

Transportation

Departmentwide

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June 6, 2023

Joint Committee on Finance

Paper #805

Department of Transportation Administrative Facilities (Transportation -- Departmentwide)

[LFB 2023-25 Budget Summary: Page 660, #2 and Page 661, #3]

CURRENT LAW

The Department of Transportation (DOT) owns and leases facilities across the state for various purposes, including the provision of work space for Division of Motor Vehicles (DMV) and State Patrol, as well as accommodating the Department's regional staff. Typically, the costs associated with these facilities (construction, remodeling, and maintenance) are funded with proceeds from transportation revenue bonds (TRBs). Debt service on these bonds is primarily paid with vehicle registration fee revenue, which has been pledged for this purpose and is the first draw on those revenues.

DISCUSSION POINTS

Background

1. DOT's capital project program funds the design and construction of DOT capital facilities projects such as DMV service centers, State Patrol posts, and communication towers, as well as some remodeling and maintenance costs. The Administration indicates that DOT's portfolio of owned facilities includes many older buildings, and that it is DOT's long-range plan to replace at least one aging building facility in each biennium to mitigate costs of having to maintain facilities that are beyond their recommended useful life.

2. DOT has two existing continuing appropriations for its capital projects program: (a) one expends TRB proceeds through SEG-S expenditure authority; and (b) the other expends SEG funds for minor construction projects with a total construction cost not exceeding \$1,000,000. Both of these appropriations are continuing appropriations, which means that any funds provided to the program do

not have to be spent in the year they are provided, but rather can be spent in any year following their appropriation. Thus, funds provided in 2023-25 budget can be used to start capital facilities projects in one biennium that may be completed in future biennia.

3. Table 1 shows the amounts that have been provided for DOT's capital projects program in each of the past five biennia.

TABLE 1
DOT Administrative Facilities Funding 2013-Present
(\$ in Millions)

<u>Biennium</u>	<u>Amount</u>
2013-15	\$11.9
2015-17	11.9*
2017-19	9.1
2019-21	9.1*
2021-23	<u>13.0*</u>
Total	\$21.0

*Previously authorized bonds were available to provide funding to the administrative facilities program of: \$11.9 million in 2015-17, \$9.1 million in 2019-21, and \$13.0 million in 2021-23.

4. As mentioned earlier, the Department's continuing SEG appropriation is used to fund minor construction projects on DOT administrative facilities. Current law requires that these funds only be used on projects with a total construction cost not exceeding \$1,000,000. No SEG funds have been provided under this appropriation since the 1995-97 biennium.

5. The specific projects on which DOT capital projects program funds are spent are typically incorporated into the Governor's capital budget recommendations to the Building Commission. Building program projects with a cost exceeding \$1,000,000 are required to be enumerated in statute. To enumerate a project, the Legislature lists the project title, budget, and funding sources as nonstatutory provisions, which are typically enacted as part of the biennial budget bill. One exception to the enumeration requirement is a category of projects known as "All Agency" projects. These broad types of smaller projects are enumerated under titles that indicate a general category of work and that establish an overall budget for the biennium for that type of work. The "All Agency" enumerations are used for types of projects that do not involve new construction or major renovations and also where the Commission may need to address specific unanticipated project needs during the biennium.

6. Assembly Bill 43/Senate Bill 70 (AB 43/SB 70) would provide \$18,500,000 in TRB bonding authority in the 2023-25 biennium (\$9.25 million annually) and one-time funding of \$5,000,000 SEG in 2023-24, for total DOT capital projects program funding of \$23,500,000 in the biennium. This would represent a funding increase of \$10,500,000 compared to the 2021-23

biennium. In addition, to fully expend the proceeds of TRBs authorized for capital projects, DOT is typically provided SEG-S appropriation authority in an amount equal to the newly-authorized transportation revenue bonds each biennium. Therefore, in order to fully expend the \$18.5 million in bonding to fund the Department's capital project schedule, an increase of \$2,750,000 SEG-S annually (from \$6,500,000 in base funding to \$9,250,000 annually) for DOT capital projects would be required.

