

# STIP

## Financial

## Plan

# Financial Plan

The Statewide Transportation Improvement Program (STIP) financial plan addresses fiscal constraint requirements of the federal-aid surface transportation act.

In managing the implementation of the transportation improvement program, WisDOT will exercise the authority to refinance projects among federal, state, and local funds, and to reschedule projects within the four years of the STIP to maintain fiscal constraint. All four years of the STIP are fiscally constrained within Wisconsin's state fiscal years (July 1 – June 30).

## **Revenue Assumptions**

The Wisconsin Department of Transportation's annual budget is set biennially through the State of Wisconsin's budget process. State Fiscal Year 2022 is from 2021 Wisconsin Act 58, the State of Wisconsin's 2021 – 2023 Biennial Budget authorizing federal, state, and local funding for this year. Since Wisconsin's budget is approved for only two years at a time, this analysis assumes the budget approved for State Fiscal Year (SFY) 2023 will be held constant for SFY 2023 – SFY 2025.

The federal fund revenue approved in 2021 Wisconsin Act 58 and included in this plan is \$808 million for SFY 2022. Since SFY 2023 – SFY 2025 budget amounts are held constant, future budgets are not increased; however, for planning purposes, the program schedule is set by applying an inflation rate to projects in the second, third, and fourth years to account for costs in the year of expenditure dollars.

WisDOT cannot assume that a future state legislature will commit higher project revenues than exists in the approved biennial budget. Therefore, when doing an all funds (federal, state, and local) analysis, WisDOT uses only resources approved in the most recent biennial budget except where noted. Any future legislative budget action that impacts revenue or programming will be accounted for in Amendments to the STIP.

Wisconsin law allows WisDOT to allot additional local revenue authority on an as-needed basis depending on the summation of local municipal agreement revenue received within the fiscal year. Similarly, it is WisDOT's policy to allot additional federal authority to programs in which federal funds are programmed.

## **Local Programs**

The programs directed at the locally-owned system face unique challenges due to the wide range of owners. WisDOT is working closely with local partners to formalize change management and programming strategies to reduce the movement of projects between fiscal years. In the past few years, WisDOT implemented project 'sunsets' as a management strategy to reduce project movement. In addition, state law requires Transportation Alternatives (290) Program projects must be commenced within four years of the date the grant is awarded.

Wisconsin has the flexibility to allocate funds between subprograms within overall programming to balance under and over programming each biennium in the four-year STIP period. WisDOT routinely does this formally during the current fiscal year. However, because of local project movement, there may be periods of time where one year or program is over programmed, and another year or program is under programmed. WisDOT may also briefly experience a greater dollar amount in the schedule due to estimate changes and project slippage. The Department tries to avoid moving projects out because lining up the necessary local match can be a challenge. WisDOT has very clear program guidance regarding available funding. To remain fiscally constrained, projects are rescheduled or funds are transferred between programs.

### **Program Cost and Schedule Assumptions**

WisDOT's Financial Integrated Improvement Programming System (FIIPS) reflects estimates of transportation improvement project costs in current 2021-year dollars.

To change these values to the federally-mandated year of expenditure amounts for this publication, SFY 2023 – SFY 2025 project cost estimates in the Financial Plan table have been manually inflated by 1.74%. This inflationary rate is based on the current ten-year average change in the Consumer Price Index and matches the rate assumed by Wisconsin MPOs in their TIPs and long-range plans. Project estimates in SFY 22 reflect current cost expectations, so they have not been inflated in the table.

The Federal Highway Administration requires state Departments of Transportation STIPs and Metropolitan Planning Organizations TIPs to document revenues and expenditures annually. In Wisconsin, these publications report estimates by calendar year, (January 1 – December 31), based on letting or delivery dates. Since the State of Wisconsin approves budgets by State Fiscal Year, (July 1 – June 30), the 2022 – 2025 STIP Financial Summary table shows revenue and programmed amounts according to State Fiscal Years.

### **Operation and Maintenance**

Wisconsin's 2021 – 2023 Biennial Budget authorizes WisDOT's Highway Maintenance, Repair and Traffic Operations Program (305) to spend \$302 million per year. Of that amount, approximately \$10 million per year is authorized for Intelligent Transportation System and Traffic Signal Improvements; those projects are reflected in the 2022 – 2025 Financial Summary.

Wisconsin allocates state funding under several programs to assist local governments with the operation, maintenance and improvement of highways and bridges on the local system.

<b>Program</b>	<b>SFY 2022</b>	<b>SFY 2023</b>	<b>SFY 2024</b>	<b>SFY 2025</b>
General Transportation Aids (GTA) (Total)	\$510,152,500	\$520,355,600	\$520,355,600	\$520,355,600
Connecting Highway Aids	\$12,063,500	\$12,063,500	\$12,063,500	\$12,063,500
Lift Bridge Aids	\$2,659,200	\$2,659,200	\$2,659,200	\$2,659,200
County Forest Road Aids	\$320,600	\$320,600	\$320,600	\$320,600
<b>TOTALS</b>	<b>\$525,195,800</b>	<b>\$535,398,900</b>	<b>\$535,398,900</b>	<b>\$535,398,900</b>

State statute requires that local agencies submit pavement condition ratings to WisDOT every two years to monitor responsible use of state funding assistance provided for local transportation needs. Information on these programs, including allocation formulas, can be found at <https://wisconsindot.gov/Pages/doing-bus/local-gov/astnce-pgms/highway/default.aspx>. It has been historically demonstrated that the level of funding set aside for operations and maintenance of the highway program has been adequate. WisDOT expects this to continue into future years.