
2021-23 Biennial Budget Highlights 2021 Wisconsin Act 58



Wisconsin Department of Transportation
Division of Budget and Strategic Initiatives
Bureau of Budget

2021-23 Biennial Budget Highlights

Questions about this report or data contained herein may be directed to:

Jim Donlin, Director, (608) 266-9546

Bureau of Budget
Division of Budget and Strategic Initiatives
Wisconsin Department of Transportation
4822 Madison Yards Way, P.O. Box 7910
Madison, WI 53707-7910

(608) 266-9546

wisconsindot.gov



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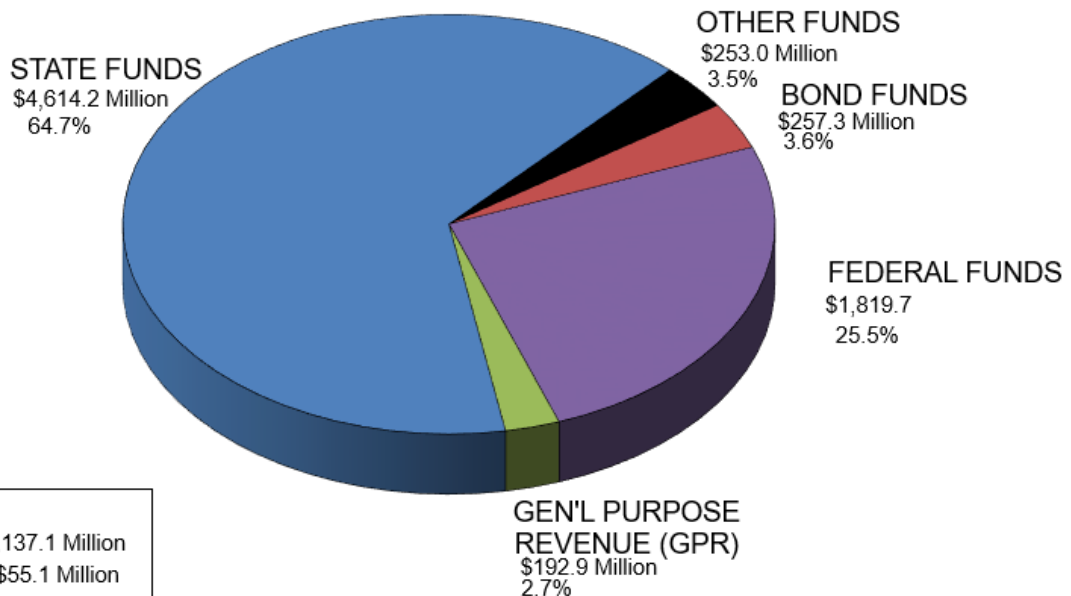
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REVENUE SOURCES

The chart below illustrates the sources of Transportation Fund revenues subdivided into major categories: State Funds (SEG), Federal Funds (FED), Bond Funds, General Purpose Revenue (GPR), and Other Funds. State transportation revenues largely consist of motor fuel taxes, vehicle registration/title 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.

**2021-23 TRANSPORTATION
FUNDING SOURCES
TOTAL REVENUES \$7.14 Billion
2021 ACT 58**



Funds allocated to:	
WisDOT	\$7,137.1 Million
Other Agencies	-\$55.1 Million
	\$7,082.0 Million