7. Table 2 provides the Department's 2023-25 planned capital projects program expenditures with the recommended \$23.5 million in funding. The \$11.0 million Spooner multi-division facility project was specifically recommended for enumeration in the Governor's 2023-25 capital budget recommendations to the Building Commission. The Wrightstown project was not included in the recommendations to the Commission, but would require an amendment to a previously enumerated project included in the 2015-17 capital budget and would result in a total project cost of \$15.0 million. The Tomah, Waukesha, Fond du Lac, State Patrol Academy, and facility projects under \$350,000 would be enumerated in the "All Agency" section of the capital building program, and would total \$4,612,500. These smaller projects would likely be funded with the recommended \$5.0 million SEG. The Governor's capital budget recommendation would have funded these projects with transportation revenue bonds.

TABLE 2

DOT Capital Building Program Expenditure Plan -- 2023-25

<u>Capital Project Requests</u>	<u>Amount</u>
Spooner Shared Multi-Division Facility	\$11,000,000
Wrightstown Shared Multi-Division Facility	7,887,500
Tomah State Patrol Post HVAC Replacement	475,000
Waukesha State Patrol Post HVAC Replacement	475,000
State Patrol Academy Bathroom and Window Upgrades	425,000
Fond du Lac DMV Service Center HVAC Replacement	350,000
Facility Projects Under \$350,000	<u>2,887,500</u>
Total	\$23,500,000

* The Governor's recommendations to the Building Commission would fund the Spooner project with \$11,490,000 in transportation revenue bonds.

A. Specifically Enumerated Capital Building Projects

8. The Spooner project would construct a new multi-divisional facility replacing the Spooner DMV service center and the Spooner State Patrol post, consolidating operations from both divisions into one facility. The current State Patrol post also houses employees from DOT's Division of Transportation System Development, (which oversees development, maintenance and operations functions related to the state highway system), who also would be relocated to the new facility. The Administration indicates that maintenance costs for the current buildings over the next five to 10 years are estimated to exceed the costs of building the new facility. In addition, the Administration indicates that a shared facility would improve efficiency in accordance with the Governor's co-location initiative, and would also provide additional square footage needed for the Spooner DMV center. The estimated timeline for the project includes an estimated letting date of March, 2026, a construction

start date of January, 2028, and a final completion date of September, 2028. The project was recommended for enumeration in the Governor's recommendations to the Building Commission for the 2023-25 state building program. However, the full Commission did not approve those recommendations.

9. The Wrightstown multi-division facility project would construct a new 19,000-square foot State Patrol post to replace the existing northeast regional post located in Fond du Lac. The new facility would function as a State Patrol outpost and communication dispatch center, and also contain a small chemical testing lab. The Department indicates that the new location in Wrightstown, between Appleton and Green Bay, would be more centrally positioned in State Patrol's northeast region, which spans from Fond du Lac County in the south to Marinette and Door counties in the north. In addition, the current facility is over 50 years old, and building condition assessments have rated the building very poorly. The Department indicates that nearly all of the building components are well past their useful life, and the existing building no longer meets programmatic requirements. The building layout is also inefficient and ineffective, and the building is difficult and expensive to maintain, presents safety and security issues, and does not meet federal Americans with Disabilities Act requirements.

10. The Wrightstown project was originally enumerated in the 2015-17 budget. At that time, the project was defined as a State Patrol post relocation and construction project in the Fox Valley. The Department received \$7,121,000 for the project in 2015-17, including \$5,904,000 in new TRB authority and \$1,217,000 in proceeds from previously issued TRBs. The 2015-17 capital budget also included an estimated timeline for the project including a projected construction phase spanning from March, 2017, to December, 2018. However, despite the approval of funding for the project, new facility was not ultimately constructed. The Department indicates that the facility was originally planned to share space another public agency, but these attempts failed. The Department explored purchasing land for a new facility, but the project was put on hold during 2017-19 departmental budget deliberations. The project would now be combined with the Wrightstown safety and weight enforcement facility, and be constructed as part of the Interstate 41 expansion project between Appleton and De Pere. While DOT owns the land at this location, the project's estimated cost may have increased primarily due to the facility's redefined scope as a multi-division facility.

11. The Department indicates that the additional \$7,887,500 requested for the project in 2023-25 is needed to cover the full cost of constructing the new facility. If the Committee provides funding for the project in 2023-25, it would have to modify the 2015-17 capital building program enumeration for the project to reflect: (a) the new cost estimate of \$15,008,500 for the project (\$7,121,000 in existing TRB authority and SEG from 2015-17, plus \$7,887,500 in TRB authority recommended for 2023-25); and (b) the updated scope of the project, including the delineation of the new Wrightstown location.

