



## Legislative Fiscal Bureau

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June 6, 2023

Joint Committee on Finance

Paper #787

### **Southeast Wisconsin Freeway Megaprojects (Transportation – State Highway Program)**

[LFB 2023-25 Budget Summary: Page 645, #4]

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#### **CURRENT LAW**

The Department of Transportation (DOT) southeast Wisconsin freeway megaprojects program funds highway improvement projects with an estimated cost exceeding \$828.3 million in 2022 dollars. Southeast Wisconsin freeways are statutorily defined as being located in Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, or Waukesha counties. Any rehabilitation or capacity expansion project on those freeways with a cost below the statutory threshold is the responsibility of the state highway rehabilitation or major highway development programs, as applicable. Prior to the start of construction, southeast Wisconsin freeway megaprojects must be enumerated in the statutes. Presently, the I-94 North-South freeway, the Zoo Interchange, and the I-94 East-West freeway projects are the only enumerated megaprojects.

A total of \$82.0 million was provided for southeast Wisconsin freeway megaprojects in the 2021-23 biennium. This amount was comprised of \$12.0 million in state funds, \$40.0 million in general fund-supported, general obligation bonds, and \$30.0 million of federal funds. All of these funds were provided for the I-94 East-West freeway project, which was also enumerated in the 2021-23 budget.

#### **DISCUSSION POINTS**

##### **Background**

1. DOT's state highway improvement program is responsible for the construction, reconstruction, and rehabilitation of the state's 11,750-mile state trunk highway system, consisting of interstate highways, U.S. highways, and state highways. The program is made up of three main

components: (a) the state highway rehabilitation program; (b) the major highway development program; and (c) the southeast Wisconsin freeway megaprojects ("southeast megaprojects") program. As shown in the attachment, the southeast megaprojects program has, historically, been the smallest of these programs, with a share of program funding typically ranging between 5% and 20%. In addition to these programs, DOT also operates the major interstate bridge program, which constructs or reconstructs state highway bridges crossing a river that forms that boundary of the state, for which the state's share of costs is estimated to exceed \$100 million. Assembly Bill 43/Senate Bill 70 (AB 43/SB 70) would authorize \$47.2 million in transportation fund-supported bonds for the major interstate bridge program in 2023-25 to initiate a project to reconstruct the John A. Blatnik Bridge, which spans between the City of Superior with Duluth, Minnesota.

2. The freeways in southeastern Wisconsin carry the most traffic of any roadways in the state, and provide statewide benefits for tourism, manufacturing, agriculture, and other sectors. Nearly all the freeways in Southeast Wisconsin were constructed between the 1950s and 1970s. Some have already been reconstructed, while others will require reconstruction in upcoming years. Any southeast Wisconsin freeway megaproject must be enumerated in the statutes prior to the start of construction. Since the southeast megaprojects program was created in the 2011-13 budget (replacing the southeast Wisconsin freeway rehabilitation program), three projects have been enumerated: (a) the I-94 North-South freeway, between the Mitchell Airport interchange in Milwaukee County and the Illinois state line; (b) the Zoo Interchange, at the junction of I-94, I-894, and USH 45 in western Milwaukee County; and (c) the I-94 East-West freeway corridor, between 16<sup>th</sup> Street and 70<sup>th</sup> street in Milwaukee County. Table 1 shows the program's biennial funding level since it was created in 2011-23, along with the recommended funding level for the 2023-25 biennium under Assembly Bill 43/Senate Bill 70 (AB 43/SB 70).

**TABLE 1**  
**Southeast Wisconsin Freeway Megaprojects Program Since 2011-13**  
**(\$ in Millions)**

<u>Biennium</u>	<u>Funding</u>
2011-13	\$420.0
2013-15	517.0
2015-17	414.6
2017-19	535.6
2019-21	226.4
2021-23	82.0
2023-25*	237.8*

\*Amount shown for 2023-25 reflects recommended funding under AB 43/SB 70

3. The funding shown in Table 1 that was provided to the southeast megaprojects program through the 2019-21 biennium was allocated to the I-94 North-South and Zoo Interchange projects. Both of these projects are expected to be completed by the end of 2023, and no additional funding has been requested for either project since the 2019-21 biennium. Program funding in 2021-23 was

allocated to the I-94 East-West project, which was also enumerated in the 2021-23 budget. This project would reconstruct a 3.5 mile, six-lane stretch of the interstate in Milwaukee County by expanding the roadway to eight lanes and reconstructing several interchanges, including the stadium interchange near American Family Field. The funding provided in 2021-23 was provided to complete initial design and planning work for the project.

