In order to resolve the $3.2 billion general fund deficit, Governor Doyle has proposed sweeping reductions in both agency funding and the number of state positions at those agencies. Segregated Transportation Fund revenue will be used to pay for other state programs. The Governor suggested that the use of these funds was necessary as a one time means to fix the General Fund deficit.

In addition to transferring $500 million from the Transportation Fund to shared revenue and education, the Governor proposes to drain the transportation fund through the unprecedented use of bonding. The Majors program will utilize bonding to fund in excess of 70 percent of the program in both years of the biennium. And, for the first time ever, bonding will be used to fund highway rehabilitation. In his budget message, the Governor stated that the State should not pay for everyday operations with debt. However, bonding for rehabilitation is clearly inconsistent with this philosophy.

These dramatic cuts to the transportation program offset with the use of bonding, will allow most current projects to go forward. However, over the long term, the excessive use of bonding will require a dramatic reduction in the number of future projects or require a large infusion of cash to repay the bonds.

The following are the Governor’s proposed changes to the Transportation Fund and WisDOT programs:

- Segregated Transportation Fund money will be used for shared revenue to local governments and education. $230 million from Transportation in FY 2003-04 and $170 million in FY 2004-05 will be used to fully fund shared revenues to local governments, and $100 million will be diverted from the Transportation Fund to provide a funding increase for schools over the biennium. The total transfer from the Transportation Fund is $500 million over the biennium.

- Governor Doyle proposed using "debt capacity" (bonding) to support critical highway and large-scale reconstruction projects. Bonding for Majors will increase from 55 percent to 79 percent in the first year, and 71 percent in the second year of the biennium. For the first time, an unspecified level of bonding will be used to fund highway rehabilitation. Indications are that this will be Transportation Fund bonding rather than General Fund or GARVEE (federal) bonding.

- Delay reconstruction of Marquette Interchange for one year. This will allow an additional year of base funds to accumulate. State funds for the Marquette will total $244 million for the biennium.

- Increase vehicle registration fee by $10 (est. $30 million additional revenue annually) as well as $10 increase in title transfer fee.

- Increase funding for General Transportation Aid, LRIP, and Transit Aid programs by 2.5 percent in each year of the biennium to maintain local transportation systems.
• Leverage $804,600 in federal funding to update Wisconsin’s commercial licensing system to ensure safe operation of commercial motor vehicles.

• Provide $400,000 in FY 2004-05 to match federal funds for engineering on commuter rail corridor between Kenosha, Racine, and Milwaukee.

• Funding to preserve Amtrak service from Milwaukee to Chicago.

• Enact 0.08-blood alcohol limit to conform to federal requirements and avoid loss of federal aid.

• Eliminate 300 full time positions from WisDOT, including the transfer of the Office of General Counsel to the Department of Administration.

• Consolidate the Office of the Commissioner of Railroads within WisDOT.

It is important to keep in perspective that this is the first step in a long process. Now that the Governor has introduced his budget, both houses of the Legislature will craft budget legislation that will reconcile their priorities with the Governor’s.

Some legislative leaders have made comments regarding the Governor’s budget proposal. A few of those are highlighted below:

Senator Alberta Darling (R-River Hills): "…bonding for the Marquette is a problem. For 30 years, we’ll be paying for the Marquette through bonding. Our children will be paying for it and it will be time to redo it again."

Representative Jeff Stone (R-Greenfield): “I don’t see the commitment to transportation that I feel is necessary.”

Senator Ted Kanavas (R-Brookfield): "I think that’s a mistake (on transportation). We already dug one hole called GPR, we don’t need to dig another one called transportation."

More details on the Governor’s budget will be forthcoming and the priorities of the Legislature will begin to emerge in the near future. We will keep TDA members apprised of any new developments through news bulletins and the newsletter. If you have any questions, please contact the TDA office at (608) 256-7044, or general@tdawisconsin.org.
We have received additional details regarding the Transportation cuts contained in Governor Doyle’s budget. It is clear that the cuts fall squarely on the highway program.

The Governor’s budget cuts the highway program by $510 million. $500 million is transferred to the General Fund and $10 million is reallocated to fund other transportation programs. $330 million will be restored through the use of transportation bonds, leaving a $180 million shortfall in the highway program.

Specific program reductions are as follows:

- State Highway Rehabilitation – Program reductions of 18.3 percent in FY04 and 12 percent in FY05. Bonding levels of 32.4 percent in FY04 and 26 percent in FY05 (bonding has never been used to fund rehab).

- Majors – Program reductions of 9.5 percent in FY04 and 8 percent in FY05. 79 percent bonding in FY04 and 71 percent in FY05.

- Southeast Reconstruction – Program reduction of 16.8 percent in FY04 and bonding at 51.9 percent in FY05.

Although Governor Doyle has characterized these cuts as one-time reductions, the $500 million transfer is a base level funding reduction that will affect the starting point for transportation funding in future budgets. These reductions will require the legislature to find $1 billion in the next biennium to restore the cuts to base funding levels. Transferring the money back from the General Fund is never easy, once that money is allocated to other programs.

A $500 million reduction to the transportation program is the equivalent of transferring 7.5 cents of gas tax proceeds to the General Fund. This does not include the future loss resulting from debt service payments. If these base funding reductions are allowed to stand, it will be a 20 year set back in the level of funding for Wisconsin’s highway program.

The Governor’s budget sets up a dynamic that unavoidably pits the Southeast Wisconsin Freeway reconstruction against other projects across the state. The future funding scenario established in this budget will not support Southeast reconstruction and other highway projects as envisioned by WisDOT plans.