12. If the \$18.5 million in bonding is authorized for the two DOT administrative facility projects that would need to be enumerated, reductions to transportation fund revenue associated with the debt service for the partial issuance of these additional bonds would be estimated to be \$115,600 in 2023-24 and \$857,900 in 2024-25. Once fully issued, debt service on the \$18.5 million in transportation fund-supported, 20-year bonds would be equal to \$1,484,500 annually. Further, the Committee would have to incorporate the DOT projects as part of its action on the 2023-25 state

building program, and also amend the 2015-17 capital building program enumeration for the Wrightstown project. [Alternative A1]

13. Under its spring, 2023, issuance of TRBs, DOA Capital Finance issued bonds that generated net proceeds of \$162,939,200 for DOT highway and administrative facility costs. However, \$20,429,200 of these proceeds, which were used to fund projects, were associated with bond premium proceeds received with that bond issue rather than existing bonding authority. As a result, \$20,429,200 in existing TRB bond proceeds remain uncommitted to any highway or administrative facility projects after this bond issue. These proceeds could be used in lieu of new bonding authority to fund the two projects that would be enumerated under the DOT capital building program.

14. If the Committee were to designate \$18.5 million in uncommitted, existing bonding proceeds to fund DOT administrative facilities projects in the biennium, the Committee would have to incorporate these projects in its action on the 2021-23 state building program, and also amend the 2015-17 capital building program enumeration for the Wrightstown project. Further, the Committee would also have to provide \$2,750,000 SEG-S annually (and an increase in base level SEG-S funding from \$6,500,000 to \$9,250,000 annually) to provide DOT expenditure authority to expend those funds. [Alternative A2]

15. AB 43/SB 70 would provide \$11,000,000 for the Spooner multi-division facility project in the biennium. However, the Governor's capital budget recommendations to the Building Commission estimated the project's total cost to be \$11,490,000. The Department indicates that this higher amount more accurately reflects the estimated costs of the project. To fully fund the Spooner and Wrightstown projects, the Committee could direct DOT to use \$18,990,000 in existing TRB proceeds for DOT administrative facility projects in the 2023-25 biennium, and provide corresponding additional SEG-S of \$2,995,000 annually to expend those proceeds. [Alternative A3]

16. AB 43/SB 70 recommend providing \$18.5 million in bonding authority for the Spooner and Wrightstown multi-division facility projects, but DOT indicates that \$19.4 million is needed for these projects in 2023-25 (\$11,490,000 for Spooner and \$7,887,500 for Wrightstown). DOT could not use the existing SEG appropriation for these projects, as DOT's SEG capital projects program appropriation can only fund projects with a total cost not exceeding \$1.0 million. Given the existence of the \$20.4 in existing TRB proceeds, and the need for \$19.4 million to fund construction of the Spooner and Wrightstown multi-division facilities, \$19,377,500 in existing TRB proceeds could be provided for DOT's capital projects program in 2023-25. To expend these proceeds, additional SEG-S authority of \$3,188,700 in 2023-24 and \$3,188,800 in 2024-25 would also need to be provided. [Alternative A4]

17. AB 43/SB 70 includes a variety of requests for the appropriation of additional SEG funding, which introduce competing demands on the transportation fund while limited revenues are available. In addition, as shown in Table 1, \$13.0 million of TRB authority was authorized for DOT administrative facilities in 2021-23, which is greater than the level of funding that had been provided for the program in previous biennia. Given these considerations, the Committee could to maintain the 2021-23 funding level for its capital building program by authorizing DOT to use \$13,000,000 in existing transportation revenue bond proceeds. However, reducing the recommended funding for DOT administrative facilities could lead DOT to delay either the Spooner project or the Wrightstown

multi-division facility, which could lead to higher maintenance costs from upkeep of the existing facilities that house these program efforts. The Committee would also have to amend the list in Table 2, and incorporate its decisions on these projects as part of its action on the 2023-25 state building program. [Alternative A5]

18. Given the limited availability of transportation fund revenues, the Committee could decide not to authorize additional TRB authority for the DOT capital projects program in the 2023-25 biennium. However, this would prevent DOT from constructing the Spooner and Wrightstown multi-division facilities, impede its goal of replacing aging facilities, and increase DOT's long-term costs of maintaining its existing facilities. In doing so, the Committee could also delete \$6,500,000 SEG-S annually associated with the base level SEG-S funding that would no longer be needed if no projects would be funded [Alternative A6], or take no action [Alternative A7].