4. While southeast megaprojects program expenditures decreased in both 2019-21 and 2021-23, as the I-94 North-South and Zoo Interchange projects approached completion, program expenditures would increase in 2023-25 under AB 43/SB 70, as DOT would begin final design, real estate acquisition, and utility relocation work for the I-94 East-West freeway project. In upcoming biennia, program expenditures are expected to continue to increase, and could reach or surpass the funding levels provided for the program prior to 2019-21 as the I-94 East-West project enters the construction phase.

5. Table 2 shows the southeast megaprojects program's adjusted base funding level for the 2023-25 biennium (including standard budget adjustments), as well as the amounts recommended for the program under AB 43/SB 70. These funding recommendations would fully-fund the costs that are expected to be incurred on the I-94 East-West freeway project in the biennium.

**TABLE 2**  
**Southeast Wisconsin Freeway Megaprojects Program Funding --**  
**Comparison of Base Funding to AB 43/SB 70**

<u>Fund</u>	<u>Adjusted Base Plus Bonds*</u>	<u>AB 43/SB 70*</u>		<u>Biennial Total</u>
		<u>2023-24</u>	<u>2024-25</u>	
SEG	\$8,147,100	\$0	\$0	\$0
FED	14,576,500	39,620,300	57,306,700	96,927,000
Gen. Ob. Bonds (SEG)	<u>20,000,000</u>	<u>70,436,500</u>	<u>70,436,500</u>	<u>140,873,000</u>
Total	\$42,723,600	\$110,056,800	\$127,743,200	\$237,800,000

\*Amounts shown include base funding, adjustments to the base, and standard budget adjustments, but do not include the 5% turnover reduction adopted for the program under Motion #12.

6. Through earlier action under Motion #12, the Committee reduced the total funding available to the southeast megaprojects program in the biennium by increasing the turnover reduction standard budget adjustment from 3% to 5%, associated with program staffing costs. In order to match the program funding in AB 43/SB 70, the Committee would have to provide that same level of funding back to the program, which would allow the funding to be used the program's project construction costs.

7. The alternatives discussed in this paper include the AB 43/SB 70 recommendation for the southeast megaprojects program, as well as two primary alternatives for program funding: (a) an alternative to substitute some of the recommended FED with SEG funding; and (b) an alternative to substitute some or all of the recommended bonding with one-time GPR funding. A third alternative

would supply funding to the program associated with Motion #12, which increased the turnover to 5%. In order to match or provide near the same amount of funding for the southeast megaprojects program as AB 43/SB 70, one alternative from each set of alternatives would need to be chosen. All of the funding provided to southeast megaprojects program in 2023-25 is expected to be allocated to the I-94 East-West project. Table 3 provides a comparison of the program's funding levels under each alternative discussed in the paper.

**TABLE 3**

**Potential Southeast Wisconsin Freeway Megaprojects Program Funding Levels**

Potential Funding Levels	2023-25 Biennium				
	<u>SEG</u>	<u>FED</u>	<u>Bonds</u>	<u>GPR</u>	<u>Total</u>
<b>A. Federal Funding and Segregated Revenue*</b>					
AB 43/SB 70 (Alt. A1)	\$0	\$96,927,000	\$0	\$0	\$96,927,000
SEG Matching Funds (Alt. A2)	16,327,400	80,599,600	0	0	96,927,000
Base Budget (Alt. A3)	16,327,400	29,280,400	0	0	45,607,800
<b>B. Bonding and General Purpose Revenue</b>					
AB 43/SB 70 -- SEG Bonding (Alt. B1)	\$0	\$0	\$140,873,000	\$0	\$140,873,000
GPR in lieu of Bonding (Alt. B2)	0	0	0	140,873,000	140,873,000
GPR and SEG Bonding (Alt. B3)	0	0	70,436,500	70,436,500	140,873,000
GPR Bonding (Alt. B4)	0	0	140,873,000	0	140,873,000
Base Budget (Alt. B5)	0	0	0	0	0
<b>C. Restore Turnover Reduction Funding</b>					
<i>Motion #12 -- 5% Turnover</i>	-\$33,200	-\$127,400	\$0	\$0	-\$160,600
Restore Turnover Reduction (Alt. C1)	33,200	127,400	0	0	160,000
Base Budget (Alt. C2)	0	0	0	0	0

