



TRANSPORTATION

Will our transportation system get us where we want to go?

Introduction by Scott Klug

This year marks the 50th anniversary of the U.S. interstate highway system, which has given Americans an unprecedented level of mobility. President Dwight Eisenhower pushed hard to fund the system early in his administration. In fact it was a trip by Eisenhower in 1919 as a young colonel that convinced him of the need for a national network of highways. His trip from Washington D.C. to San Francisco took almost two months on a collection of primitive dirt roads and crumbling bridges.

Today the federal highway system and many Wisconsin state roads are showing their age. In the last decade the average rush hour commute grew 18 minutes as more traffic tried to snake its way along highways designed to hold just a fraction of the traffic. A major 2000 national study claimed that nearly 28% of the country's bridges are structurally deficient or functionally obsolete.

The picture unfortunately isn't much brighter for other pillars of the transportation infrastructure. The number of airline riders is soaring, but the amount of money spent on airports and aviation is flat, with significant resources redirected towards security. Incredibly the number of transit riders is growing faster than airline passengers, but since 2001, funds have been shrinking at the federal, state and local levels.

Milwaukee's Marquette Interchange project is in many ways a microcosm of the overall challenge facing Wisconsin. The massive reconstruction has snarled traffic for a year with another year of gridlock to come. The worn overpasses were long overdue to be replaced. And while the state has the cash to pay for this \$810 million construction project, there is no money in state coffers to pay for maintenance.

As our panelists point out, the Doyle Administration has siphoned off over \$1 billion in dedicated highway funds in recent years to close the budget deficit and fund other state programs. Highway funding hasn't been cut per se but the state has increasingly used long-term bonds to fund projects. Like a consumer overwhelmed by credit card debt, it's a very risky proposition. This year in New Jersey, the state's costs to finance highway bonding exceeds all of the income from gas taxes.

Wisconsin and the country face a significant transportation challenge. *Corporate Report Wisconsin* magazine asked key industry experts to join us for a discussion of the challenges that lie ahead. Here's a freewheeling conversation on our state's transportation infrastructure problems and the exploding price tag.

Roundtable Panelists:

Bob Cook is executive director of the Transportation Development Association of Wisconsin, and serves as the organization's primary spokesperson. Prior to joining TDA in 2002, he held a number of significant government positions at both the state and federal level, most recently as executive assistant to the secretary of the Wisconsin Department of Transportation. Previously, Cook served as project director for the House Committee on Science in Washington, D.C.; legislative director for the Office of Cong. F. James Sensenbrenner Jr.; deputy director of Gov. Tommy Thompson's Wisconsin Office of Federal-State Relations; and legislative assistant to Cong. Scott Klug.

Jeffrey Kronser is director of operations/executive vice president at Strand Associates Inc. in Madison, where he has worked since 1977. He has served as discipline coordinator on transportation projects for a number of Strand's out-of-state offices, overseeing all transportation projects and quality control, project management, and project engineering assignments. Kronser earned a degree in civil/environmental engineering from UW-Platteville. For this roundtable he also represented the American Council of Engineering Companies of Wisconsin, where he served as past president and is a former chairman of the ACEC/WisDOT Transportation Liaison Committee.

R.J. Pirlot is an attorney who represents Wisconsin Manufacturers & Commerce in matters of transportation, healthcare, energy policy, and communications. Before joining WMC in 2003 he served as policy director for, and legal counsel to, the Office of the Wisconsin Assembly Speaker, where Pirlot oversaw research, analysis and preparation of marquee policy initiatives for both then-Speaker Jensen and other Assembly Republican legislators. Pirlot is an active member of the State Bar of Wisconsin, and serves on the Wisconsin Public Utility Institute's Board of Directors. He received his law degree from the University of Wisconsin in 1994.

David C. Jensen is deputy airport director at the Dane County Regional Airport in Madison, where he is responsible for the day-to-day operations, maintenance, financing, security and development of Wisconsin's second busiest airport. Jensen is a retired Air Force lieutenant colonel, having served for more than 23 years with the Wisconsin Air National Guard in a variety of command positions in aircraft maintenance and logistics. Jensen is a past president of the Wisconsin Airport Management Association and currently serves on its Board of Directors as well as on the Executive Committee of the Great Lakes Chapter, American Association of Airport Executives.

