Transportation Budget Overview

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Key Points

- All states are facing challenges with transportation funding and needs

- 2017-19 Wisconsin biennial budget is $6.8 billion and funds all modes of transportation, Motor Vehicles licensing and regulation, and State Patrol

- The state is experiencing lower revenue growth in both motor fuel tax and vehicle registration fees

- Department relies increasingly on bonding and general fund transfers

- Over time inflation has eroded purchasing power

- Department continues to identify cost savings and efficiencies, but this isn’t enough to address future needs
Department Budget Overview

• The WisDOT budget is comprised of funding from state, federal, bonding, and other revenue sources

• The Department’s major responsibilities involve roadways, motor vehicle regulation, traffic law enforcement, railroads, waterways, mass transit, and aeronautics

• For the period July 1, 2017 through June 30, 2019 WisDOT’s budget is $6.8 billion across all programs

• There are four major categories that receive funding:
  1. State Highway Programs
  2. Local Aids and Local Transportation Assistance
  3. State Operations (includes Motor Vehicles and State Patrol)
  4. Debt Service
Wisconsin Transportation Fund

- Fund created by the 1977-79 biennial budget act
- Used to pay for all modes of transportation
- Annual revenue of approximately $2 billion in FY18
- Transportation fund is a segregated fund since it puts transportation revenues into a separate account apart from other revenues the state collects
- In general, the transportation fund is a “unified fund’ in that state revenue sources are not directed to specific programs
- A constitutional amendment passed in 2014 requires that state revenue generated by users of the state transportation system shall only be expended for transportation related services
Transportation Revenue Sources

Wisconsin funds transportation through a combination of state funds, federal funds, bonding, and other sources

- State funds account for 60%
- 91% of state funds are motor fuel taxes and vehicle registration fees
2017-19 TRANSPORTATION REVENUE SOURCES
TOTAL BUDGET $6.80 BILLION

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STATE FUNDS
(Primarily Motor Fuel Tax and Registr. Fees)
$4120.4 Million
60.1%

OTHER FUNDS
$251.9 Million
3.7%

BOND FUNDS
$458.7 Million
6.7%

FEDERAL FUNDS
$1776.9 Million
25.9%

GEN’L PURPOSE REVENUE (GPR)
$243.2 Million
3.5%

Note: Numbers rounded to nearest tenth of a percent
2017-19 STATE TRANSPORTATION REVENUES
$3.86 BILLION
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Motor Fuel Taxes
$2092.4 Million
54.2%

Vehicle Registr. Fees
$1433.8 Million
37.1%

Transfer of General Fund Taxes
$82.0 Million
2.1%

Lapses
-$37.0 Million
-1.0%

Aeronautics/Railroad Taxes & Fees
$103.9 Million
2.7%

Other Revenues
$186.7 Million
4.8%
Fiscal Year 18 State Gross Revenues by Type

- Aeronautic Revenue: $1,844,866 (0.09%)
- Driver License Fees: $3,408,244 (2.01%)
- Investment Earnings*: $39,884,094 (0.17%)
- Misc. Department Revenue: $101,896,560 (5.13%)
- Misc. Motor Vehicle Collections: $46,940,610 (2.36%)
- Motor Carrier Fees: $2,205,667 (0.11%)
- Motor Fuel Tax: $1,059,365,647 (53.32%)
- Motor Vehicle Registrations: $704,484,818 (35.46%)
- Public Utility Tax Revenues: $1,844,866 (9.97%)

Total Gross Revenue: $1,986,908,541

Source: Motor Fuel Tax Revenue provided by DOR. All other Data from PeopleSoft.
Transportation Expenditures

The 2017-19 biennial budget allocates $6.8 billion across all programs
2017-19 TRANSPORTATION BUDGET
ALL FUNDS BY PROGRAM
TOTAL BUDGET $6.80 BILLION