**A. Federal Funding and Segregated Revenue**

8. The current six-lane I-94 East-West corridor is experiencing a number of problems that merit reconstruction of the freeway. Of the 38 bridges located along the corridor, 36 remain from the highway's original construction in the 1950s and 1960s, and many are deteriorating. The corridor also has design deficiencies including interchanges that are closely spaced and contain both left-lane and right-lane exit and entrance ramps. Due in part to these design deficiencies, the corridor experiences approximately 1.3 crashes per day, and that crash rates observed throughout different portions of the corridor are two to four times the statewide average. In addition, the roadway can experience severe traffic congestion, particularly during peak hours. The Department indicates that the age and condition of the I-94 East-West corridor is such that the Department can no longer use rehabilitation and maintenance asset-management strategies to maintain the corridor safely and effectively.

9. The proposed I-94 East-West project would expand the roadway from six to eight lanes and reconstruct several interchanges, and is expected to lead to improved congestion and traffic safety outcomes throughout the corridor. DOT has worked over the past several years to establish the current preferred alternative for the project, which was approved by the federal highway administration in November, 2022. The Department indicates that it expects final federal approval for the project in the fall of 2023, that construction could begin in 2025, and that the current total estimated project cost is \$1.28 billion. AB 43/SB 70 would provide total funding of \$237.8 million for the project in the 2023-

25 biennium, which would be used for final design, real estate acquisition, and utility relocation work for the project. The Department states that if a lesser amount of funding was provided in the biennium, it could result in delays to the project's scheduled timeline, including postponement of the anticipated construction start date in 2025.

10. The recommended funding for the program in 2023-25 under AB 43/SB 70 includes \$96.9 million FED, and no SEG funding. The decision to provide no SEG may be warranted given that limited SEG revenues may be available from the transportation fund in 2023-25. Projected transportation revenues have been revised downward in the biennium from the amounts recommended in AB 43/SB 70, as revenue collections in 2022-23 are lower than expected and relevant economic outlook factors for 2023-25 have worsened since the bill was introduced. Meanwhile, demands for the expenditure of transportation fund revenues may increase in 2023-25 and beyond due to large upcoming projects, such as the I-41 from Appleton to De Pere, I-94 East-West, and Blatnik Bridge reconstruction projects, the southern bridge construction project in Brown County, and inflationary demands across transportation programs.

11. While limited SEG revenues may be available in 2023-25, additional federal funds are expected to be provided to DOT in the biennium due to the enactment of the federal Infrastructure Investment and Jobs Act (IIJA). IIJA was enacted in 2021, and is expected to provide state with an increased level of federal transportation funding in the five years following its enactment (2021-22 through 2025-26). As a result, AB 43/SB 70 would provide the Department with revenue increases of \$192.7 million FED in 2023-24 and \$211.3 million FED in 2024-25 from the annual adjusted base funding level of \$829.9 million, corresponding to the estimated additional federal transportation aid that the state is expected to receive in the biennium. The bill would appropriate some of these additional federal funds to the southeast megaprojects program to keep the I-94 East-West project on schedule, while limiting expenditures from the transportation fund, as shown in Table 4. [Alternative A1] [If this alternative were adopted, alternative C1 would also need to be adopted to prevent negative SEG funding from being appropriated to the southeast megaprojects program.]

**TABLE 4**

**Southeast Wisconsin Freeway Megaprojects Program Funding --  
AB 43/SB 70 Recommendation**

<u>Fund</u>	<u>Alternative A1*</u>		<u>Biennial Total</u>
	<u>2023-24</u>	<u>2024-25</u>	
SEG	\$0	\$0	\$0
FED	<u>39,620,300</u>	<u>57,306,700</u>	<u>96,927,000</u>
Total	\$39,620,300	\$57,306,700	\$96,927,000

\*Amounts shown include base funding, adjustments to the base, and standard budget adjustments, but do not include the 5% turnover reduction adopted for the program under Motion #12.