B. Minor Construction Projects

19. As shown in Table 2, AB 43/SB 70 would provide funding for several smaller DOT capital building projects that would complete upgrades to HVAC systems, windows, bathrooms and other amenities in DOT facilities. To fund these projects, the bill recommends providing one-time funding of \$5,000,000 SEG under DOT's minor construction projects SEG appropriation, which can be used for DOT capital building projects with costs not exceeding \$1,000,000. Not providing the funding for these projects could lead to these smaller projects not being completed in the 2023-25 biennium, which may increase DOT's costs of upgrading these aging facilities. If the Committee approved this request, it would also have to incorporate these projects as part of its action on the 2023-25 state building program. [Alternative B1]

20. While the bill recommends \$5,000,000 for minor construction projects with a total cost not exceeding \$1,000,000, the Department only anticipates \$4.6 million in expenditures for projects meeting this condition in 2023-25, as shown in Table 2 (although any excess funds could be spent in future years). Thus, the Committee could provide one-time funding of \$4,612,500 SEG in 2023-24 for DOT minor construction projects. The Committee would also have to incorporate the projects as part of its action on the 2023-25 state building program. [Alternative B2]

21. As mentioned earlier, limited transportation fund revenues are available in the 2023-25 biennium. Conversely, the general fund has large one-time revenues available. In addition, the Governor's state capital building program recommended using GPR to cash-finance all capital building projects in the 2023-25 biennium. Given these considerations, the opportunity exists in 2023-25 to use one-time GPR to fund DOT's minor construction projects. To fund the \$4.6 million in smaller projects shown in Table 1, the Committee could create a continuing GPR appropriation for DOT minor construction projects, and provide one-time funding of \$4,612,500 GPR in 2023-24. The Committee would also have to incorporate the projects as part of its action on the 2023-25 state building program. [Alternative B3]

22. As shown in Table 1, \$13.0 million was provided for DOT's capital projects program in 2021-23, and the program's funding level did not exceed \$12.0 million in the several prior biennia. In addition, SEG funds have not been provided for minor construction projects on DOT administrative facilities since the 1995-97 biennium. Given these concerns, the Committee could choose not to

provide the additional recommended funding for DOT minor construction projects. [Alternative B4]

ALTERNATIVES

A. Enumerated Capital Building Projects

1. Authorize \$18,500,000 in transportation revenue bonds for DOT administrative facilities construction projects, and increase SEG-S expenditure authority by \$2,750,000 annually from a base level of \$6,500,000 in order to fully expend the bond proceeds. Estimate reductions to transportation fund revenue associated with the partial issuance of the bonds of \$115,600 in 2023-24 and \$857,900 in 2024-25. The Committee would need to incorporate the DOT projects as part of its later action on the 2023-25 state building program, and also amend the 2015-17 capital building program enumeration for the \$15,008,500 Wrightstown project.

ALT A1	Change to Base	
	Revenue	Funding
Bonding	\$0	\$18,500,000
SEG-S	0	5,500,000
SEG-REV	<u>-973,500</u>	<u>0</u>
Total	-\$973,500	\$24,000,000

2. Direct DOT to use \$18,500,000 in existing transportation revenue bond proceeds for DOT administrative facility projects in the 2023-25 biennium. Increase SEG-S expenditure authority by \$2,750,000 annually from a base level of \$6,500,000 in order to fully expend the bond proceeds. The Committee would need to incorporate the DOT projects as part of its later action on the 2021-23 state building program, and also amend the 2015-17 capital building program enumeration for the \$15,008,500 Wrightstown project.

ALT A2	Change to Base
SEG-S	\$5,500,000

3. Direct DOT to use \$18,990,000 in existing transportation revenue bond proceeds for DOT administrative facilities construction projects. Increase SEG-S expenditure authority by \$2,995,000 from a base level of \$6,500,000 in order to fully expend the bond proceeds. The Committee would need to incorporate the DOT projects as part of its later action on the 2023-25 state building program actions and also amend the 2015-17 capital building program enumeration for the \$15,008,500 Wrightstown project.

ALT A3	Change to Base
SEG-S	\$5,990,000

4. Direct DOT to use \$19,377,500 in existing transportation revenue bond proceeds for DOT administrative facility projects in the 2023-25 biennium. Increase SEG-S expenditure authority by \$3,188,700 in 2023-24 and \$3,188,800 in 2024-25 from a base level of \$6,500,000 in order to fully expend the bond proceeds. The Committee would need to incorporate a list of projects as part of its later action on the 2023-25 state building program and also amend the 2015-17 capital building program enumeration for the \$15,008,500 Wrightstown project.

