



## Legislative Fiscal Bureau

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June 6, 2023

Joint Committee on Finance

Paper #775

### **Local Bridge Improvement Assistance Program Federal Funding Allocation (Transportation -- Local Transportation Assistance)**

[LFB 2023-25 Budget Summary: Page 634, #7 (part) and #8]

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#### **CURRENT LAW**

The local bridge improvement assistance program makes grants using both state and federal funds for projects to improve bridges that are not located on state trunk highways or connecting highways (urban streets marked with a state highway or U.S. highway number). Local governments must provide a match equal to at least 20% of the total cost of the awarded project.

#### **DISCUSSION POINTS**

##### **Background**

1. Roadways and bridges in the state that are part of the state trunk highway system, consisting of roads classified as interstate highways, U.S. highways, and state highways, are under the jurisdiction of the state. Roadways and bridges that are not part of the state trunk highway system, however, fall under the jurisdiction of the local government in which they are located. DOT operates several local transportation aid and assistance programs that provide financial assistance to local governments to help them maintain the transportation infrastructure under their jurisdiction.

2. The local bridge improvement assistance (local bridge) program is a DOT local assistance program that provides grants of state and federal funds to help fund the rehabilitation and/or replacement of deteriorated bridge facilities not located on state trunk highways or connecting highways (urban streets marked with a state highway or U.S. highway number). Grants under the local bridge program are awarded based upon the relative condition and replacement cost of local bridges. For the purposes of the program, a bridge is defined as having an opening of more than 20 feet, as measured along the center of the roadway. Local governments receiving grants from the

program are responsible for providing a funding match equal to at least 20% of eligible project costs, which reflects the matching requirements that are typically required for federal transportation funds.

3. Although all units of local government may request funds for a bridge project under their jurisdiction, each county highway commissioner is responsible for prioritizing the submitted project requests from local governments within their county. The number of projects that are funded from each county's priority list, in turn, is determined using the local bridge assistance distribution formula. Every two years, DOT inspects all local bridges in the state, and assigns them a sufficiency rating score using federally-approved inspection and rating criteria. The sufficiency rating is a numerical score on a 100-point scale, with higher numbers indicating better condition. Bridges that are rated below 50 are considered to be seriously deteriorated and are eligible for replacement under the program, while bridges that are below 80 are eligible for rehabilitation, if the proposed project meets certain other conditions.

4. Upon completion of the inspection and rating process, DOT estimates the cost to replace all seriously deteriorated bridges. Each county's proportionate share of the statewide total replacement cost is used as the factor for determining an "entitlement" for the county for the funding cycle. That is, each county's entitlement equals the county's proportionate share of the statewide replacement cost, multiplied by the total amount of funding determined to be available during the funding cycle. However, this funding entitlement is not the amount of funding received by the county each year. Instead, the county's proportionate share of funding is used to rate all projects statewide and projects are funded in order of their rating. Consequently, the higher a county's entitlement, the higher its bridge projects will be rated, which increases the likelihood that these projects will be funded.

5. Any part of a county's entitlement that is not used in a funding cycle is carried over to the next cycle, which has the effect of increasing the relative rating for projects submitted by the county in that cycle. It should be noted that while only the replacement cost of bridges with a sufficiency rating below 50 is used to determine each county's share of funding, program funds may be used for the rehabilitation of any bridge with a sufficiency rating below 80.

6. Table 1 shows the local bridge program's funding level since the 2011-13 biennium, as well as the funding level that would be provided under Assembly Bill 43/Senate Bill 70 (AB 43/SB 70).

**TABLE 1**

**Local Bridge Program Funding Since 2011-13  
(\$ in millions)**

	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>	<u>2021-23</u>	<u>2023-25*</u>
SEG	\$16.9	\$16.9	\$38.0*	\$36.9	\$36.9	\$36.9
FED	<u>48.8</u>	<u>48.8</u>	<u>48.7*</u>	<u>48.8</u>	<u>154.7**</u>	<u>119.2</u>
Total	\$65.7	\$65.7	\$86.7	\$85.7	\$191.6	\$156.1
% Change		0.0%	32.0%	-1.2%	123.6%	-18.5%

\*Amounts shown for 2023-25 reflect recommended local bridge program funding under AB 43/SB 70.

