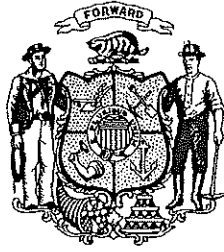


# State of Wisconsin

SENATE CHAIR  
**Howard Marklein**

316 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-0703



ASSEMBLY CHAIR  
**Mark Born**

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## Joint Committee on Finance

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Howard Marklein  
Representative Mark Born

Date: December 18, 2023

Re: 14-Day Passive Review Approval – DOT

Pursuant to s. 84.03(2)(b), Stats., attached is a 14-calendar day passive review request plan from the Department of Transportation. The Committee has 14-calendar days to review or meet to modify and approve the plan submitted by the Department which ends **Monday, January 1, 2024**.

Please review the material and notify **Senator Marklein** or **Representative Born**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

HM:MB:jm



**Wisconsin Department of Transportation**  
Office of the Secretary  
4822 Madison Yards Way, S903  
Madison, WI 53705

**Governor Tony Evers**  
**Secretary Craig Thompson**  
[wisconsindot.gov](http://wisconsindot.gov)  
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December 15, 2023

The Honorable Howard Marklein  
Senate Chair, Joint Committee on Finance  
316 East, State Capitol  
PO Box 7882  
Madison, WI 53707-7882

DEC 15 2023  
*St. Finance*

The Honorable Mark Born  
Assembly Chair, Joint Committee on Finance  
308 East, State Capitol  
PO Box 8952  
Madison, WI 53708-8952

Dear Senator Marklein and Representative Born:

Section 84.03(2)(b), Wisconsin Statutes, requires the Department of Transportation to submit a Federal Expenditure Plan to the Joint Committee on Finance (Committee) if the amount of federal-aid highway funds provided by federal transportation authorization and appropriations bills for the current State Fiscal Year (SFY) is less than 95 percent or greater than 105 percent of the amounts appropriated under s. 20.395, Wis. Stats.

Federal-aid highway funding requires a two-stage legislative process. Both an authorization act and an appropriations act must be in place. Typically, authorization acts cover multiple years while appropriations acts cover single, individual federal fiscal years (FFY). The current federal surface transportation authorization act, the Infrastructure Investment and Jobs Act, also referred to as the Bipartisan Infrastructure Law (BIL), was signed into law on November 15, 2021 (Public Law 117-58). Among other things, the BIL authorizes surface transportation programs and funding for FFYs 2022-2026.

The second stage of the legislative process necessary for federal-aid highway funding is an appropriations act. On November 16, 2023 a second Continuing Resolution to provide federal-aid highway funding through January 19, 2024 was enacted (Public Law 118-22). Given the uncertainty of Congressional action and the timeframes needed to develop projects, especially those in the local program, the Department believes it is prudent to move forward with the Federal Expenditure Plan at this time based on estimates of federal-aid highway formula funding rather than wait for additional Congressional action on an FFY 2024 appropriations act.

The estimate for SFY 2024 federal highway funding is comprised of estimated FFY 2024 federal-aid highway formula funding, actual FFY 2024 funding allocation for the new Bridge Program created in the BIL, and actual FFY 2023 redistribution funds received in SFY 2024 (August 31, 2023). Both the FFY 2024 Bridge funding and FFY 2023 redistribution funds have already been allocated. FFY 2024 federal-aid highway formula funding is estimated based on FFY 2024 actual apportionments and an estimate of the apportionment to funding ratio based on data currently available.

In addition to the federal-aid highway funding above, the BIL included a new National Electric Vehicle Infrastructure (NEVI) formula funding program. Wisconsin's FFY 2024 allocation of funding from that program is \$16,753,173. Funding for the program comes from the federal General Fund and, therefore, does not have to be obligated by September 30, 2023, but will continue to be available in the future. This funding can only be used for electric vehicle infrastructure in the state.

As shown in the following table, total federal-aid highway funding available in SFY 2024 is estimated to be \$1,065,509,600 or 13.80 percent more than the appropriated amounts for SFY 2024, not including NEVI funding, and \$1,082,262,773 or 15.59 percent over appropriated amounts with NEVI funding. Both surpass the statutory threshold thereby requiring a Federal Expenditure Plan. It should be noted the \$86,815,500 of federal-aid highway formula funding for SFY 2024 the legislature did not allocate in the 2023-25 Biennial Budget is reflected here.

|   | <u>Amount</u>      |
|---|--------------------|
| FFY 2024 Federal-aid Highway Formula Funding            | 888,509,600        |
| FFY 2024 Bridge Formula Program (Actual)                | 45,000,000         |
| FFY 2023 Redistribution Funds (Actual)                  | <u>132,000,000</u> |
| SFY 2024 Federal Highway Funds                          | 1,065,509,600      |
| SFY 2024 Chapter 20                                     | <u>936,288,900</u> |
| Difference  | 129,220,700        |
| Percentage Over (Under) Ch. 20                          | 13.80%             |
| National Electric Vehicle Infrastructure (NEVI) Funding | 16,753,173         |
| Percentage Over Ch. 20 including NEVI                   | 15.59%             |

It is important to note that the majority of the federal funding in this plan (all except for the new Bridge Formula Program and the NEVI funding in the table above) must be obligated by September 30, 2024 or will be lost. In addition, failure to obligate the funds by September 30, 2024 will make the state ineligible for redistribution funding, which provides a significant amount of additional funding to the state each year. As shown, in FFY 2023 Wisconsin received an extra \$132 million through redistribution.