12. Federal law requires that any federal transportation funds that are used for a project on the interstate system can be accompanied by a minimum 10% state match of total project funding. Thus, the I-94 East-West project must be funded with at least 10% state funds. However, AB 43/SB 70 would reduce base level SEG funding for the southeast megaprojects program to \$0. While the recommended transportation fund-supported, general obligation bonds could be used to fulfill the state match requirement for the project, bonding cannot, or often should not, be used to fund certain project costs that are not long-term, physical structures or assets. Thus, to provide the recommended funding for the I-94 East-West project, while ensuring that base level SEG funding continues to be provided to the program, the program's adjusted base SEG funding level for 2023-25 could be retained, and a proportional amount of FED could be decreased from the amount recommended under the bills. This would provide \$8,163,700 SEG annually, and \$31,456,600 FED in 2023-24 and \$49,143,000 FED in 2024-25 to the program, as shown in Table 5. [Alternative A2]

**TABLE 5**

**Southeast Wisconsin Freeway Megaprojects Program Funding -- SEG Matching Funds**

<u>Fund</u>	<u>Alternative A2*</u>		<u>Biennial Total</u>
	<u>2023-24</u>	<u>2024-25</u>	
SEG	\$8,163,700	\$8,163,700	\$16,327,400
FED	<u>31,456,600</u>	<u>49,143,000</u>	<u>80,599,600</u>
Total	\$39,620,300	\$57,306,700	\$96,927,000

\*Amounts shown include base funding, adjustments to the base, and standard budget adjustments, but do not include the 5% turnover reduction adopted for the program under Motion #12.

13. The Department uses both SEG and FED revenues for a variety of state operations, like Division of Motor Vehicles services and State Patrol, as well maintenance of the state's highway infrastructure. Denying the request would provide base level SEG funding of \$8,163,700 SEG annually, and base level FED funding of \$14,640,200, after accounting for Motion #12, as shown in Table 6. This would provide some support for the I-94 East-West project in the biennium, while freeing up transportation revenues for these other purposes. However, DOT indicates that this could cause delays to the I-94 East-West project schedule, including the anticipated construction start date for the project in 2025. [Alternative A3]

**TABLE 6**

**Southeast Wisconsin Freeway Megaprojects Program Funding -- 2023-25 Base Budget**

<u>Fund</u>	<u>Alternative A3*</u>		<u>Biennial Total</u>
	<u>2023-24</u>	<u>2024-25</u>	
SEG	\$8,163,700	\$8,163,700	\$16,327,400
FED	<u>14,640,200</u>	<u>14,640,200</u>	<u>29,280,400</u>
Total	\$22,803,900	\$22,803,900	\$45,607,800

\*Amounts shown include base funding, adjustments to the base, and standard budget adjustments, but do not include the 5% turnover reduction adopted for the program under Motion #12.

**B. Bonding and General Purpose Revenue**

14. In addition to recommending FED for the southeast megaprojects program, AB 43/SB 70 would also provide the program with \$140.9 million in transportation fund-supported, general obligation bonds in 2023-25. The Department traditionally uses some bonding for the southeast megaprojects program. Borrowing for such transportation projects carries several advantages, particularly for large projects that have a long lifespan. Because bonding spreads the costs of a project over its useful life, it allows future users to share in the cost of the project. Bonding also reduces the need to raise taxes or reduce expenditures on other transportation programs in order to cash-finance large projects all at once. The bonding recommended for the southeast megaprojects program in 2023-25 would allow the Department to keep the East-West project on schedule, while limiting the amount of cash funding that would be needed for program in the biennium. Estimated transportation fund-supported debt service associated with the partial issuance of these general obligation bonds in the biennium would be \$1,488,000 SEG in 2024-25. Once fully issued, annualized debt service associated with the issuance of these bonds would be estimated at \$11,304,000 SEG annually. [Alternative B1]

15. While bonding allows the Department to finance projects without the commitment of large amounts of cash funding, it also requires the Department to commit ongoing revenues for debt service payments, which include interest costs. To avoid an unsustainable level of debt service costs in the transportation fund, Department has traditionally targeted amounts of bonding that would correspond to a "healthy" level of debt service costs. In the past, a goal had been to maintain annual debt service costs that are 10% or less of gross transportation fund revenues. Table 7 provides a comparison of debt service costs and gross revenue for the transportation fund over the past 15 years.