ALT A4	Change to Base
SEG-S	\$6,377,500

5. Direct DOT to use \$13,000,000 in existing transportation revenue bond proceeds for DOT administrative facility projects in the 2023-25 biennium. Base level SEG-S authority of \$13.0 million would be provided to expend these proceeds. The Committee would need to identify any projects that would need to be enumerated and incorporate a list of projects as part of its later action on the 2023-25 state building program actions.

6. Delete the \$6,500,000 in SEG-S base level funding to reflect that no new bonding authority would be provided, or existing bond proceeds committed, to fund DOT administrative facility projects in the biennium. The Committee would not incorporate any DOT projects as part of its action on the 2023-25 state building program.

ALT A6	Change to Base
SEG-S	-\$13,000,000

7. Take no action.

B. Minor Construction Projects

1. Provide one-time funding of \$5,000,000 SEG in 2023-24 for minor construction projects on DOT administrative facilities. The Committee would need to incorporate the DOT projects as "All Agency" projects in its later action on the 2023-25 state building program.

ALT B1	Change to Base
SEG	\$5,000,000

2. Provide one-time funding of \$4,612,500 SEG in 2023-24 for minor construction projects on DOT administrative facilities. The Committee would need to incorporate the DOT projects as "All Agency" projects in its later action on the 2023-25 state building program.

ALT B2	Change to Base
SEG	\$4,612,500

3. Create a continuing GPR appropriation for DOT minor construction projects, and provide one-time funding of \$4,612,500 GPR in 2023-24. The Committee would need to incorporate the DOT projects as "All Agency" projects in its later action on the 2023-25 state building program.

ALT B3	Change to Base
SEG	\$4,612,500

4. Take no action.

Prepared by: Peter Mosher



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June 6, 2023

Joint Committee on Finance

Paper #806

Departmental Operations Funding (Transportation -- Departmentwide)

[LFB 2023-25 Budget Summary: Page 661, #4 (a)]

CURRENT LAW

State agencies, including the Department of Transportation (DOT), utilize supplies and services funding to support numerous state operations expenses not related to personnel, permanent property, aids to individuals, local assistance, or debt service.

DISCUSSION POINTS

1. Agency appropriations have various allotment lines within each appropriation, which are used to delineate specific categories of expenditures. The state accounting manual identifies the following eight standard allotment lines for appropriations: (a) permanent and project position salaries; (b) limited-term employee and miscellaneous salaries; (c) fringe benefits; (d) supplies and services; (e) debt service; (f) local assistance and aids to individuals and organizations; (g) special purpose; and (h) cost allocations.

2. DOT's department management and operations SEG appropriation is the principal appropriation that provides state funds for the Department's agency-wide operations, including departmental planning, administrative activities, and the management of most departmental programs. Funding provided to the appropriation's supplies and services allotment line may fund a range of items, including: (a) general office supplies and operations; and (b) major contracted services or activities integral to DOT's overall mission, such as department planning and administration, and federal match funding. The larger supplies and services items in the latter category tend to be addressed separately during the biennial budget process. By contrast, supplies and services expenses from the former category are not typically addressed in the budget process. Rather, these costs are part of DOT's base budget and, to the extent that costs exceed budgeted amounts during a biennium, the Department may either reallocate resources from its existing base budget or lessen actual supplies

and services expenses, if possible.

3. In order to address the general "increased supplies and services costs related to the provision of current programmatic requirements," Assembly Bill 43/Senate Bill 70 included a recommendation to provide a 5% increase in supplies and services budgets to state agency GPR and SEG annual general operations appropriations that meet the following criteria: (a) in 2021-22, the agency expended 95% or more of the amount budgeted for supplies and services; and (b) for the 2023-25 biennium, no other additional supplies and services funding is being proposed for a similar purpose. However, the Committee removed the majority of these recommended increases from consideration under Motion #10, which was adopted on May 2, 2023.