\*\*Does not include \$30.0 million SEG and \$8.6 million FED appropriated in 2017-18 federal plan, approved by the Finance Committee in June, 2018.

\*\*\*Includes \$60.7 million in 2021-22 and \$69.5 million from 2022 and 2023 federal plans, as approved by the Finance Committee.

7. Beginning in 2021-22, funding for the local bridge program was impacted significantly by the federal Infrastructure Investment and Jobs Act (IIJA), which was enacted in November, 2021. IIJA increased the amount of federal transportation funds that are distributed to states over the five federal fiscal years following its enactment (2022-26), and included a new program called the bridge replacement, rehabilitation, preservation, protection, and construction program, also known as the bridge formula program (BFP). The BFP is expected to directly provide the state with \$45,000,000 annually from 2021-22 through 2025-26. Program funding can be used for highway bridge replacement, rehabilitation, preservation, protection, or construction projects on public roads. Consistent with federal matching requirements, recipients of BFP funds typically must provide a 20% match on any funds received from the program. All \$45.0 million in BFP received by the state in both 2021-22 and 2022-23 was appropriated to the local bridge program, as shown in table 1, under federal funding plans in each year that were approved by the Joint Committee on Finance.

### **Funding Level**

8. Table 3 displays DOT statistics on the condition of local bridges in the state each year from 2016 through 2021. The Department uses the ratings generated from its biennial bridge inspection process, described earlier, to assign overall ratings of good, fair, or poor condition to local bridges in the state. The Department's goal is to have 10% or less of Wisconsin's locally-owned or maintained bridges rated as poor. As shown in the table, the percentage of local bridges in the state rated as poor declined from 10.6% to 8.7% over this period.

**TABLE 3**

**Statewide Local Bridge Conditions, 2016-2022**

<u>Year</u>	<u>Number of Local Bridges</u>	<u>Local Bridge Condition</u>		
		<u>Good</u>	<u>Fair</u>	<u>Poor</u>
2016	8,836	50.0%	39.4%	10.6%
2017	8,846	50.7	39.3	10.0
2018	8,850	50.1	40.1	9.8
2019	8,861	50.8	40.1	9.2
2020	8,881	49.9	40.6	9.5
2021	8,906	50.8	40.5	8.7

9. The construction for local bridge projects is typically completed approximately four years after a project is awarded, although some projects may take up to six years. Thus, the outcomes shown in Table 3 likely do not capture the full impact of the increased levels of local bridge program funding that have been provided since 2017-19. In addition, the impact of increased IJA funds, which the state began receiving in 2021-22, are unlikely to be observed for local bridges until 2026-27, at the earliest. Thus, the current trend of improving local bridge conditions in the state may continue or accelerate in the future due to the increased funding level that has been provided to the local bridge program in recent years, particularly from the federal BFP.

10. Assembly Bill 43/Senate Bill 70 would appropriate \$40,000,000 FED in 2023-24 and \$30,000,000 FED in 2024-25 to the local bridge program from the \$45.0 million FED that the Department expects to receive from the BFP in each year of the biennium. In addition, the bills would appropriate the remaining BFP funds of \$5,000,000 FED in 2023-24 and \$15,000,000 FED in 2024-25 to create a new program that would issue grants to local governments for projects to complete "lower grade" bridge treatments that are not eligible under the local bridge program. The \$20 million in funds provided for "lower grade" bridge treatments would be appropriated to DOT's local transportation facility improvement assistance appropriation. AB 43/SB 70 would also provide \$10,000,000 SEG-L in 2023-24 and \$7,500,000 SEG-L in 2024-25 to the local bridge program, and \$1,250,000 SEG-L in 2023-24 and \$3,750,000 SEG-L in 2024-25 to DOT's local transportation facility improvement assistance appropriation, reflecting the additional local funds that would be required to meet the federal BFP 20% local match requirement.