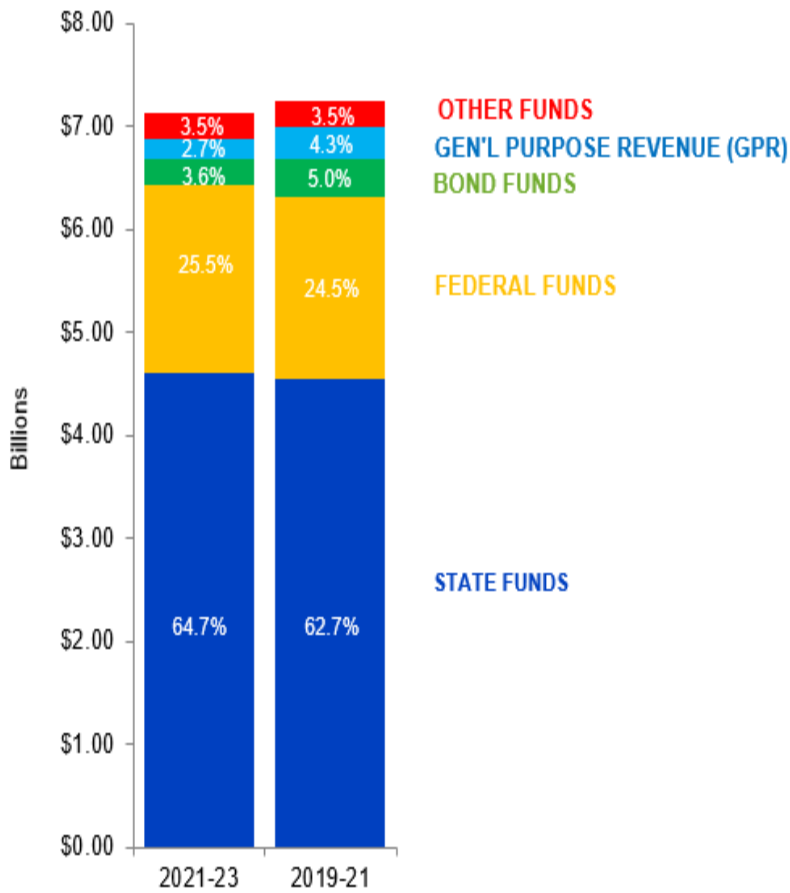
The biennial budget:

- Does not increase vehicle related fees nor does it make inflationary adjustments to transportation revenues.
- Increases the fuel suppliers' administrative allowances from 0.675 percent to 1.35 percent of remitted gasoline consumption taxes. This reduces revenues by \$3,800,000 in FY 2022 and \$5,400,000 in FY 2023.
- Provides a lump sum transfer of \$134,152,200 GPR in addition to the existing 0.25 percent transfer from the General Fund to the Transportation Fund. For FY 2023, the transfer is increased to 0.5 percent of General Fund tax collections, which is estimated to be \$97,289,300. For subsequent years, the transfer reverts to 0.25 percent.

- Decreases new borrowing from the 2019-21 biennial amount of \$326.3 million to \$223.6 million, a 31.47% percent decrease.
- Accounts for bond proceeds making up 3.6 percent of all funding in the 2021-23 biennium.
- Estimates debt service payments for the 2021-23 Biennium will total \$933.58 million:
 - Debt service paid from the Transportation Fund is estimated at \$740.67 million.
 - Debt service paid from the General Fund is estimated at \$192.9 million.
- Assumes total debt service decreases by approximately \$110.42 million when compared to the 2019-21 Biennial Budget (2019 Wisconsin Act 9).