**TABLE 7**

**Annual Growth in Gross Transportation Fund Revenue  
(Excluding Federal Aid, Bond Revenue, and Transfers from Other Funds)  
and Transportation Fund-Supported Debt Service  
(\$ in Millions)**

<u>Fiscal Year</u>	<u>Gross Transportation Revenue</u>	<u>Transportation Debt Service*</u>	<u>Debt Service as a % of Revenue</u>
2007-08	\$1,661.0	\$187.5	11.3%
2008-09	1,687.3	191.0	11.3
2009-10	1,697.9	184.8	10.9
2010-11	1,715.9	197.2	11.5
2011-12	1,743.9	240.7	13.8
2012-13	1,720.3	259.5	15.1
2013-14	1,784.6	294.2	16.5
2014-15	1,808.4	314.4	17.4
2015-16	1,867.4	340.8	18.2
2016-17	1,870.7	356.2	19.0
2017-18	1,916.5	357.6	18.7
2018-19	1,912.6	362.3	18.9
2019-20	2,006.2*	371.1	18.5
2020-21	2,101.2*	361.8	17.2
2021-22	2,159.2	358.4	16.6

\* Does not reflect general fund-supported debt service on bonds authorized and issued for transportation purposes.

\*\*Vehicle title fees and certain vehicle registration fees were increased effective on October 1, 2019.

16. As shown in the table, annual debt service has exceeded the 10% debt service goal for each year shown. However, debt service as a percentage of revenue peaked in 2016-17 and has been declining more recently, primarily due to: (a) the introduction of additional revenue sources for the transportation fund, such as an increase to registration and title fees in the 2019-21 budget; and (b) the conclusion of large projects, which has reduced the need for new bonding. While DOT's debt service obligations have moderated in recent years, large upcoming projects such as the I-41 from Appleton to De Pere, I-94 East-West, and Blatnik Bridge reconstruction projects, and the southern bridge construction project in Brown County, may introduce new demand for bonding and cause the transportation debt service to revenue ratio to begin increasing again.

17. The question arises as to whether the state's transportation fund has the financial ability to support local highway infrastructure while also sustaining ongoing debt service costs for the state highway infrastructure. AB 43/SB 70 again recommends 4% annual increases to general transportation aids, the local roads improvement program (LRIP), and mass transit operating



assistance, and would also provide \$50,000,000 SEG annually on an ongoing basis for an LRIP-supplemental program. When transportation fund revenues are committed to these local programs, especially on a recurring basis, it reduces the amount of revenues available to fund DOT operations and the state highway improvement program. This would again put pressure on the ability of the transportation fund to meet the state's obligations on the state highway system without additional resources or bonding.

18. While limited SEG revenues are available from the transportation fund for the improvement of both the state and local highway systems, including the debt service costs associated with the recommended bonding, the general fund has large one-time revenues available in the 2023-25 biennium. To provide an adequate level of funding to keep the I-94 East-West project on schedule in 2023-25 and fund local projects, while limiting ongoing transportation fund debt service expenditures, the \$140.9 million in recommended bonding could be replaced with the one-time appropriation of \$140.9 million GPR in 2023-24 for the southeast megaprojects program. This would negate the \$11.3 million annually in ongoing transportation fund debt service expenditures that would be required under the bills. A continuing GPR appropriation for the southeast Wisconsin freeway megaprojects program would also need to be created in order to expend these funds. [Alternative B2]

19. In considering the demands on the general fund, GPR could also be provided to replace only half of the recommended borrowing for the I-94 East-West project. This alternative would provide \$70.4 million GPR, and authorize \$70.4 million in transportation fund-supported, general obligation bonds. Estimated transportation fund-supported debt service associated with the partial issuance of the general obligation bonds in the biennium would be \$744,400 SEG in 2024-25. Once fully issued, annualized debt service associated with the issuance of these bonds would be estimated at \$5,652,000 SEG annually, while an equal amount of annual debt service would be saved compared to AB 43/SB 70. This would also require the creation of a continuing GPR appropriation for the southeast Wisconsin freeway megaprojects program to expend the GPR funding. [Alternative B3]

20. GPR-supported bonds have been used to fund state highway improvement program costs in the past, including for the southeast megaprojects program. Base level annual GPR debt service on previously issued bonds for the state highway improvement program is \$87.6 million in 2023-25. Use of \$140.9 million of GPR-supported bonds, rather than the recommended transportation fund-supported bonds, for the I-94 East-West project could be another strategy to provide the needed funding to the project, while limiting ongoing debt service costs in the transportation fund. This alternative would introduce ongoing debt service payments from the general fund, which could be funded with the state's ongoing general fund surplus. Like AB 43/SB 70, estimated general fund-supported debt service associated with the partial issuance of these general obligation bonds in the biennium would be \$1,488,000 GPR in 2024-25. Once fully issued, annualized debt service associated with the issuance of these bonds would be estimated at \$11,304,000 GPR annually. [Alternative B4]