David Mumma is the transit director for the city of Janesville. He joined the Transit Department in 1979 as assistant transit superintendent and was promoted to transit director in 1980. He has worked in the public transportation industry in Minnesota, Michigan and Wisconsin for 30 years. Mumma is a past president and a board member of

the Transportation Development Association of Wisconsin, and is the current vice chairperson and a past president and board member of the Wisconsin Urban and Rural Transit Association. He holds a B.A. in history/political science from St. John's University, Collegeville, Minn.

Bill Kennedy is president of Rock Roads Cos., a highway contractor based in Janesville. Rock Roads is a family-owned business that was founded in 1919. Kennedy is a past president of the Transportation Development Association of Wisconsin (1997), and also served as president of the Wisconsin Transportation Builders Association (1988 and 1992). He currently serves as the chairperson of Forward Janesville, an economic development group that promotes the Janesville area.

Thomas Vandenberg is general counsel at trucking firm Schneider National Inc., Green Bay. Vandenberg joined Schneider National in 1979 as a staff attorney and served as associate general counsel before assuming his current role. He holds a bachelor's degree in business administration/finance from the University of Notre Dame and a law degree from UW-Madison. He was admitted to the Wisconsin State Bar in 1979. Vandenberg is a member of the Transport Lawyers Association and the National Lawyers Association. He currently serves as the director of the Wisconsin Motor Carriers Association.

The Roundtable Discussion on Transportation

KLUG: When I was in Congress in the 1990s, I often had folks come in and lobby for the transportation industry and present the challenge in front of us as the crumbling of the nation's infrastructure. Scare tactics, or a scary situation?

COOK: When people say we're approaching a crisis in the infrastructure, you can keep patching it and repairing it for just so long, and then it actually has to be rebuilt. The interstates around here that were built in the 1960s have all been resurfaced twice and need to be rebuilt now. And that's where we are with Wisconsin's road infrastructure and bridge infrastructure. We have to rebuild, and we have to look ahead to see what the travel rates are going to be to make sure that we're building it with enough capacity so we can keep the state moving.

KLUG: Jeff, is Wisconsin, relative to the rest of the country, in better shape or worse shape? And we'll move away from highways in a moment or two.

KRONSER: We have engineering offices in five different states, and we look at transportation in those states as well, and I think the highway system in Wisconsin is at the upper end in quality. In Ohio, they're struggling to replace things built 80, 90 years ago. Wisconsin has a great highway system, but as Bob had said, we're approaching a point where the capacity has been used up. [When you expand a highway], you enjoy this capacity for seven years, and then, all of a sudden, it's gone in a matter of years, and it takes six years to 10 years to develop the funding and the engineering to replace something like that. You can't fix it very quickly.

VANDENBERG: I think I would share the assessment that Wisconsin highways are considered to be better than most other states that our truck drivers traverse.

KENNEDY: I would agree. We have an operation in Illinois, and we have an operation here in Wisconsin, and there's no question that Wisconsin's system is in better condition than Illinois'. I think a lot of Wisconsin's revival from recessions is due to the fact that there was a commitment by the Legislature, by the governor, to build an infrastructure to promote economic development, to promote job creation, to promote a good solid basis for the economy in the state of Wisconsin.

And I don't think it's an accident that the infrastructure improvement, development, and expansion ran or coincided with the development of new jobs and new businesses, and even more appropriately, retaining existing businesses that Wisconsin needs to continue that commitment to the good, sound, solid infrastructure.

COOK: People generally take the system for granted until they're stuck in traffic, or until their flight is delayed. And so the people who are advocating for transportation investment are advocating for investments that prevent that from happening. If we're successful, we're one step ahead of the problem. And I think we've been able to stay one step ahead of the problem, but the problem is quickly catching up to us.

KLUG: Well, speaking of congestion, let's talk about airports these days.