2019-21 and 2021-23 Transportation Funding Sources \$7.14 billion

As passed under 2019 Act 9 and 2021 Act 58



Total 2019-21 Transportation Revenues: **\$7.25 billion***

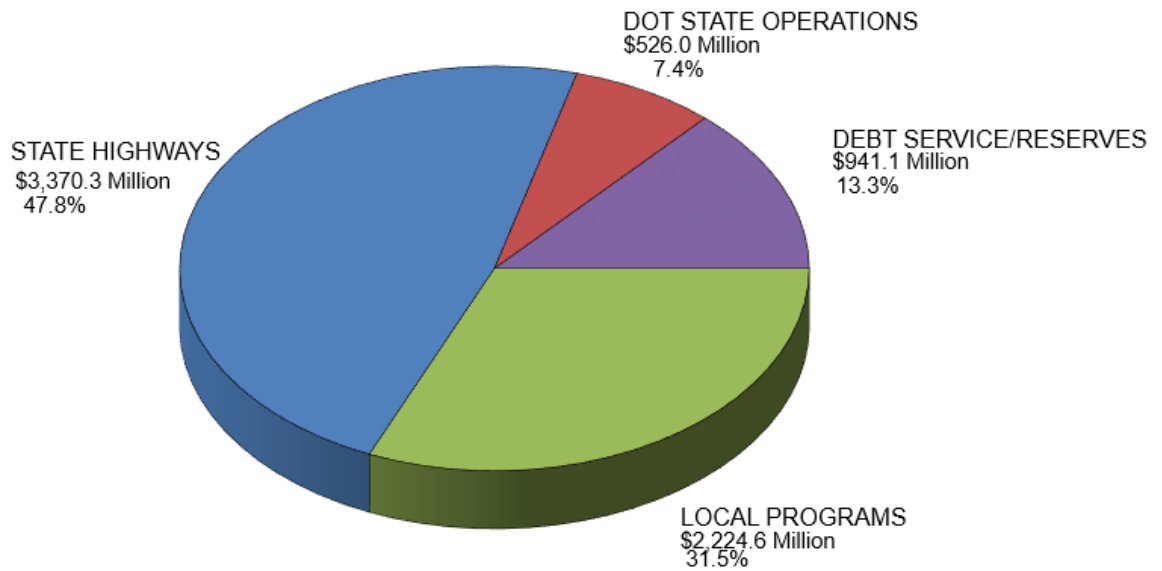
Total 2021-23 Transportation Revenues: **\$7.14 billion***

*In FY 19-21, \$53 million of Transportation Revenue was allocated to other agencies and \$55.1 million is allocated to other agencies in FY 21-23.

EXPENDITURES

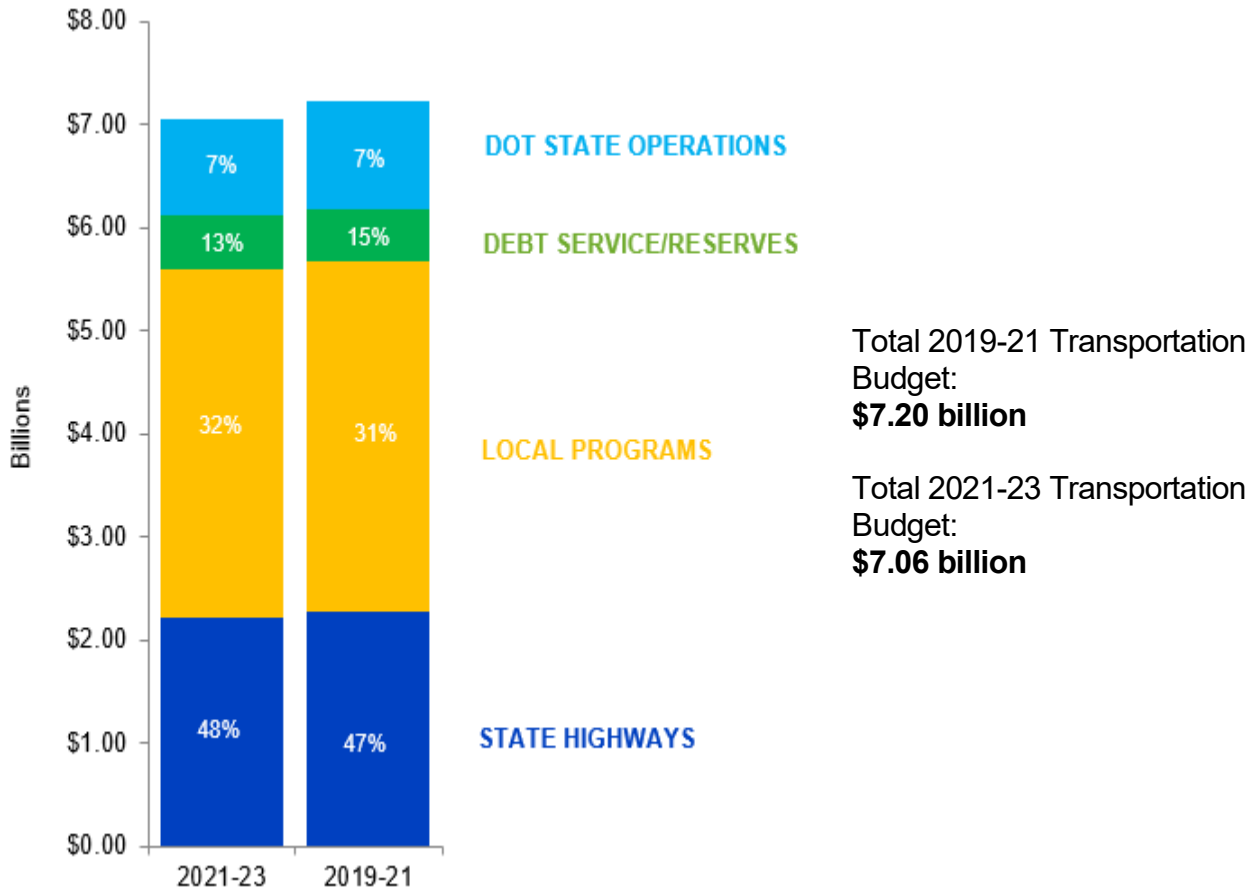
The charts below illustrate the Department's expenditure authority in four categories - State Highways, Local Programs, Debt Service and Reserves, and DOT Operations - for the 2021-23 Biennial Budget and compares the 2019-21 and 2021-23 Biennial Budgets. DOT Operations includes overall department operations, the Division of State Patrol, and the Division of Motor Vehicles.

