provides \$824.2 million in funding for the biennium. This reflects a 9.4% reduction for CY 12 aids to counties, a 10% CY 2012 decrease for municipalities on the share of cost formula, no change for municipalities on the rate-per-mile formula, and holds aids steady at CY 2012 levels in CY 2013.

Local Road Improvement/Local Transportation Facility Improvement Assistance

The budget provides \$278.3 million in total biennial funding, including an increase of \$5 million annually for town road projects funded through the Local Road Improvement Discretionary Program.

The budget also modifies local bidding requirements, limiting the use of county workforces on projects for a city or village and projects outside the county.

Highway and Local Bridge Improvement Assistance

The budget maintains funding at \$83.3 million over the biennium for Highway and Local Bridge Improvement Assistance.

Special Highway Aids

The budget maintains funding of \$31.2 million over the biennium for Special Highway Aids.

Transit

The budget provides \$221.7 million for tiered Mass Transit Operating Aids. This reflects a 10% reduction in CY 12 aids, while holding aids steady at CY 12 levels in CY 13. Other transit aids for the biennium total \$76.9 million.

The budget also includes the following transit-related items:

- Creates a new program and appropriation to supplement the cost of paratransit service provided by transit systems eligible for state mass transit operating assistance, and provides \$2.5 million of state funds annually. Transit systems provide paratransit services to individuals with disabilities who are unable to use fixed route transportation systems as required by the Americans with Disabilities Act.
- Preserves current law collective bargaining rights for certain municipal transit employees if the Wisconsin Employment Relations Commission determines that the respective municipal employer will lose federal transit funding if the municipal employee is not a covered transit employee.

- Retains the appropriations and authority of the Department to contract directly with intercity bus service providers to use federal transit funds available for intercity bus service, while eliminating state funding for the Intercity Bus Assistance Program.
- Repeals Regional Transit Authorities (RTAs) and the authority for local governments to create RTAs and provides for the dissolution of previously established RTAs.
- Eliminates the Southeast Wisconsin Transit Capital Assistance Program and the \$100 million in GO bonding authority that would have funded the program.

Elderly and Disabled Transportation Aids

These funds are distributed to counties to support the continued mobility of elderly and disabled populations. The budget maintains \$33.8 million of total funding over the biennium for Elderly and Disabled Transportation Aids.

Aeronautics

The budget maintains \$258.5 million in total biennial funding.

Rail

The budget provides \$45.4 million in total biennial funding for rail, including \$10.3 million for rail service assistance, \$14.5 million for railroad crossing assistance, and \$20.6 million for the Passenger Rail Assistance Program. In addition, the budget provides an increase of \$30 million in GO bonding authority for the Freight Railroad Preservation Program.

The provision for passenger rail assistance includes a state funds increase of \$3.4 million in FY 12 and \$5.9 million in FY 13, and a federal funds decrease of \$0.9 million in FY 12 and \$0.7 million in FY 13 for the Amtrak Hiawatha passenger rail service between Milwaukee and Chicago. The amounts reflect current estimates of the cost to continue the Hiawatha service as well as to maintain the new state-owned passenger rail cars starting in 2012.

Harbors

The budget provides \$1.1 million in state funding over the biennium for harbor assistance. The budget also provides \$10.7 million in GO bonding authority for the Harbor Assistance Program.

Congestion Mitigation and Air Quality Improvement

The budget maintains \$29.4 million in total biennial funding.

Transportation Enhancements

The budget maintains \$15.9 million in total biennial funding.

Transportation Facilities, Economic Assistance and Development

The budget maintains \$14 million in total biennial funding.

Bicycle and Pedestrian

The budget provides \$8.8 million in total biennial funding, eliminating \$2.5 million in annual state funding for the Bicycle and Pedestrian facilities program but increasing federal funding for the program by \$1 million per year.

In addition, the budget maintains \$7.1 million in total biennial funding for the Safe Routes to Schools Program.

SERVICE DIVISIONS

Division of State Patrol (DSP)

Including amounts for highway safety administered by DSP, the budget provides total program funding of \$82.6 million in FY 12 and \$81.7 million in FY 13. These amounts include:

- \$320,900 in each year of the biennium to purchase computer servers, routers, dispatch systems and other necessary equipment needed to complete Wisconsin's federally-mandated narrowband communication system.
- \$2.8 million in FY 12 for costs related to conducting a recruit class for new state troopers and inspectors.

The budget requires those convicted of Operating While Intoxicated to reimburse law enforcement agencies for the cost of taking a blood sample.

