



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #647

Transportation Alternatives Program (Transportation -- Local Transportation Assistance)

[LFB 2015-17 Budget Summary: Page 443, #7]

CURRENT LAW

Federal transportation alternatives program (TAP) funds may be used for a broad range of transportation-related activities, including construction and planning of nontraditional transportation improvements such as on-road and off-road bicycle, non-motorized vehicle, and pedestrian facilities. Federal TAP aid may also be used for construction of viewing areas such as overlooks and turnouts, historic preservation activities, environmental mitigation, and safe routes for non-driver projects.

Recipients of transportation alternatives program grants must provide a 20% match for the use of the grant funds. Base year program funding is equal to \$7,049,300 FED and \$1,000,000 SEG annually. Funds from the state transportation fund appropriation can only be used for bicycle and pedestrian projects.

GOVERNOR

Delete \$1,000,000 SEG annually to eliminate state funding for transportation alternatives program projects (base federal funds of \$7,049,300 FED annually would continue to be provided for the program).

DISCUSSION POINTS

1. A separate item under the bill would repeal the statutory provision that generally

requires the Department of Transportation (DOT) to ensure that bikeways and pedestrian ways are established as part of all new highway construction and reconstruction projects funded in whole or in part from state or federal funds (Legislative Fiscal Bureau, 2015-17 Budget Summary, Page 450, #10). This provision is often referred to as "complete streets" and will be addressed during the Committee's deliberations of the DOT -- State Highway Program section of the Budget Summary.

2. Effective in federal fiscal year 2013, the federal surface transportation authorization act, Moving Ahead for Progress in the 21st Century (MAP-21), created TAP and eliminated transportation enhancements and safe routes to school as separate federal aid categories. In order to align with the 2013 changes to federal law, the state's 2013-15 biennial budget act (2013 Act 20) created a state transportation alternatives program and deleted programs tied to the prior federal law, including the bicycle and pedestrian facilities grant program.

3. Prior to this elimination of federal programs and the state's corresponding program realignment, in 2011-13, the former transportation enhancements program, safe routes to school program, and the bicycle and pedestrian facilities grant program were supported by federal, biennial funding equal to \$26,403,400. In 2011-13, annual federal appropriations for these programs were equal to \$6,251,600, \$3,230,100, and \$3,720,000, respectively. However, no state funds were provided for these programs at that time.

4. Subsequently, under the 2013-15 biennial budget, \$1,000,000 SEG annually in grant funding was provided for TAP. The Governor's recommendation would delete this base level funding, which can only be used for bicycle and pedestrian projects. This would eliminate state funding for the program, but base year funding of \$7,049,300 FED annually would remain available for the program in 2015-17.

5. TAP project sponsors apply for, and oversee, approved TAP projects, and work with DOT to ensure compliance with federal and state regulations. Eligible sponsors include local governments, (city, town, village, county, or tribe), natural resource and public land management agencies, school districts and schools, and regional transportation agencies and transit authorities.

6. Federal TAP funds are provided as part of the state's federal highway aid. This aid is provided through the federal highway trust fund under federal authorization or reauthorization acts. A short-term reauthorization of MAP-21, passed by Congress in August, 2014, ensured the solvency of the federal highway trust fund through May 31, 2015. Therefore, the actual amount of federal aid available to the state in the 2015-17 biennium remains uncertain. In the Department's budget request and the Governor's budget recommendations, it was assumed that federal aid would remain relatively constant compared to the base year federal aid levels (under the bill, total estimated federal highway aid is equal to \$710.6 million in 2015-16 and \$710.5 million in 2016-17, as compared to base funding of \$710.1 million). However, by statute, all appropriations made to the Department (including the federal TAP appropriation) may be reduced or terminated, as determined appropriate by the DOT Secretary, if federal government funding of any portion of a DOT appropriation is reduced or terminated. If the total amount of federal funds received differs by more than 5% from the amount allocated by the budget act, federal funding appropriations may be adjusted later by the Joint Committee on Finance. Therefore, if federal aid is less than anticipated, the Secretary or the Committee could act during the biennium to adjust the federal TAP

appropriation accordingly.

7. The transportation fund is often seen as a user-based system, whereby users of the state's transportation infrastructure pay into the fund and these revenues are expended to support that same transportation infrastructure. However, bicyclists and pedestrians benefit from the use of systems funded in part from state TAP funds, but, relative to those activities, do not pay into the state's transportation fund. As an argument for eliminating the state funding for this program, some have contended that activities and programs that are not directly supported by transportation fund user fees should not receive state transportation fund revenues.