4. The Committee did not remove the DOT component of the Administration's recommendation to provide a 5% increase to the supplies and services budgets for certain state agency annual general operations appropriations. This recommendation would provide DOT with \$1,418,100 annually in additional supplies and services funding for DOT's department management and operations appropriation. Due to inflation, the costs of supplies and services that support Department staff and programs have increased in recent years. In absorbing their cost increases to date, the Department has to reallocate funding from other lines of the Department's operations appropriation such as salary, fringe, and permanent property. Providing the recommended supplies and services funding would reduce the likelihood of the Department having to reallocate funding to fund any excess supplies and services costs in the 2023-25 biennium. The additional funding would be included in base level funding for DOT department management and operations for future years. [Alternative 1]

5. The Committee has already removed most of the Administration's recommendations to provide increased supplies and services funding to other state agencies, and may want to do the same for the DOT component of that recommendation. Further, DOT has maintained its operations under its existing budget. [Alternative 2]

ALTERNATIVES

1. Provide \$1,418,100 SEG annually to DOT's department management and operations appropriation for increased supplies and services costs associated with Department program efforts. This amount would be included in base level funding for DOT department management and operations for future years.

ALT 1	Change to Base
SEG	\$2,836,200

2. Take no action.

Prepared by: Peter Mosher



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June 6, 2023

Joint Committee on Finance

Paper #807

Mississippi River Parkway Commission Position (Transportation -- Departmentwide)

[LFB 2023-25 Budget Summary: Page 662, #7]

CURRENT LAW

The Mississippi River Parkway Commission is responsible for coordinating the development and preservation of the statutorily-defined Great River Road in Wisconsin, spanning along the Mississippi River between Kieler (Grant County) in the south and Prescott (Pierce County) in the north. The Commission is comprised of designated civilian and public stakeholders, including two Senators and two Representatives, who serve without compensation. However, members can be reimbursed from the Department of Transportation's (DOT's) departmental management and operations SEG appropriation for expenses incurred in performing their duties under guidelines established by DOT. No DOT position authority is currently allocated for the Commission.

DISCUSSION POINTS

1. The Great River Road is a designated collection of roads that follow the course of the Mississippi River through 10 states, and is the only designated national scenic byway in the state. Wisconsin's portion of the road is comprised of various state and local highways that run near the river and through several municipalities. Under current law, the Department is authorized to complete development projects on any portion of the road if the project is found, after investigations and studies, to be advantageous to the state. For the purposes of such development projects, the road would be considered a portion of the state trunk highway system, which could allow the improvement project to be fully-funded with state funds, rather than local funds.

2. Commission members include: (a) one member each from Buffalo, Crawford, Grant, La Crosse, Pepin, Pierce, Trempealeau, and Vernon Counties; (b) two Senators and two Representatives

from the Assembly, split between the two major political parties; and (c) the Secretaries of Tourism, Natural Resources, and Transportation, and the Director of the State Historical Society, who serve as nonvoting members. While the members can be reimbursed for expenses incurred in performing their duties, all administrative work done for the commission is provided by the members without pay. DOT does not provide staff support to the Commission. The Department indicates that its expenditures to reimburse the Committee in recent years have been: (a) \$1,500 in 2020-21; (b) \$6,600 in 2021-22; and (c) \$5,600 from July, 2022, through February, 2023.

3. Assembly Bill 43/Senate Bill 70 would provide \$60,000 SEG in 2023-24 and \$80,000 SEG in 2024-25, and create 1.00 SEG position under the DOT departmental management and operations appropriation to hire an Administrative Director to support the Wisconsin Mississippi River Parkway Commission. This would establish ongoing base funding of \$80,000 to continue funding the position beyond the 2023-25 biennium. The Department indicates that it has developed a work plan for the position, which would be responsible for coordinating services to the Commission and its committees, including meeting schedules, budgeting, clerical support, database administration, fiscal management, marketing and communications, and coordinating office operations. Provision of a dedicated position could increase the effectiveness and efficiency of the Commission's work to develop and preserve the Wisconsin Great River Road, and also reduce the current workload on the Commission's volunteer members. [Alternative 1]

4. While the Department indicates that it has developed a work plan for the position, a part-time position may be sufficient to perform many of these administrative tasks for the Commission. If the Department has concerns about the amount of revenues available from the transportation fund, or the need for a dedicated full-time position, it could instead allocate half of the requested funding (\$30,000 SEG in 2023-24 and \$40,000 SEG in 2024-25) and 0.5 SEG position authority to hire a part-time administrative staffer. [Alternative 2]

5. The Department did not include the position in its 2023-25 agency budget request and despite Department's work plan for the position, no specific workload justification for the position has been provided. Further, the Department could provide existing staff time and resources to assist the commission members. However, this could result in a continued need for some volunteer members to carry out the workload of the Committee. [Alternative 3]

ALTERNATIVES

1. Provide \$60,000 SEG in 2023-24 and \$80,000 SEG in 2024-25, and create 1.00 SEG position to provide administrative support to the Mississippi River Parkway Commission. Specify that the authorized positions for the Mississippi River Parkway Commission would be increased by 1.00 FTE, for the purpose of providing administrative support to the Commission.