The budget creates a Program Revenue (PR) annual appropriation in the Office of Justice Assistance (OJA) to fund the Wisconsin Interoperable System for Communications (WISCOM). Revenue will be collected through the justice information system surcharge paid by any non-state agency using WISCOM. This appropriation will provide \$656,400 to DSP for personnel and supply costs associated with developing and operating those parts of the WISCOM system that rely on the DSP radio communications network.

Under 2011 Wisconsin Act 10, all represented and sworn DSP personnel are exempt from paying the required employee share of retirement contributions or increased health care insurance contributions. The budget provides that non-represented state troopers and inspector personnel who are employed before the effective date of the budget are also exempt. The budget also provides that any state trooper or inspector moving to a non-represented law enforcement position at DOT would continue to be exempt from the increased health insurance and retirement contributions under Act 10.

Division of Motor Vehicles (DMV)

The budget provides total program funding of \$77.3 million in FY 12 and \$76.9 million in FY 13.

The budget provides \$6 million in FY 12, \$4 million in FY 13 and 55.0 FTE positions annually to provide at least 20 hours of driver license and ID card-related services per week in each county. The Department is required to provide these services in the most cost-effective means possible including contracting with local governments.

The budget provides statutory authority permitting DMV to enforce federal sanctions against motor carriers that have been ordered out-of-service for safety violations and allow the division to suspend interstate registrations and refuse interstate operations for such carriers' vehicles. The budget includes \$96,800 in FY 12 to fund computer enhancements needed to fully implement the federal Performance and Registration Information System Management (PRISM) program.

The budget includes statutory authority allowing DMV to downgrade a driver's commercial driver license (CDL) if a current medical certification is not on file with the Department. The budget includes \$1.2 million in FY 12 to implement new federal requirements for the CDL.

The budget allows DMV to simultaneously issue both REAL ID-compliant and non-compliant driver license and identification (ID) products for individuals who either cannot or chose not to obtain a compliant card. The budget provides \$2.4 million in FY 12 and \$2.2 million in FY 13 for costs associated with the standards required by the federal REAL ID Act and creates a new religious belief photo exception for non-compliant products.

The budget allows DMV to conduct more business electronically, with specific implementation requirements set through administrative rule. DMV is also authorized to establish new fees through administrative rule. However, new fees on individuals are prohibited. As a result of savings from this initiative, 10.8 full time equivalent (FTE) positions are eliminated.

Other provisions included in the budget that affect DMV:

- Authorizes the Department to renew ID cards by mail or any electronic means available to DOT without having to take a photograph.
- Requires DMV to issue the "old design" of emergency medical technician or firefighter license plates upon request, with an additional \$21,500 provided for needed programming changes.
- Puts \$532,000 in the Joint Committee on Finance's supplemental appropriation in FY 13 for funding license plate stickers. To receive this funding the Department is required to submit a s.13.10 Wis. Stats., request in the third quarter of FY 12 and include a proposal for a third-party vendor to centrally issue stickers that carry an identification marker specific to the vehicle for which the sticker was issued.
- Modifies a provision in the motor vehicle warranty law requiring a manufacturer to replace a vehicle if a defect covered by an express warranty cannot be repaired after four attempts, or the vehicle is out of service for an aggregate of 30 days because of the defect. The budget specifies that the 30-day period shall not include any time during which repair services are not available because of flood, natural disaster, war, invasion, fire, or strike.

- Changes the Class D skills test fee so that an applicant is required to pay \$15 for each test taken.
- Various provisions that affect the number of positions in the division are included, resulting in the creation of 55.0 FTE and a reduction of 80.97 FTE for a net 25.97 FTE positions being deleted over the biennium:

Division of Business Management (DBM)

The budget provides \$1.1 million per year to cover increased rental facility costs. In addition, the state capital budget provides Transportation Revenue Bond authority totaling:

- \$2,956,500 to construct three radio towers and support facilities and purchase equipment.
- \$5,040,800 million for the on-going facility maintenance and repair of buildings and other support facilities.

AGENCY OPERATING/POSITION REDUCTIONS

The budget includes operating budget reductions in non-federal sum certain appropriations totaling \$27.7 million over the biennium:

Reduction by Appropriation

Appn.	FY 12	FY 13	Total
165	1,228,600	1,228,600	2,457,200
232	2,500,000	2,500,000	5,000,000
262	50,000	0	50,000
264	34,000	34,000	68,000
369	1,627,100	821,400	2,448,500
461	2,803,500	398,100	3,201,600
563	6,016,800	2,305,800	8,322,600
596	354,800	354,800	709,600
564	3,637,800	1,801,900	5,439,700
	\$18,252,600	\$9,444,600	\$27,697,200

Most state agencies are required to eliminate long-term vacancies under Act 32, including nearly 142 FTE long-term vacancies in the Department at a savings of \$8.9 million per year. The FTE reduction by division is: 4.00 in the Executive Offices; 24.33 in the Division of Business Management; 35.92 in the Division of Motor Vehicles; 6.00 in the Division of State Patrol; 14.50 in the Division of Transportation Investment Management; 57.14 in the Division of Transportation System Development.