**2021-23 TRANSPORTATION BUDGET
ALL FUNDS
TOTAL BUDGET \$7.06 Billion
2021 ACT 58**



2019-21 and 2021-23 Transportation Budgeted Expenditures (in billions)

As passed under 2019 Act 9 and 2021 Act 58.



STATE HIGHWAY PROGRAMS

State Highway Rehabilitation (SHR)

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

The 2021-23 budget provides \$2.068 billion (\$1.118 billion SEG; \$950.0 million FED) in total funding for SHR; a 6.72 percent increase over base funding from the previous biennium. The increased funding will cover the expected inflationary increases over the biennium and allow the Department to maintain the number of state highway system miles in fair and above condition.

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:

1. Projects enumerated in state statute. These include projects which:
 - Have a total estimated cost of \$43.5 million*, and
 - Construct a new highway of 2.5 miles or more in length,
 - Reconstruct 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
 - Improve an existing divided highway with at least two lanes in each direction to freeway standards for ten or more miles.

2. Projects with a cost of at least \$108.7 million* that do not meet other statutory requirements defining a major highway project. For example, SHR projects with costs greater than \$108.7 million and projects on the Southeast Wisconsin freeway system with a cost between \$108.7 million and \$727.6 million* are funded through the Major Highway Development Program.

The 2021-23 budget provides \$565.6 million for the Major Highway Development Program, a 0.25 percent increase over 2019 Act 9. The program received the following: \$50.2 million SEG; \$366.4 million FED; and \$149.02 million Transportation Revenue Bond proceeds (\$128.26 million new authority; \$20.77 million in existing authority).

*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) 2021.

Southeast Wisconsin Freeway Megaprojects

This program provides funding for all projects on the Southeast Wisconsin freeway system expected to cost more than \$727.6 million, including the reconstruction of the I-94 North-South freeway, the Zoo Interchange, and the I-94 East-West freeway. Under this program:

- The megaproject cost threshold is indexed to construction inflation. The threshold listed is for SFY 2021.
- Megaprojects must be enumerated in state statute.

The 2021-23 budget provides \$82.0 million (\$12.0 million SEG; \$30.0 million FED; \$40.0 million General Obligation (GO) Bond [Transportation Fund Supported]) in total funding for the megaprojects program during the 2021-23 biennium. This represents a decrease in funding compared to the 2019-21 biennium.

Specifically, the SE Megaproject's budget includes funding to begin the I-94 East-West project from 70th street to 16th street in Milwaukee. The budget also enumerates the I-94 East-West project.

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 2021-23 budget did not provide funding for this program as there are no projects in this program currently under construction.

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 2021-23 budget provides \$602.7 million (\$600.3 million SEG; \$2.3 million FED) in total funding for the State Highway Maintenance & Traffic Operations programs.