JENSEN: Much the same with regard to capacity and infrastructure. Prior to 9/11, the hot issues in aviation were capacity and gridlock. I would echo the comments made about Wisconsin's roads. Wisconsin's airports are probably above average when you compare them to other states. And although we don't see the capacity issues at Wisconsin's airports, we're connected to a hub-and-spoke system and affected by the capacity issues at Minneapolis, O'Hare, and Detroit. We will be affected by our accessibility to the world market by our ability to get through those hubs.

KLUG: Let's take a snapshot of public transit.

MUMMA: It has been about 35 years in our state since the majority of the public takeover of transit systems occurred. There were a lot of new buses bought and new garages built 35 years ago. We've been able to keep up, by and large, with rolling stock replacements, but a lot of those facilities that were built back then have now aged out, and there is a lot of need out there to replace or renovate maintenance facilities.

Many of our communities are seeing increases in ridership. They're trying to provide transfer centers to assist the passengers in having better service. An area that's been booming throughout the last decade has been para-transit service and people with disabilities, aging people who are demanding more service and more mobility, and for which we're required to provide that service. All of that requires infrastructure.

KLUG: How about a global perspective from Wisconsin Manufacturers & Commerce?

PIRLOT: Wisconsin's economy relies heavily on manufacturing to maintain its vitality, and manufacturing is heavily dependent on transportation.

Wisconsin ranks second in the nation in manufacturing jobs as a percentage of its total workforce. I think everybody agrees that a healthy transportation network is an absolute necessity for our jobs, and these are exactly the kind of jobs we need to retain in Wisconsin and exactly the kind of jobs we need to create more of in Wisconsin.

And, remember, products don't just materialize in the stores, and raw materials just don't materialize in factories. They get there via our transportation network.

KLUG: One of the other parts of the system we've not talked about directly is railroads. There are some real problems in the state with manufacturers' ability to receive goods and ship on railroads.

PIRLOT: We've been hearing more and more from members about the level and the quality of the rail service in Wisconsin. Wisconsin-based businesses rely on rail to bring coal into the state. We also rely heavily on freight rail to move around pulp and paper products, food and farm products, as well as lumber. And if you look out to the year 2020, Wisconsin's freight rail tonnage is expected to grow by more than 50%. If you look at our pulp and paper-based industries, they've had increasing problems ensuring that they have access to affordable and reliable railroad service.

Another thing that's important about rail is that it's pretty fuel efficient. According to the U.S. Department of Transportation, trains are three times more fuel efficient than trucks.

KLUG: Tom, the view from a trucking firm's perspective?

VANDENBERG: We love rail at Schneider National. On any given day, we've got 4,000 semi loads on the rail. Most people don't understand that. That's just our trucking operation. That doesn't count the loads we're managing through our logistics operation. And, one of the big misconceptions that seems to exist with the public is that rail capacity is infinite. In fact, it's more constrained than highways. And so rail is an important part of not only of Schneider's infrastructure, it's an important part of the whole transportation network. But it doesn't have unlimited capacity and it's not a cure-all.

Funding issue

KLUG: OK, the next thing I want to talk about, now that we've sort of taken a snapshot, is the transportation funding issue. Wisconsin made some major policy shifts the last couple years. Bob, do you want to lay out for the readers the background on this?

COOK: The gas tax provides 65% of the state's revenue for transportation, and vehicle registration fees provide about 30%. That money has traditionally been put into a segregated transportation fund and used to pay for all the transportation services in Wisconsin.

But in the last two state budgets, unfortunately, that segregated transportation fund has been used to pay for any number of things in the general fund. Gov. Jim Doyle used the line-item veto to move \$675 million out of the transportation fund in the 2003-05 budget, and \$427 million in the 2005-07 budget.

Then to make sure that things could still get done, he pulled out the state's credit card and bonded back to replace money in the transportation fund. You can't borrow to pay for Medicare and Medicaid. You can't borrow to pay for teachers' salaries and fringe benefits. So he took the gas tax and vehicle registration fee cash, moved it over to the general fund, and then bonded against the transportation fund — the concrete and steel, things like the Marquette Interchange.