21. While the 2021-23 budget enumerated and provided \$82.0 million for the I-94 East-West reconstruction project, and while final federal approval for the project is expected in 2023, some concerns regarding the project's eight-lane preferred alternative remain. Expansion of the freeway from six to eight lanes will add significant costs to the project, and may result in "induced demand"

by encouraging residents to drive on the freeway rather than utilizing alternative means of transportation, which can increase air and noise pollution for surrounding neighborhoods. Some local residents and elected officials have expressed support for using state funds to develop other modes of transportation that can provide East-West connectivity for local residents, including public transit, which could reduce the need for freeway expansion. DOT's current preferred alternative for the project would also displace one residence and six commercial buildings. Given these concerns, additional funding for the project could be denied at this time. DOT indicates that this would cause significant delays to the project's estimated timeline, including the anticipated 2025 start date for project construction. This could also increase the need for funding in the state highway rehabilitation program, as the program would likely be required to fund additional work to maintain the existing I-94 East-West corridor in a usable and safe condition in the 2023-25 biennium and beyond. [Alternative B5]

**C. Restore Turnover Reduction Funding**

22. Under Motion #12, the Committee earlier approved SEG and FED standard budget adjustments for the southeast megaprojects program, but also modified the standard budget adjustments under AB 43/SB 70 by increasing the turnover reduction standard budget adjustment from 3% to 5%. This revision to the turnover reduction standard budget adjustment resulted in a decrease of base funding for the program, as shown in Table 8. This change is not reflected in the discussion on the earlier alternatives in the paper.

**TABLE 8**

**2023-25 Southeast Wisconsin Freeway Megaprojects Program  
5% Turnover Reduction under Motion #12**

	<u>SEG</u>	<u>FED</u>	<u>Total</u>
Adjusted Base Funding Level	\$8,163,700	\$14,640,200	\$22,803,900
5% Turnover Reduction (Motion #12)	<u>-16,600</u>	<u>-63,700</u>	<u>-80,300</u>
Program Prior to Further JFC Action	\$8,147,100	\$14,576,500	\$22,723,600

23. As shown in the table, this action alone resulted in a decrease in total funding for the southeast megaprojects program of \$80,300 annually. The decreases of \$16,600 SEG and \$63,700 FED annually could be restored to the southeast megaprojects program in order to provide the same amount of funding for the program as the amount recommended in AB 43/SB 70. In addition, this action would be necessary if the AB 43/SB 70 recommendation to provide \$0 SEG funds to the program (Alternative A1) were adopted, as the 5% turnover reduction decision would result in a negative appropriation of SEG funding for the program in the biennium. This alternative could also include a specification requiring that the restored funding would be used for programmatic expenditures, rather than personnel expenditures. [Alternative C1]

24. The Committee's prior decision under Motion #12 to increase the program's turnover reduction standard budget adjustment would be maintained if no further action is taken. This would

result in slightly less funding being provided to the program than would be provided under the bill. In addition, if the AB 43/SB 70 recommendation to provide \$0 SEG to the program were adopted (Alternative A1), Motion #12 would result in a negative appropriation of SEG funding for the program in the biennium. [Alternative C2]

## ALTERNATIVES

### A. Federal Funding and Segregated Revenue

1. Make the following changes to the southeast Wisconsin freeway megaprojects program's funding: (a) reductions of \$8,163,700 SEG annually; (b) increases of \$24,980,100 FED in 2023-24 and \$42,666,500 FED in 2024-25. This would result in \$96.9 million FED and no SEG being provided to the program in the 2023-25 biennium.

ALT A1	Change to Base
FED	\$67,646,600
SEG	<u>- 16,327,400</u>
Total	\$51,319,200

2. Provide \$16,816,400 FED in 2023-24 and \$34,502,800 FED in 2024-25, and make no change to the SEG funding provided to the southeast Wisconsin freeway megaprojects program. This would result in \$96.9 million being provided to the program in the biennium, including \$80.6 million FED and \$16.3 million SEG.

ALT A2	Change to Base
FED	\$51,319,200

3. Take no action. Base level funding of \$14.6 million FED and \$8.2 million SEG annually would be provided to the southeast Wisconsin freeway megaprojects program, for total program funding of \$45.6 million in the biennium.