Act 58 provides an increase of \$8.8 million SEG over the 2021-23 biennium for road salt used to maintain safe roads in the winter months. In addition, \$1.0 million SEG is being provided for fencing the Hoan Bridge located in Milwaukee. This fencing will prevent road debris from falling onto the Jones Island Water Reclamation Facility run by the Milwaukee Metropolitan Sewerage District.

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.

The 2021-23 budget authorizes \$20.0 million in Transportation Fund supported General Obligation (GO) bonding for the Department's design build program. "Design build" provides that a single contract be solicited for a project from design through construction; currently the Department uses "Design, Bid, Build" methodology which requires separate contracts for design and construction. This funding allows the Department to utilize design build and encumber ample funding to fulfill contract obligations without negatively impacting other projects. Some programmatic language for the design build program that was removed from the 2019-21 budget by the Governor's veto was reinstated, including that the program is limited to no more than six design build projects with a total expense of not more than \$250,000,000.

Attachment A on page 14 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 Act provides \$1.04 billion in funding for the biennium, including a two percent increase in aid payments for calendar year 2021 and calendar year 2022.

The budget also provides a \$1.0 million annual supplement to towns that are limited by the cost limitation cap under the GTA funding formula, modifies the distribution formula for towns in the bottom quartile of equalized values, and provides funding for towns receiving mileage aids that were affected by the timing of reimbursement payments.

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.

The Act provides one-time funding of \$100.0 million in FY 2022 to fund a Local Transportation Grant program. Grants are to be provided for projects eligible under the existing Local Road Improvement Program – Discretionary (LRIP-D). Funding is to be distributed as follows: a) \$35,559,100 for county projects; b) \$25,386,000 for municipalities, and c) \$39,054,900 for towns.

Funding for the other LRIP programs remains the same as in prior years: \$30,334,800 each fiscal year for LRIP-D and \$35,731,200 for LRIP entitlement.

The Act requires the Department to include a request in the 2023-25 Biennial Budget to fund the Southern Bridge project crossing the Fox River between the segment of County Highway GB from County Highway D to State Highway 57 in Brown County.

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 with no changes in funding from prior years.

Transit Assistance

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

- Reduced CY 2022 distributions for Tiers A-1 (Milwaukee) and A-2 (Madison) by 50 percent from CY 2021 distributions. Base funding for these tiers is reinstated to FY 2021 funding amounts beginning in FY 2024. Funding for remaining tiers remains the same as what was provided in CY 2021.
- Provides a 2.5 percent increase in each year for the Paratransit Aids program.
- 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 Act provides an increase of \$22,900 SEG in FY 2022 and \$46,300 SEG in FY 2023 for the Elderly and Disabled Aids Capital program. This represents a 2.5 percent increase over prior year funding.

Attachment B on page 15 provides a summary of funding for the Local Programs.

Aeronautics

The budget act retains existing budget authority in each year to maintain support for the state's aeronautics program.

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 \$20.0 million in additional General Obligation (GO) bond authority for the Freight Railroad Preservation Program. Other programs retain prior year budget authority.

Harbors

To maintain and upgrade harbors within the state boundaries, the budget provides \$15.3 million in additional GO bond authority for the Harbor Assistance Program.

SERVICE DIVISIONS

Division of State Patrol (DSP)

The budget provides total operating funding of \$71.3 million in FY 2022 and \$70.2 million in FY 2023. These amounts include law enforcement, support and highway safety programs.

The budget provides \$700,000 in FY 2022 to purchase body-worn cameras for the Division of State Patrol and implementation of their use and \$387,500 in FY 2022, for the replacement of personal protective gear originally purchased in FY 2018 for the Division of State Patrol.

Division of Motor Vehicles (DMV)

The budget provides total operating funding of \$77.2 million in FY 2022 and \$77.0 million in FY 2023.

2021 Act 58 eliminates 6.20 FTE positions and reduces salary and fringe funding by a total of \$210,600 in FY 2022 and \$421,300 in FY 2023.

Division of Business Management (DBM)

The budget includes \$13.0 million in existing Transportation Revenue Bond authority for the Department's building program, this is a 44% increase when compared to 2019 Act 9.