That sleight of hand has three negative implications for transportation. First, it erodes the base funding level for transportation. When that money goes away from the transportation fund, it becomes a part of somebody else's budget. They have an expectation that they will receive that money in every budget going forward. So replacing that money in the transportation fund becomes politically very difficult.

The second problem is when you pull out the state's credit card to keep the transportation fund whole, you increase the debt burden. Traditionally we paid about \$0.06 of every transportation dollar to cover debt service in Wisconsin. Because of the borrowing in the last two budgets, we now pay about \$0.12 of every \$1 to debt service. It doesn't buy any infrastructure.

And third, it erodes the trust of the user-fee system. Users of the system had an expectation that if they paid a reasonable level of gas tax, they would get a quality transportation system in return. Now users are saying they're not paying more gas tax in the future if you're going to take that money and use it for general fund purposes. I think eroding that trust makes it that much more difficult to get transportation revenue going forward.

And on the other side of the ledger, indexing was repealed by the Legislature — indexing being the automatic increase in the gas tax to keep pace with inflation every year. So we're also being pinched on the revenue side because there is no mechanism to keep up with inflation.

KLUG: Bill, let me ask you this, what's the difference between floating bonds to build a school and floating bonds to pay for an interchange? Bonding has been used for years.

KENNEDY: The life of a school building could be 50, 60, 70 years. It's a long-term capital commitment. To bond for a segment of highway that may have a 10- or 15-year life just doesn't make sense to me. There's no perfect tax system in government, but I think a user-fee concept like the gas tax was about as close as you're going to get. The more you use it, the more you pay.

VANDENBERG: Well, Schneider has to be the largest single payer of the fees that traditionally have funded highways. And I think it's fair to say that we were willing to set aside the philosophical difficulties that we have with indexing — the aspect of the automatic ratcheting without a separate vote on that — because we understood that it was being used for the infrastructure that we used on a daily basis and on which not only our company and our drivers rely upon, but which our state economy relies upon. We're not interested in automatic increases to be placed in the transportation fund if there's not sanctity for that fund.

KLUG: R. J., WMC's been anti-tax.

PIRLOT: But we support maintaining indexing of the gas tax. We saw the importance of ensuring that our ability to pay for roads kept pace with the cost of road building, so we were one of the opponents of repealing indexing. And it's been far too easy for the state to rob Peter to pay Paul, and that's got to stop. As Bob said, over the last two budgets, the transportation fund has been raided of over \$1 billion in order to support general fund spending.

COOK: I think the problem is that we don't want to become the state of New Jersey. New Jersey went heavily into bonding for transportation in the 1990s, and they now commit all of the \$850 million a year that they collect in gas tax revenue to pay debt on the bonds that were floated. They are looking at having to double their gas tax, just to provide basic maintenance in their road system.

We would never argue that you don't have to make investments in local government, in schools, and in healthcare, but if you need to make those investments, you have to talk to the taxpayer about getting that revenue from sales tax, income tax, and property taxes. Stealing it from the transportation fund only makes the future that much more bleak in the state of Wisconsin.

KLUG: That raises questions about alternative funding streams. Wisconsin doesn't have toll roads. Should Wisconsin have toll roads?

KENNEDY: I don't think the general constituent, the general population in Wisconsin, would tolerate toll roads. I understand the logic that those who use the roads are going to pay for the roads, and that the out-of-state people would pay their fair share. If we can ever get back to a rational, reasonable debate on transportation funding, it certainly is an option. I just don't think there's any political will to do it.

PIRLOT: The problem is that when people think of toll roads, they think of the tollbooths in Illinois as a source of congestion. It's not a convenient way to pay that user fee. Everyone's got bad memories of traveling to and from Chicago.

KRONSER: I think we've worked on some of the engineering for the new open-road toll system down there, and they're struggling with budgets too. One of the ideas of the open-road system was to let the I-Pass user get through at half the price of someone who has to

stop and pay in the cash booth. But everybody went out and bought I-Passes, so they're not generating the revenues that they thought they were going to.