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- GENERAL TRANSP. OPERATIONS: $173.7 Million (2.6%)
- MTR VEH. SERVICES & ENFORCEMENT: $318.2 Million (4.7%)
- DEBT SERVICES/RESERVES: $1037.1 Million (15.2%)
- AIDS: $1252.1 Million (18.4%)
- LOCAL TRANSP. ASSISTANCE: $766.3 Million (11.3%)
- STATE HIGHWAY FACILITIES: $3255.3 Million (47.9%)
2017-19 TRANSPORTATION BUDGET - STATE FUNDS
TOTAL BUDGET $4.15 BILLION

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- DOT STATE OPERATIONS
  - $416.3 Million
  - 10.2%

- DEBT SERVICE/RESERVES
  - $823.2 Million
  - 20.1%

- STATE HIGHWAYS
  - $1497.5 Million
  - 36.5%

- LOCAL PROGRAMS
  - $1360.6 Million
  - 33.2%
2017-19 TRANSPORTATION BUDGET
LOCAL TRANSPORTATION ASSISTANCE - ALL FUNDS
TOTAL BUDGET $1,995.7 MILLION

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LOCAL TRANS. FACILITIES IMPROVEMENT
$298.3 Million
14.8%

AERONAUTICS ASSISTANCE
$228.8 Million
11.3%

OTHER AIDS PROGRAMS
$86.2 Million
4.3%

TRANSIT AIDS
$268.5 Million
13.3%

GENERAL TRANSPORTATION AIDS
$896.3 Million
44.4%

OTHER LOCAL TRANS. CAPITAL ASST
$239.2 Million
11.9%
Motor Fuel Tax Revenues

- Annual motor fuel tax indexing was abolished in 2006
- Had indexing continued motor fuel tax revenues would have increased by approximately 36% for that same period
- Estimated cumulative revenues, from FY2006 through FY2019, would be approximately $2 billion higher than current levels if indexing had continued
- The gap between revenues using the current system and estimated revenues with indexing continues to grow in FY2019 and beyond
Budget Challenges

• Reliance on bonding
• Debt service increasing
• Investment declining
• Increased needs
Transportation Bonding

- All current bonding will be paid off in 2043, assuming no new bonding
  - Estimated total of $5.6 billion, $3.95 billion principal and $1.66 billion interest

- Transportation Revenue Bonds paid off in 2040
  - Estimated total of $2.8 billion, $1.98 billion principle and $818 million interest

- SEG Debt Service paid off in 2043
  - Estimated total of $2.8 billion, $1.97 billion principle and $843 million interest
Debt Service Increasing

- Increasing percentage of state revenue stream
- Debt service is currently 19% of transportation fund revenue
- Projected to be 21% by FY21
SEGREGATED DEBT SERVICE AS A PERCENTAGE OF SEGREGATED TRANSPORTATION FUND REVENUE  (BIENNIAL BUDGET DATA)
Investment Declining

• Total overall budget allocations have remained relatively stable from 2005-2007 though 2018-2019

• The budget allocation for debt service has increased 95% over that time period

• This increase has reduced the budget allocation to other program areas
Constant Dollars in Millions

*Data found in 2018-2019 Budget Trends
*Constant 2017 Dollars
# Budget Allocations per Biennium

**Constant Dollars in Millions**

<table>
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<tr>
<th>Biennium</th>
<th>State Highways</th>
<th>Local Capital Assistance</th>
<th>Local Transportation Aids</th>
<th>State Ops &amp; Transfers</th>
<th>Debt Service</th>
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<td>2005-2007</td>
<td>3251.58</td>
<td>917.05</td>
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<td>527.68</td>
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<td>2006-2007 Budget Allocations</td>
<td>49.2%</td>
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<td>2018-2019 Budget Allocations</td>
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<td>18.5%</td>
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<td>Change From 2006-2007 to 2018-19</td>
<td>-4.3%</td>
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