### B. Bonding and General Purpose Revenue

1. Authorize \$140,873,000 in transportation fund-supported, general obligation bonds for the southeast Wisconsin freeway megaprojects program in the 2023-25 biennium. Estimated transportation fund-supported debt service associated with the partial issuance of these general obligation bonds in the biennium would be \$1,488,000 SEG in 2024-25. Once fully issued, annualized debt service associated with the issuance of these bonds would be estimated at \$11,304,000 SEG annually.

ALT B1	Change to Base
SEG	\$1,488,000
BR-SEG	<u>140,873,000</u>
Total	\$142,361,000

2. Provide \$140,873,000 GPR for the southeast Wisconsin freeway megaprojects program in 2023-24, and create a new, continuing GPR appropriation for the program in order to expend these funds.

<b>ALT B2</b>	<b>Change to Base</b>
GPR	\$140,873,000

3. Authorize \$70,436,500 in transportation fund-supported, general obligation bonds for the southeast Wisconsin freeway megaprojects program in the 2023-25 biennium, and also provide \$70,436,500 GPR for the program in 2023-24. Create a new, continuing GPR appropriation for the program in order to expend the GPR funds. Estimated transportation fund-supported debt service associated with the partial issuance of the general obligation bonds in the biennium would be \$744,400 SEG in 2024-25. Once fully issued, annualized debt service associated with the issuance of these bonds would be estimated at \$5,652,000 SEG annually.

<b>ALT B3</b>	<b>Change to Base</b>
GPR	\$70,436,500
SEG	\$744,000
BR-SEG	<u>\$70,436,500</u>
Total	\$141,617,000

4. Authorize \$140,873,000 in general fund-supported, general obligation bonds for the southeast Wisconsin freeway megaprojects program in the 2023-25 biennium. Estimated general fund-supported debt service associated with the partial issuance of these general obligation bonds in the biennium would be \$1,488,000 GPR in 2024-25. Once fully issued, annualized debt service associated with the issuance of these bonds would be estimated at \$11,304,000 SEG annually.

<b>ALT B4</b>	<b>Change to Base</b>
GPR	\$1,488,000
BR-GPR	<u>140,873,000</u>
Total	\$142,361,000

5. Take no action.

**C. Restore Turnover Reduction Funding**

1. Provide \$16,600 SEG and \$63,700 FED annually for the southeast Wisconsin freeway megaprojects program, in order to restore funding for the program that was previously reduced under Motion #12, which increased the turnover reduction standard budget adjustment for the program from 3% to 5%. Specify that this funding be used for programmatic expenditures, rather than personnel expenditures.

<b>ALT C1</b>	<b>Change to Base</b>
SEG	\$33,200
FED	<u>127,400</u>
Total	\$160,600

2. Take no action.

Prepared by: Peter Mosher  
Attachment



**ATTACHMENT**

**Recent Biennial Funding Levels for Three Main Components of  
State Highway Improvement Program  
(\$ in Millions)**

<u>Biennium</u>	<u>State Highway Rehabilitation</u>	<u>Major Highway Development</u>	<u>Southeast Wisconsin Freeways</u>	<u>Total</u>
2011-13	\$1,607.6	\$743.6	\$420.0	\$2,771.2
2013-15	1,640.4	728.4	517.0	2,885.8
2015-17	1,698.0	641.1	414.6	2,753.7
2017-19	1,626.2	563.7	535.6	2,725.5
2019-21	1,937.8	564.2	226.4	2,728.4
2021-23	2,207.2*	565.6	82.0	2,854.8
2023-25**	\$2,214.6	\$591.3	\$237.8	\$3,043.7

<u>Biennium</u>	<u>State Highway Rehabilitation</u>	<u>Major Highway Development</u>	<u>Southeast Wisconsin Freeways</u>	<u>Total</u>
2011-13	58.0%	26.8%	15.2%	100.0%
2013-15	56.8	25.2	17.9	100.0
2015-17	61.7	23.3	15.1	100.0
2017-19	59.7	20.7	19.7	100.0
2019-21	71.0	20.7	8.3	100.0
2021-23	77.3*	19.8	2.9	100.0
2023-25**	72.8%	19.4%	7.8%	100.0%

\*State highway rehabilitation program funding in the 2021-23 biennium was increased by \$123.6 million in 2021-22 and \$15.6 million in 2022-23 under DOT federal funding plans in each year of the biennium, as approved by the Joint Committee on Finance.

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