COOK: Around the Twin Cities, they just converted some of their high-occupancy vehicle lanes to these congestion-priced tolling lanes. And so, if you're late to pick your kid up at daycare where you face paying an extra \$1 a minute, and this is going to save you ten minutes, it's probably worth the few bucks you're going to pay to get into that congestion-priced lane. So it's a market-based way of controlling congestion and getting some more revenue.

KLUG: For years, there was also a structural problem with federal dollars because Wisconsin was a net donor state, which meant that we sent more money to Washington than came back. Has that been fixed?

COOK: That's been fixed thanks to Congressman Petri and his seniority at the Transportation Committee. We went from a net donor state providing more money to Washington in gas tax revenue than we got back in federal transportation funding to being a recipient state. And over the last 10 years or so, our rate of return went from \$0.78 on the \$1 to about \$1.03 for every \$1 we've sent to Washington, and that has made a huge difference in our ability to fund transportation. That meant millions of dollars for highways, local roads, transit, and airports. We've done very well thanks to Congressman Petri and the bipartisan support that he's gotten from the Wisconsin delegation.

KLUG: Let's talk about other kinds of transit systems. There's been a lot of discussions in Madison and Milwaukee about the possibility of light rail, and the expansion of Chicago's Metra commuter rail farther north from Kenosha into Racine and Milwaukee.

MUMMA: The most viable option we're looking at right now is the Kenosha, Racine, Milwaukee commuter rail system. And as you know, in the last Legislature, a bill was passed authorizing the establishment of a regional transportation authority in southeast Wisconsin to help oversee and fund that project.

As you have increasing congestion and population, commuter rail, and in some cases, light rail within cities, becomes a much more viable transportation option. I think as you look around the country, you see the places where the density has been there that building commuter rail has been a great assistance in alleviating congestion in some places and in spurring economic growth.

PIRLLOT: Yes, I think extending Chicago Metra north to Racine and Milwaukee is probably the rail proposal that looks like it makes the most sense for Wisconsin. WMC has a number of members in the southeastern part of the state that strongly support that extension because it enables employees to get to and from work.

KLUG: Do you think the Metra expansion in southeastern Wisconsin will lead to more relocations of company operations from northern Illinois? There's already been an announcement from Abbott Labs.

Corporate Report continued

PIRLLOT: Yes, I think it has the potential to have that effect.

KLUG: Are you worried that extending Metra could become a further drain on the state transportation fund?

COOK: That's why the Regional Transit Authority was established, so that the state coffers aren't drained to operate local transportation systems. The burden is on the local taxpayer.

KLUG: Yes, but come on, the folks from southeastern Wisconsin are going to try to reach in and grab state money, aren't they?

MUMMA: Certainly, the whole state of Wisconsin has been very proactive in funding public transportation, and our industry couldn't exist without that. And the problem we've had is that transit-operating funding has shrunk along with the state transportation fund. Cities like Janesville, where I'm from — and there are 13 cities in the state that provide public transportation — have seen state funding go from about 42% of our annual expenses down to about 30% over the last 10 years.

At the same time, we're being asked to provide more service. Most of our systems that used to shut down at 6:00 at night, we're running until 10:15 to get more people to jobs. We know from our surveys that there are people that use that to get to work that couldn't hold a job otherwise. The people that we serve are the least able to reach into their pocket and find more money to throw in the fare box.

The only thing that's really kept us going the last few years is the fact, as Bob said, we've gotten more money out at the federal level. Regional Transportation Authorities provide one way to look at helping the local funding sources for public transportation. For example, in the Fox Valley, the public transit system serves 13 communities between Green Bay and Oshkosh. They have to negotiate separately with 13 different governments to put their budget together every year.

A regional authority would allow those communities to band together, and you'd have one budget, one public hearing, one board that controlled the whole thing, rather than the city of Appleton running out every year trying to, you know, negotiate with all their neighbors about transit service.

COOK: And you might be able to get that transit operating cost off the property tax rolls. Because if you give these RTAs taxing authority, you can take that local share off the property tax. Right now, locals have no other option than to put it on the property tax. Milwaukee County is the largest transit system in the country that doesn't have a dedicated funding source so their funding comes from the property tax.