11. Under current law, the local bridge program can only provide grants for projects to reconstruct or rehabilitate bridges. The Department indicates that local governments have expressed a need for state support for lower grade projects, such bridge deck sealing, thin polymer overlays, and power washing, which can improve and extend the life of bridges, but are not eligible for assistance under the current local bridge program. DOT analysis also suggests that a "blended" approach of these lower grade projects alongside larger reconstruction and rehabilitation projects is the most cost-effective approach for preserving the state's network of local bridges. The Department indicates it will treat the program as a "demonstration" in the 2023-25 biennium by monitoring the program's performance to determine whether it should be continued in future years. [Alternative 1]

12. However, AB 43/SB 70 would not define the scope of this program, or the type of projects that would be eligible under the program. In addition, the Committee approved the full \$45.0 million received by the state from the federal BFP in both 2021-22 and 2022-23 to the local bridge improvement program. The Committee could again choose to provide the full \$45,000,000 FED and \$11,250,000 SEG-L annually to the local bridge program, and not provide funds for "lower grade" bridge projects. This would be similar to the Committee's actions in both 2021-22 and 2022-23, and would establish an ongoing increase of \$45,000,000 FED to base level funding for the local bridge program. [Alternative 2]

13. Federal BFP funds can be spent on any project to replace, rehabilitate, preserve, protect, or construct highway bridges located on public roads. Thus, program funds can be spent for projects for state highway bridges, in addition to local bridges. Given the improvement in local bridge ratings that has been observed in recent years, prior to the introduction of additional federal funds for the program, \$5.0 million annually in federal BFP funds could instead be appropriated to the state highway rehabilitation (SHR) program. These funds would be required to be used for improving bridges on the state highway system. This would allow the Department to swap these FED funds for SEG funds in the SHR program, thus reducing overall SEG expenditures from the transportation fund by \$5.0 million annually, and reducing the strain on transportation fund revenues in the biennium. The remaining \$40.0 million annually in BFP funds could still be appropriated to the local bridge program, which may be sufficient to maintain current local bridge conditions in the state. \$10.0 million SEG-L annually would also be provided to the local bridge program under this alternative. [Alternative 3]

14. DOT's federal highway aid appropriations are all moneys received appropriations, which gives the Department, with Department of Administration (DOA) approval, the flexibility to allocate additional federal funds to meet programmatic needs beyond the amounts specified in the schedule. Given the availability and flexibility of federal BFP funds, the Committee could choose not to adjust the appropriations schedule to reflect federal BFP funding. Federal BFP funds would still be available to the state, and DOT and DOA could allocate the funds among Departmental programs as needed. [Alternative 4]

**ALTERNATIVES**

1. Provide \$40,000,000 FED in 2023-24 and \$30,000,000 FED in 2024-25, and \$10,000,000 SEG-L in 2023-24 and \$7,500,000 SEG-L in 2024-25 to the local bridge improvement assistance program. In addition, provide \$5,000,000 FED in 2023-24 and \$15,000,000 FED in 2024-25, and \$1,250,000 SEG-L in 2023-24 and \$3,750,000 SEG-L in 2024-25 to DOT's local transportation facility improvement assistance appropriations for a new program to address "lower grade" local bridge projects. This would establish ongoing funding increases of \$30,000,000 FED and \$7,500,000 SEG-L for the local bridge program, and \$15,000,000 FED and \$3,750,000 for DOT's local transportation facility improvement assistance appropriation.

<b>ALT 1</b>	<b>Change to Base</b>
FED	\$90,000,000
SEG-L	<u>22,500,000</u>
Total	\$112,500,000

2. Provide \$45,000,000 FED and \$11,250,000 SEG-L annually, or all of the recommended funding, to the local bridge improvement assistance program appropriation. This would establish ongoing increases of \$45,000,000 FED and \$11,250,000 SEG-L in base level funding for the local bridge program, but no "lower grade" local bridge program would be established.

<b>ALT 2</b>	<b>Change to Base</b>
FED	\$90,000,000
SEG-L	<u>22,500,000</u>
Total	\$112,500,000

3. Provide \$40,000,000 FED and \$10,000,000 SEG-L to the local bridge improvement assistance program appropriation, and provide \$5,000,000 FED annually to the state highway rehabilitation program federal appropriation. This would establish ongoing increases of \$40,000,000 FED and \$10,000,000 SEG-L in base level funding for the local bridge program, and \$5,000,000 FED in base level funding for the state highway rehabilitation program.

<b>ALT 3</b>	<b>Change to Base</b>
FED	\$90,000,000
SEG-L	<u>20,000,000</u>
Total	\$110,000,000

4. Take no action.

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