ALT 1	Change to Base Funding Positions	
SEG	\$140,000	1.00

2. Provide \$30,000 SEG in 2023-24 and \$40,000 SEG in 2024-25, and create 0.50 SEG position to provide administrative support to the Mississippi River Parkway Commission. Specify that the authorized positions for the Mississippi River Parkway Commission would be increased by 0.50 FTE, for the purpose of providing administrative support to the Commission.

ALT 2	Change to Base	
	Funding	Positions
SEG	\$70,000	0.50

3. Take no action.

Prepared by: Peter Mosher



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June 6, 2023

Joint Committee on Finance

Paper #808

Internal Departmental Appropriation Modifications and Reorganizations (Transportation -- Departmentwide)

[LFB 2023-25 Budget Summary: Page 662, #8 and #9]

CURRENT LAW

Adjusted base appropriations for Department of Transportation (DOT) management and operations, which are used to provide funding and positions for a variety of department-wide operational and administrative functions, are \$70,025,800 SEG and 378.62 SEG FTE, \$16,330,700 FED and 50.65 FED FTE, and \$369,000 SEG-L. The adjusted base SEG appropriation for Division of Motor Vehicles (DMV) general operations is \$70,989,400 and 378.62 FTE.

DISCUSSION POINTS

1. This paper discusses two provisions of Assembly Bill 43/Senate Bill 70 (AB 43/SB 70) to reallocate resources among DOT appropriations: (a) decreasing FED and SEG-L funding, and providing a corresponding increase of SEG funds for DOT departmental management and operations; and (b) reallocating one position, and associated funding, from DMV's general operations appropriation to DOT departmental management and operations.

A. Modifications to Department Management and Operations Appropriations

2. Agency appropriations have various allotment lines within each appropriation, which are used to delineate specific categories of expenditures. The state accounting manual identifies the following eight standard allotment lines for appropriations: (a) permanent and project position salaries (position salaries); (b) limited-term employee and miscellaneous salaries; (c) fringe benefits; (d) supplies and services and permanent property; (e) debt service; (f) local assistance and aids to individuals and organizations; (g) special purpose; and (h) cost allocations. In addition, individual appropriations can also carry supplementary allotment lines for other agency and appropriation-

specific purposes. Typically, each allotment line under an appropriation is either \$0 or a positive dollar amount, with the total of all lines equaling the appropriation total.

3. The Department indicates that the recommended modification corresponds to an error that occurred during the state government-wide transition to the PeopleSoft accounting system, which the Department converted to in 2016-17. Previous to the PeopleSoft conversion, the Department indicates that its SEG, FED, and SEG-L departmental management and operations appropriations functioned as both funding and clearing appropriations. Under s. 20.904(1) of the statutes, state agencies, through the Department of Administration (DOA), are authorized to use clearing appropriations when at the time of the receipt of disbursement the state agency does not have sufficient information to distribute a revenue or expenditure to the appropriate appropriation. DOT most frequently utilizes clearing appropriations to assess Department overhead costs to project funded under its various state and local highway program appropriations.

4. After the PeopleSoft conversion, DOT's departmental and management appropriations continued to function as funding appropriations, but not clearing appropriations. However, the appropriations were not correctly adjusted to correspond to this accounting treatment. The Department indicates that the recommended reallocation would return the appropriation's budget authority to the level that existed prior to the change in the state accounting system. The Department indicates that the difference in net funding for the appropriations (\$249,800 annually) reflects increases in the appropriations that have accumulated due primarily to standard budget adjustments that should have occurred since the accounting transition, but have not due to the incorrect treatment of the appropriations in PeopleSoft.

5. Prior to the 2016-17 change in the state's accounting system, DOT had a negative adjustment to a line within the Department's SEG appropriation and corresponding positive adjustments to lines within the FED and SEG-L clearing appropriations. The transition to PeopleSoft deleted the adjustments to the clearing appropriations, but retained the negative adjustment to the line within the Department's SEG management and operations appropriation and the positive adjustments to the Department's FED and SEG-L appropriations. As a result, the SEG appropriation now has \$6,988,900 less expenditure authority than it had prior to 2016-17. The recommendation would delete the remaining negative adjustment to the SEG general operations appropriation line, which would have the effect of increasing the Department's SEG expenditure authority by \$6,988,900.