KLUG: Where else could come it come from?

COOK: You could add a small increase to the sales tax in a regional area. You could have some sort of additional income tax, you could put a tax on rental cars — you name it. You could be as creative as you can get in taxation and use that money to fund transit.

KLUG: Does Amtrak get money too?

COOK: Amtrak gets money. The state of Wisconsin provides 75% of the nonfederal cost of Amtrak [\$6.3 million for fiscal 2007]. If the federal government doesn't find a way to reform Amtrak, and to provide it with a consistent funding mechanism, it's going to continue to put more of the burden on the state of Wisconsin, and it's going to make it more difficult to sustain that.

KLUG: But let me wear my free-market hat for a while, and say that if Amtrak can't make money or break even, why run it?

COOK: That's part of the reform question at Amtrak. There's a whole lot of Amtrak that's just sucking money out of that system. Then there are lines like Hiawatha, which has been incredibly successful, its ridership to Chicago grows ever year. If you can focus on providing good service on those lines, and shed some of that stuff that's bleeding Amtrak dry, I think you can provide something that is reasonably close to a market-based rail system.

KLUG: Well, but, and I guess the ultimate question is whether you even allow Amtrak to do it or you allow private entities to provide train service between Milwaukee and Chicago.

COOK: Correct. Because that gets you into the whole question of what comes next, and the Midwest Regional Rail Initiative, which would provide high-speed service between nine Midwestern cities, can't get off the ground until Amtrak is reformed in some way. The federal government and states are not going to invest in a high-speed rail that looks anything like Amtrak because Amtrak, let's face it, in most of the country, has become a joke.

And so if you can reform it, bring in some of those free-market principles, and provide efficiency, you might see a whole new generation of passenger rail in the state that can be very efficient.

KENNEDY: I would agree. I think privatization is the answer when it comes to rail service like that. And I agree with Bob too. I've looked at some of the numbers, and it's amazing how some of those Amtrak lines just inhale money. It's just like flushing a toilet every minute. But there are lines like the Hiawatha in the northeast corridor that make some sense. But I think the private sector could be involved if there were a profit incentive. That's where it should be, in my opinion.

KLUG: We talked about trust funds being raided and your frustrations on the state level. Let's talk about what's happened to the airport trust fund, which isn't very trustworthy.

JENSEN: That fund is generated by a ticket tax on airline tickets. Airports receive a pro rata amount based on the number of passengers who board planes at each airport. So we get a guaranteed amount based on the authorization for the Airport Improvement projects. That then is leveraged by a state contribution and a local contribution. For an aeronautical infrastructure-type project, it would be 95% federal money, 2.5% state, and 2.5% sponsor. The state also does projects on the aeronautical side on an 80/20 basis, the state providing 80%, the sponsor 20%. There are the capacity issues that are out there, and pavements are the lifeblood of airports. And to maintain those pavements and to expand those pavements for capacity needs as the demand grows is very critical to airports.

KLUG: There's this perception that a lot of money that went to airports has now gone to security, and it's not going to airport operations.

JENSEN: Our world turned upside down on 9/11, and we have an entirely new federal agency that airports deal with, the Transportation and Security Administration, and there is a fund, a security surcharge that goes to that. However, it is providing a service, in that 100% of your bags and 100% of your passengers are screened now.

KLUG: I want to go back to an earlier comment that Wisconsin's airport challenges are really the challenges of O'Hare and other hub airports to a significant degree. Is that a constraint on the growth of Wisconsin's economy, the problems with the fact that it's difficult to get direct flights from Wisconsin to anywhere, I guess other than in Milwaukee with Midwest?

PIRLOT: Sure, we hear that from WMC members. The more attractive areas to locate a business or to keep a business are areas where there are more direct flights to other major cities. So I think it goes back to why do manufacturers care about the transportation network? And in this case, it's access to good air travel which enables them to facilitate face-to-face meetings with business associates, with their customers, and the like, so it's important.

