



Wisconsin Department of Transportation

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TO: Members, Joint Committee on Finance

The Honorable Senator Darling, Co-Chair
The Honorable Representative Nygren, Co-Chair

FROM: Dave Ross, Secretary
Wisconsin Department of Transportation

SUBJECT: Agency Budget Briefing Remarks

Co-Chair Darling, Co-Chair Nygren, and members of the Committee, thank you for the opportunity to present information on the transportation provisions of Governor Walker's 2017-2019 budget.

As you know, Governor Walker has made both government accountability and efficiency key priorities in his administration, and I can assure you that the investments this budget makes in our state transportation system reflect these priorities.

Governor Walker's budget provides a historic level of funding to local roads and the highest level of funding ever for State Highway Rehabilitation—all without raising taxes or fees.

Overall, the Governor's budget invests \$6.1 billion in Wisconsin's transportation network during the 2017-19 biennium to maintain state highways, bridges, local roads, airports, rail lines, and harbors. Including the investments we are making in this budget, and combining that with previously authorized funding, Wisconsin has invested more than \$24 billion since 2010—this is \$3 billion more than the previous eight-year period.

At \$500 million, bonding for transportation will drop to its lowest level since the 2001-03 biennium. Furthermore, the level of bonding it does include provides a manageable level of long-term debt service and coverage ratio.

Additionally, Governor Walker's budget proposal enhances the Transportation Fund's future revenues by annually depositing excess revenues from the existing Petroleum Inspection Fund. This will begin in fiscal year 2019-20 and is projected to provide approximately \$107 million to the Transportation Fund in the 2019-21 biennium and \$431 million from fiscal year 2019-20 to fiscal year 2026-27.

This transportation budget exemplifies accountable and efficient government.

Aid to Local Governments

First, I'd like to address aid to local governments. Governor Walker's budget provides the most funding ever to local governments for local roads. To repeat, that's the most funding ever for local roads. This increase will provide the highest level of resources ever to local governments to improve the local infrastructure that Wisconsin residents use every day.

- Combined, general transportation aids to counties and municipalities will increase by more than \$40 million to a total of nearly \$460 million annually beginning in 2018. This represents a 9.5 percent increase over 2017. That's substantial.
- The Local Roads Improvement Program will increase by \$7 million annually. Additionally, the Governor's budget proposal increases the maximum state share for local projects funded with discretionary grants from 50 percent to 60 percent. We are putting more skin in the game to help locals do projects.
- Also, additional funding over the biennium for local bridge improvements is provided – more than \$6 million.

In short, local governments will receive a total increase of roughly \$76 million in state aid over the 2017-19 biennium. That's an 8.4 percent increase. Governor Walker has listened and understands the importance of our local roads and bridges to the well-being of the communities they serve and has responded accordingly. More funding is on the way.

Investments in Highways and Bridges

Next, I would like to address the State Highway Improvement Program.

- Governor Walker proposes more than \$1.7 billion for State Highway Rehabilitation—the most funding ever. State Highway Rehabilitation funds are used on existing highways and bridges throughout the state.
- The Governor recommends providing nearly \$670 million in total funding over the biennium for the Majors Program. Under the Governor's budget, there will be no delays to active Major projects such as US Highway 10/441, I-39/90, US Highway 18/151-Verona Road, and State Highway 15.

- The Governor recommends providing just under \$122 million over the biennium in the Southeast Freeways Program. This request:
 - Calls for \$91 million to continue work on the Zoo Interchange and complete the core; and
 - It allocates nearly \$31 million for the I-94 North-South project, which will help complete work on the segments where it's most needed.

The Governor's budget also permits our department to use construction manager/general contractor bidding on three pilot projects. It is anticipated that this bidding model will save on costs and time.

Investments in Maintenance of the Transportation System

Turning to maintenance, WisDOT enjoys a unique relationship with Wisconsin's counties to deliver highway maintenance services in a manner that's both timely and efficient. This long-standing partnership has many benefits.

- Governor Walker's budget proposal provides an extra \$33.7 million over the biennium for Wisconsin's 72 counties to perform state highway maintenance. Additional work funded by the increase includes pavement marking, shoulder drop-off repairs, and pavement preservation, all of which are critical to roadway safety. This increase raises the state's contribution to almost \$374 million over the biennium, which is almost 10 percent more than the 2015-17 biennium.
- The Governor's budget also calls for an additional \$29.9 million over the biennium for maintenance work on the state highway system bringing total state funding to \$199.2 million—an increase of 18 percent over the prior biennium. Additional activities funded by the increase include pavement marking, rest area and wayside maintenance, lighting upgrades, signage replacement, and replacement of the department's outdated oversize and overweight permitting system.

Other Budget Highlights

Finally, I'd like to address other critical areas where the Governor's biennial budget makes investments.

- In the area of transit, a 2 percent increase is provided in both fiscal years of the biennium to counties for the transportation of seniors and individuals with disabilities. This budget proposal increases aids by \$148,500 annually to Wisconsin's 11 federally-recognized tribes for the provision of transportation service to tribal elders on and off tribal reservations.
- This budget also includes Transportation Fund-supported general obligation bonding of \$14.1 million for harbor improvements.

- The budget repeals prevailing wage requirements for state construction projects including those let by the Department of Transportation. It also prohibits any unit of government in Wisconsin from either requiring or considering the use, or lack of use, of a project labor agreement by a contractor as a condition of bidding on a public works project. These reforms are expected to increase efficiencies and reduce costs on state construction projects.
- To better protect State Patrol Troopers and the public they serve, nearly \$3.6 million over the biennium is provided to purchase 500 new tactical vests and helmets and in-squad video cameras for the State Patrol.

Closing Remarks

In closing, I've covered a lot of ground in Governor Walker's proposed transportation budget, but that's to be expected in a \$6.1 billion budget proposal. This budget places emphasis on the safety, preservation, and maintenance of our state's transportation system. I have directed staff to reevaluate processes to find savings and efficiencies. I have done that so that you and the people of Wisconsin can be assured that we're spending every single one of those \$6.1 billion dollars wisely. I thank you for your time and am happy to answer any questions.