6. AB 43/ SB 70 would also delete the remaining positive adjustment to the departmental management and operations appropriations of \$6,370,100 FED and \$369,000 SEG-L. The Department indicates that it has not been receiving or spending this amount of additional federal funds since the PeopleSoft transition in 2016, due to the funding authority being misallocated and thus not reflecting the Department's actual budget. In addition, the Department indicates that it would be unable to spend the \$6.4 million in additional FED due to the eligibility restrictions that exist on federal transportation funding.

7. As a result, AB 43/SB 70 would provide \$6,988,900 SEG annually, and make corresponding annual decreases of \$6,370,100 FED and \$369,000 SEG-L to DOT's department management and operations appropriations. This would result in a net funding increase of \$249,800 annually. This recommendation was included in the bill, but was not contained in DOT's 2023-25

agency budget request. [Alternative A1]

8. The Department included an identical request for adjusting its departmental management and operations appropriations in its 2021-22 federal appropriations adjustment plan, which was presented to the Committee in April, 2022. The Committee approved the larger plan, but deleted the requested adjustment. However, the Department indicates that approval of this recommendation through the budget process would permanently correct for the error, with these adjustments being incorporated into the appropriations' base funding levels.

9. As previously described, the Department has been effectively operating with a reduced SEG departmental management and operations appropriation since 2016-17. DOT indicates that DOA has required the Department to allocate the negative allotment line to the appropriation's position salaries allotment line. This has resulted in DOT's salary budget for department-wide administration to be reduced by \$7.0 million annually. If the Committee chose not to approve the AB 43/SB 70 request, it could instead direct that funding to be added to the existing negative allotment lines within the DOT SEG departmental management and operations appropriation, and make a corresponding reduction to the position salaries allotment line of the appropriation of \$6,988,900 annually. This adjustment would align DOT's SEG departmental management and operations allotment lines with the way DOA has requested the Department to utilize the appropriation in practice since the PeopleSoft transition. This would result in the same level of funding that was provided in the 2021-23 biennium, but there would no longer be a negative line within DOT's management and operations appropriation. The Committee could also approve the recommended reductions to DOT's FED and SEG-L departmental management and operations appropriations, which would also adjust these appropriations to reflect DOT's actual budget. [Alternative A2]

10. Given that the Department has demonstrated the ability to successfully operate within its SEG budget authority for the departmental management and operations appropriation since its 2016-17 conversion to PeopleSoft, the Committee could also choose to not provide the recommended funding. Under current law, DOA could continue to reallocate funding among DOT's departmental management and operations appropriation allotment lines, as described above, through a procedure outside of the budget process. [Alternative A3]

B. Internal Reorganization of Position and Funding

11. AB 43/SB 70 also contains a provision, included in DOT's agency budget request, to reallocate \$131,500 SEG and 1.0 SEG position annually from the DMV general operations appropriation to DOT's department management and operations appropriation. The Administration indicates that this would reallocate funding and position authority for an agency equity and inclusion policy advisor to an appropriation that is a better fit for the position's agency-wide responsibilities. [Alternative B1]

12. If the Committee took no action on the recommendation, the position would continue to be allocated under the Department's DMV general operations appropriation. [Alternative B2]

ALTERNATIVES

A. Modifications to Department Management and Operations Appropriations

1. Provide \$6,988,900 SEG annually and make corresponding annual decreases of \$6,370,100 FED and \$369,000 SEG-L to DOT's department management and operations appropriations.

ALT A1	Change to Base
FED	-\$12,740,200
SEG	13,977,800
SEG-L	<u>-738,000</u>
Total	\$499,600

2. Delete the existing negative adjustment allotment lines within the DOT SEG departmental management and operations appropriation and reduce the position salaries allotment line of the SEG appropriation by \$6,988,900 annually. This would result in no net effect to base level funding for the SEG appropriation. Approve the recommended annual decreases of \$6,370,100 FED and \$369,000 SEG-L to DOT's department management and operations appropriations.

ALT A2	Change to Base
FED	-\$12,740,200
SEG-L	<u>-738,000</u>
Total	-\$13,478,200

3. Take no action.

B. Internal Reorganization of Position and Funding

1. Reallocate \$131,500 SEG and 1.00 position annually from the Division of Motor Vehicles general operations appropriation to DOT's department management and operations appropriation.

2. Take no action.

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