Political Courage

KLUG: It seems to me if you look at all of these transportation problems and try to pull them together — the funding level, the decisions about more trains and commuter lines, the expansion of airports — it really comes down to political leadership in the state Legislature and on the gubernatorial side. Are you in this room satisfied with the level of political courage in the state in terms of investing in infrastructure for the future?

COOK: Well, obviously, things have been going in the wrong direction for the last several years, and it gets back to raiding the funds and the loss of indexing. So I think the direct answer to your question is, no, how can we be satisfied? But there is some hope. The Legislature has put together a "Road to the Future" committee. It's a bipartisan committee, Assembly and Senate members who are going to take a look at the needs, how we spend our money, and what we can do to make sure we're providing enough for transportation.

So there is some hope that the Legislature, prior to the next budget, will take a look at how we fund transportation, how other states are funding transportation, and make some reforms. But you have to restore the integrity to the transportation fund, that's issue number one, and then you have to take a look at reasonable options to fund transportation going forward. It's not alchemy. What we're talking about here are funding options that were discussed as far back as the 1997 state Commission on Transportation Funding. Things haven't changed a heck of a lot.

KLUG: What did the Commission say?

COOK: The Commission said that all the options have to be on the table. We are now the only state in the country, I believe, that doesn't provide any general fund support for transportation. Other states realized that the transportation system improves the economy, improves sales tax and income taxes, and they make an investment of general fund revenue, generally the sales tax on automobiles, into transportation in order to keep the economic growth alive.

A lot of states have moved toward or are looking into tolling, and setting up Regional Transportation Authorities and giving locals the option to tax to provide transportation systems. Value-based vehicle registrations [are also used], and we have one of the lowest vehicle registration fees in the country. These are all options that need to be on the table, but it requires political will. You have to assess the needs, set priorities, and then you have to provide the funding. And providing the funding is going to require political leadership.

KLUG: Of course it's tough to raise taxes in the current climate, and I guess both parties, since one controls the mansion, one controls the Legislature, probably deserve blame for what you'd argue is short-sided thinking. Are you confident in the future we're going to get the right kind of decisions made?

VANDENBERG: I have no present confidence in the future that we'll get the right decisions made. To increase the debt service level from \$0.06 on every \$1 to \$0.12 is astounding. I don't know what we can do to restore the integrity of the transportation fund. I don't know if that requires a constitutional amendment, but we're in the posture of fool me once, but don't try to fool me twice on that aspect.

I think that a step forward, in addition to restoring the integrity of the transportation fund, would be to provide greater legislative oversight of the state Department of Transportation spending practices. We focus on the revenue side and not much on the spend side, and I don't have confidence that the Legislature has done an appropriate job managing the Department of Transportation's spending of the highway funds. Given the size of the transportation budget, additional legislative oversight seems to be appropriate. Not that I know there's a problem there, I'm not suggesting that there is. I'm suggesting that there is a void in legislative oversight on that aspect.

KENNEDY: I don't see the political will that there needs to be today to resolve this problem. Unfortunately, in the last two budgets, we've lost sight of the cost-benefit relationship of transportation funding and what it provides because of extreme politics on both sides of the equation. And that's where I'm disappointed in the leadership. Nobody's standing up and saying, "wait a minute." So the indexing debate got caught in this talk-radio wave with some extreme people on one side of the agenda, and there was no discussion about what the benefits were or what the repercussions were. I think if you could depoliticize this debate, the state's voters have expressed serious support for the system, provided that the monies, the fees that they pay, go for what they're intended.

KRONSER: I was going to comment on the engineering side of it. As Tom had said, the legislators are trying to make sure that the transportation dollars are being used wisely. I've been involved with highway projects for almost 25 years, and I have found that the Department of Transportation is making a concerted effort to try to control costs. One of the costs is trying to please the public.

And when you try to meet criteria, make it a safe highway, an efficient highway, there is a lot of pressure to have this added to it and that added to it to please this person and that person. We have found examples where you can just add a turn lane and get a 15:1 cost-benefit ratio out of that and cut accidents in half. And I see the Department looking at those options to make their dollars go further.