ENTERPRISE WIDE INITIATIVES

2021 Act 58 adjusts existing transfers from the Transportation Fund, representing motor fuel excise taxes paid by users of motorboats, ATVs and snowmobiles to \$819,800 in FY 2022 and \$531,400 in FY 2023. This is neither an increase nor a decrease; just a re-estimate that occurs each biennium.

Links:

2021 Wisconsin Act 58:

<https://docs.legis.wisconsin.gov/2021/related/acts/58.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

	2017 Act 59 2017-19	2019 Act 9 2019-21	2021 Act 58 2021-23
SE Mega			
SEG	18,148,400	63,319,200	82,000,000
FED	83,033,100	68,080,800	30,000,000
G.O. Bond SEG	0	95,000,000	40,000,000
G.O. Bond GPR **	<u>252,400,000</u>	<u>0</u>	<u>0</u>
	353,581,500	226,400,000	86,000,000
<i>Percent change 19/21 to 21/23</i>			-62.01%
**In 2017-19 \$252.4 M in GO Bonding was included in Act 58			
Majors			
SEG	73,543,900	52,223,200	50,223,200
FED	375,336,100	338,802,200	366,353,600
TRB	114,820,000	142,254,600	128,258,200
SEG-S	0	30,920,000	20,765,000
Contingent Bonding	<u>0</u>	<u>0</u>	<u>0</u>
	563,700,000	564,200,000	565,600,000
<i>Percent change 19/21 to 21/23</i>			0.25%
SHR			
SEG	770,604,700	1,040,836,000	1,118,011,700
FED	848,827,700	896,977,600	950,053,500
Contingent bonding	<u>0</u>	<u>0</u>	<u>0</u>
	1,619,432,400	1,937,813,600	2,068,065,200
<i>Percent change 19/21 to 21/23</i>			6.77%
Maintenance			
<i>Highway Mgmt/Ops, Routine Maintenance, ITS and Signals and State-owned Lift Bridges</i>			
SEG	597,705,000	598,447,800	600,347,200
FED	<u>2,205,000</u>	<u>2,208,000</u>	<u>2,344,400</u>
	599,910,000	600,655,800	602,691,600
<i>Percent change 19/21 to 21/23</i>			0.34%
High-Cost State Bridge			
SEG	0	0	0
FED	0	0	0
GO Bonding	<u>0</u>	<u>(10,000,000)</u>	<u>0</u>
	0	(10,000,000)	0
<i>Percent change 19/21 to 21/23</i>			N/A
Major Interstate Bridge			
SEG	8,000,000	0	0
FED	0	0	0
GO Bonding	<u>0</u>	<u>27,000,000</u>	<u>0</u>
	8,000,000	27,000,000	0
<i>Percent change 19/21 to 21/23</i>			-100%
TOTAL	\$ 3,144,623,900	\$ 3,346,623,900	\$ 3,322,356,800
<i>Percent change 19/21 to 21/23</i>			-0.73%

Attachment B

Local Programs Funding - Historical Comparison

	2017 Act 59	2019 Act 9	2021 Act 58
	2017-19	2019-21	2021-23
General Transportation Aids	\$896,256,600	\$985,648,900	\$1,030,508,100
Counties	212,667,400	236,074,400	248,084,700
Municipalities	683,589,200	749,574,500	782,423,400
Local Road Improvement Program	\$66,066,000	\$66,066,000	\$66,066,000
Discretionary	30,334,800	30,334,800	30,334,800
Entitlement	35,731,200	35,731,200	35,731,200
LRIP-S	N/A	\$90,000,000	\$100,000,000
County Forest Road Aid	\$569,400	\$605,300	\$605,300
Transit Operating	\$221,475,000	\$224,243,600	\$184,563,000
Tier A-1 (Milwaukee)	128,387,800	129,992,700	98,216,700
Tier A-2 (Madison)	33,736,000	34,157,800	25,808,100
Tier B (Urban < 50,000)	48,973,400	49,585,500	49,952,800
Tier C (Urban < 10,000)	10,377,800	10,507,600	10,585,400
Paratransit Aid	\$5,500,000	\$6,050,000	\$6,278,700
Elderly and Disabled	\$912,700	\$912,700	\$1,894,400