8. Due to concerns about the transportation fund's ongoing revenue issues and the extensive use of long-term borrowing for the highway program included in the bill, revenue increases or program reductions, or a combination of both, may have to be made. Any significant reductions in bonding would require significant reductions to the highway-related programs, for which the Governor is recommending nearly \$1.3 billion in bonding. If such reductions are made to the highway program, some would argue that the proposed elimination of state TAP funding could be seen as reasonable. [Alternative 1]

9. TAP funds are awarded based on a competitive process and distributional requirements outlined in federal code (generally, at least 50% of federal TAP funding must be allocated to applicants based on their relative share of state population). Application for TAP funds has been competitive with program demand for each of the two most recent award cycles exceeding available funding. During these award cycles, a total of 70 projects, with funding requests totaling \$50.9 million did not receive funding. Consequently, DOT indicates that all available program funding will be awarded by the end of 2014-15.

10. According to DOT, 9% of trips in the state are made by walking or bicycling and "as many as 5% of commuters in Wisconsin bicycle to work during peak months." Recognizing this demand, in its 2013 report to the Legislature and the Governor, the Transportation Finance and Policy Commission (the Commission) recommended an increase of \$10 million annually in state funding for bicycle and pedestrian facility projects to "create a state-funded bicycle and pedestrian program that addresses commuter needs." In addition, some have contended that bicycle and pedestrian facilities, such as those funded through TAP, may result in improved safety for users of the state's transportation systems by reducing conflicts between bicyclists, pedestrians, and motorists. For example, the Federal Highway Administration notes that infrastructure improvements such as sidewalk set-backs and adding designated bicycle lanes may reduce infrastructure user conflicts and improve safety. Considering the Commission's recommendation for additional state funding, the argument that these facilities may improve public safety, and the unmet program demand, the Committee could decide that state funding for these facilities should be increased. For example, the Committee could increase state funding by \$1.0 million annually to better meet existing program demand. [Alternative 2]

11. Generally, federal aid for transportation is apportioned so that state governments, within certain constraints, can allocate federal moneys based on state priorities. In 2013-15, the Legislature did not appropriate the full amount of federal aid that could have been used for TAP purposes (opting instead to allocate federal aid that could have been used for TAP to other DOT

programs areas related to highways and local transportation facilities assistance). For example, in 2013 and 2014, over \$16 million in federal aid could have been allocated each year to the portion of the TAP program overseen by DOT. However, only about \$7.0 million annually in federal aid was appropriated for TAP projects in 2013-15.

12. Federal law requires that states use a competitive process to allow eligible entities to submit projects for TAP funding. As a result, the state may not "set aside" federal funds for certain types of projects. However, the Committee could modify the Governor's recommendation by increasing the amount of federal aid provided to the program by \$1.0 million annually to replace the state funding that would be deleted under the Governor's recommendation. However, if the Legislature were to appropriate additional federal aid for TAP, a corresponding decrease would need to be made to another federal aid appropriation. For instance, the Committee could reduce the federal appropriation for major highway development (estimated at \$78.3 million annually under the bill) or the federal appropriation for state highway rehabilitation (estimated at \$419.1 million annually under the bill) by \$1.0 million annually. These alternatives would provide the same overall amount of funding for TAP, as compared to the 2013-15, and would increase the likelihood of funding bicycle and pedestrian projects relative to the Governor's proposal. [Alternative 3a or 3b]

13. Given the excess demand for TAP funds and the level of uncertainty surrounding federal aid, the Committee could also decide that the current level of state TAP funding is appropriate. [Alternative 4]

ALTERNATIVES

1. Approve the Governor's recommendation and delete \$1,000,000 SEG from TAP (remaining program funding would be equal to \$7,049,300 FED annually in 2015-17).

2. Delete the Governor's recommendation. Instead, provide an additional \$1,000,000 SEG annually in TAP funding (this would result in total program funding of \$7,049,300 FED and \$2,000,000 SEG annually in 2015-17).

ALT A2	Change to Bill
SEG	\$4,000,000

3. Modify the Governor's recommendation by also providing \$1,000,000 FED annually and make a corresponding reduction of \$1,000,000 FED annually to one of the following federal appropriations (this action would be in addition to the Governor's recommendation, but there would be no net change to total federal highway aid funding in the bill under either of these alternatives):

a. the appropriation for major highway development (which would result in funding for this program area of \$77,263,500 FED annually in 2015-17).

b. the appropriation for state highway rehabilitation (which would result in funding for this program area of \$418,132,200 FED annually in 2015-17).

4. Delete provision (this would retain \$1,000,000 SEG annually in TAP funding, which would provide base level funding of \$7,049,300 FED and \$1,000,000 SEG annually in 2015-17).

ALT A4	Change to Bill
SEG	\$2,000,000

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