PIRLOT: Well, actually, there have been a couple of key issues this legislative session where I think the Legislature and the governor have really gotten it right in terms of improving our transportation infrastructure, as well as the ability to provide services in the state. The Governor recently signed into law Assembly Bill 678, which will allow trucks hauling raw forest products and lumber to weigh up to 90,000 pounds, provided that they have the appropriate permits, and they're appropriately configured. And that goes right to the issue that you talked about earlier about the inability of manufacturers to access affordable rail service. So that was one thing that they definitely got right.

Another thing that was recently signed into law is Assembly Bill 588, which repeals some of the obsolete railroad regulations in the state. Over the years, Wisconsin has gotten out of step with federal railroad regulations. What this bill does is repeal a number of these outdated state railroad regulations. That will help Wisconsin shippers.

The third thing I was going to mention is that under this current state budget, funding for the Freight Rail Preservation Program was increased. So, on the big issues, the integrity of the transportation fund and maxing out the state's credit cards, I think they've gotten those wrong, but there have been some examples of where they have gotten it right.

KLUG: Is there a state that gets it right and does a better job than Wisconsin?

COOK: Well, in Washington state, they just raised the gas tax, I think it was \$.09. Then the voters said, wait a minute, we're not sure we like that. They put a referendum on the ballot to repeal the \$.09 gas tax increase, and the referendum was defeated. So they took

a look at the problems they had in transportation, and the taxpayers said, yes, we are willing to pay more if you'll provide us with a good system.

I think one of the problems we have in Wisconsin is that it's easy for the politicians to put off the tough vote for transportation, because the system's not going to break down before the next election in a year or two. But if you don't make the investment and keep putting it off, sooner or later, the system does break down.

And the problem with transportation is that by the time the system breaks down, it's way too late. It's going to take you 12, 15, 20 years to fix the problem, and by then the businesses have chosen to expand and locate elsewhere, and all the benefits of the investment that we made go out the window. So we've got to have this debate to stay a step ahead of the problem.

MUMMA: We've benefited from the political will that was expressed a decade or 20 years ago to develop a good transportation system across all the modes in this state. Perhaps people have forgotten. It's easy to forget how we benefited and why we benefited. The problem is, as Bob just said, it's easy to put it off. It's easy to slide it under the rug until next year when we don't have to worry so much about taxes, when it's not such a hot issue. You wait too long, and then we're playing catch-up. It costs tons of money more to maintain what we have. I hope it doesn't take a crisis of transportation in the state of Wisconsin to bring people to their senses and realize what we have and what the benefits of preserving it are.

JENSEN: Well, if I could add to that from an aviation standpoint, airports are economic engines for the communities that they serve, allowing access to the world marketplace. There was a study done by the DOT between between 1997 and 2001, where 85% of new or expanded manufacturing businesses were located within 15 miles of an airport, and that airport had to be a jet-capable airport.

And that new businesses and expansion accounted for about 702 manufacturers and about 34,000 jobs. When you look at things overall, these are fairly old numbers. But in 2003, airports generated about \$2.8 billion in economic activity, 45,000 jobs, and about \$800 million in personal income. So they're a big part of the economic equation. And they're on the checklist of companies looking to relocate or locate in an area.

KRONSER: I think Wisconsin, if I remember the statistics, is in the top five states in the country as far as miles of paved rural roads. I think we spend about twice per capita for roads as the national average, but there's a need to do that. I go back to our other offices in other states, and I look at the quality of life in Wisconsin, and it's definitely linked to our road system, the fact that they are paved, that they are maintained.

KENNEDY: From my perspective, Wisconsin had a disinvestment period back in the '70s, and they paid dearly to catch up. Investing in our transportation infrastructure must continue, from my perspective. I guarantee it, if you looked around the state of Wisconsin

Corporate Report continued

at any business that either locates, expands, or relocates, that transportation agenda, if it isn't the number one thing, it's awfully close.

Wisconsin lost a huge Lowe's distribution center to the state of Illinois. I was involved in the process, and the number two thing on their list was access to facilities, interstate, airport, major highways. It's right there. I don't know how many times you have to tell that story to people to make sense of the argument that investment in transportation is an investment in your economic development and your future in the state of Wisconsin.