ENTERPRISE-WIDE

(includes provisions from Act 10)

The budget:

- Deletes 3.0 classified FTE and provides 3.0 unclassified FTE for a chief legal advisor, a communications director, and a legislative advisor. (Act 10)
- Deletes \$13.1 million annually from the Transportation Fund to reflect fringe benefit cost reductions associated with increased employee contributions for retirement benefits and health care coverage. Requires that state employee contributions to the Wisconsin Retirement System (WRS) are made on a pre-tax basis for state and federal income tax purposes, reducing an employee's taxable income. (Act 10)
- Provides that the Governor may abolish any vacant full-time FTE position at any executive branch state agency (except the State Building Commission) with notification and approval of the Joint Finance Committee. The Committee can approve the request under 14 day passive review.
- Requires that new employees hired after the effective date of Act 32 have at least five years of creditable service to attain full vesting in a WRS annuity. Employees are also required to have five years of service before attaining eligibility for either a formula or money-purchase annuity.
- Requires employees of a covered employer to work in at least a two-thirds FTE position to participate in the WRS, instead of a one-third FTE position. The change in eligibility applies to employees hired on or after the effective date of Act 32.
- Modifies Act 10 language so that the employer share of insurance premiums for currently insured part-time employees who are appointed to work less than 1,044 hours per year will be determined annually by the director of the Office of State Employment Relations. Act 10 had established the threshold at 1,566 hours.
- Requires the Department of Administration (DOA) to ensure that all state agency expenditures for state operations that exceed \$100 including salaries paid to employees, are available for inspection on a searchable Internet website maintained by DOA.
- Increases the threshold at which sealed bids are required from \$25,000 to \$50,000.
- Provides the Secretary of DOA with the authority to lapse Department funds to the General Fund from the unencumbered balances of GPR and PR appropriations during the 2011-13 and 2013-15 fiscal biennium, totaling \$14,400 for DOT in each biennium.

Attachment 1

State Highway Program		09-11 Biennium	2011 Wis Act 32 FY 2012	2011 Wis Act 32 FY 2013	2011 Wis Act 32 Biennial
SE FREEWAY / MEGA PROJECTS	State	128,245,200	32,946,900	45,747,000	78,693,900
	Federal	219,464,400	95,053,100	95,053,100	190,106,200
	FED ARRA	13,822,900	0	0	0
	GO Bonds (Trans Fund)	<u>250,250,000</u>	<u>104,000,000</u>	<u>47,200,000</u>	<u>151,200,000</u>
		611,782,500	232,000,000	188,000,100	420,000,100
	% Change				-31.3%
SHR	State	576,907,300	266,150,900	373,561,500	639,712,400
	Federal	641,392,700	395,320,800	401,232,200	796,553,000
	FED ARRA	60,371,900	0	0	0
	Local	4,000,000	2,000,000	2,000,000	4,000,000
	GO Bonds (Trans Fund) restricted	60,000,000	32,000,000	49,000,000	81,000,000
	GO Bonds (General Fund)	<u>204,712,200</u>	<u>115,351,500</u>	<u>0</u>	<u>115,351,500</u>
		1,547,384,100	810,823,200	825,793,700	1,636,616,900
% Change				5.8%	
MAJORS	State	194,137,900	112,039,100	110,577,700	222,616,800
	Federal	157,386,200	78,263,500	78,263,500	156,527,000
	FED ARRA	17,193,800	0	0	0
	TRB	301,443,200	154,721,600	159,721,600	314,443,200
	GO Bonds (Trans Fund)	<u>50,000,000</u>	<u>27,000,000</u>	<u>23,000,000</u>	<u>50,000,000</u>
		720,161,100	372,024,200	371,562,800	743,587,000
	% Change				3.3%
MAINTENANCE	State	389,078,000	215,656,800	204,558,000	420,214,800
	Federal	2,205,800	1,102,900	1,102,900	2,205,800
	Local	<u>3,800,000</u>	<u>1,900,000</u>	<u>1,900,000</u>	<u>3,800,000</u>
		395,083,800	218,659,700	207,560,900	426,220,600
	Percent Change				7.9%
TOTAL	TOTAL	3,274,411,500			3,226,424,600
	Remove ARRA	<u>91,388,600</u>			
		3,183,022,900			
	Percent Change including ARRA				-1.5%
	Percent Change without ARRA				1.4%