### **Federal Expenditure Plan**

The table below illustrates the Department's plan to allocate the additional federal-aid highway funding. This allocation is very similar to that in the SFY 2022 and 2023 Federal Expenditure Plans:

| Appropriation Title   | s. 20.395 | Amount     |
|---|-----------|------------|
| State Highway Rehabilitation, Federal Funds                         | (3)(cx)   | 37,926,100 |
| Local Transportation Facility Improvement Assistance, Federal Funds | (2)(fx)   | 73,128,100 |
| Local Transportation Facility Improvement Assistance, Local Funds   | (2)(fv)   | 18,282,000 |
| Congestion Mitigation and Air Quality, Federal Funds                | (2)(kx)   | 4,962,300  |
| Congestion Mitigation and Air Quality, Local Funds                  | (2)(kv)   | 1,240,600  |
| Transportation Alternatives Program, Federal Funds                  | (2)(jx)   | 10,969,600 |
| Transportation Alternatives Program, Local Funds                    | (2)(jv)   | 2,742,400  |
| Department Management and Operations, Federal Funds                 | (4)(ax)   | 18,987,800 |

**State Highway Rehabilitation** – The Department requests an increase of \$37,926,100 to the program’s federal appropriation. The State Highway Rehabilitation program is the state’s largest highway improvement program and includes reconstruction, preservation, service life extension, and safety enhancements on Wisconsin’s portion of the Interstate System, the state trunk highway system, and connecting highways in the state. Typical program projects might include resurfacing, structural overlay, crack and joint repair, minor lane and shoulder widening, minor alterations to vertical grades and horizontal curves, bridge repair, removal or protection of roadside obstacles, and other safety enhancements. Due to the abundance of projects in this program that are ready to advance pending additional funding, this allocation will help to ensure the federal-aid highway funds are obligated by September 30, 2024, thus avoiding loss of unobligated funds and ineligibility to receive additional funding through the federal redistribution process.

**Local Transportation Facility Improvement Assistance** – The Department requests increases of \$73,128,100 to the program’s federal appropriation and \$18,282,000 to the program’s local appropriation (to reflect the minimum local cost share). The requested federal funding amount includes:

- \$58,025,000 for the Surface Transportation Program (STP) Urban and Rural subprograms. These programs provide funding for improvement of federally eligible local roads. This allocation will also provide funding for the state’s tribal governments in small urban and rural areas to address tribal roads through a \$300,000 set-aside in the program. Previously, STP funding had been limited to tribal roads in large urban areas. The set-aside is based on the percentage of tribal-owned roads in the State.
- \$15,103,100 for the Carbon Reduction Program (CRP). The BIL created the CRP to reduce transportation emissions. The Department’s intent is to distribute population sub-allocated CRP funding to local governments for projects eligible under state and federal law. Such projects would include replacement of street lighting and traffic control devices with more energy efficient alternatives, transportation and congestion management, travel demand management, public transportation projects, and other projects which can demonstrate a reduction in transportation emissions. The amount requested here reflects projects that were awarded through funds approved in the SFY 2023 Federal Expenditure Plan, but were not able to be delivered in time to utilize FFY 2023 federal funding. Therefore, to fund those previously awarded projects, an allocation of FFY 2024 federal funding is needed.

**Congestion Mitigation and Air Quality Program** - The Department requests increases of \$4,962,300 to the program’s federal appropriation and \$1,240,600 to the program’s local

appropriation (to reflect the minimum local cost share). Projects awarded with these additional funds would be consistent with the Committee's requirements upon approval of the 2022 and 2023 Federal Expenditure Plans. The state program mirrors the federal program of the same name. The program's goal is to help address congestion and air quality issues in areas of the state designated as air quality non-attainment or maintenance areas. Typical projects funded by the program include highway signalization improvements, bicycle and pedestrian facilities and mass transit capital projects and operating assistance.

**Transportation Alternatives Program** - The Department requests increases of \$10,969,600 to the program's federal appropriation and \$2,742,400 to the program's local appropriation (to reflect the minimum local cost share). The Transportation Alternatives Program mirrors the federal program of the same name. The program provides funding for alternative transportation such as bicycle and pedestrian facilities, safe routes to school, and other alternatives to automobile transportation.

The increased federal funding in BIL prompted the Department to create the Safe Transportation Alternatives for Rural Schools (STARS) program within the Transportation Alternatives Program (TAP). The STARS initiative makes funding available to rural communities and schools (population areas less than 5,000) to address safe routes to school in those communities. In addition, the program is designed to simplify both the application and delivery of those projects. STARS projects awarded in the initial project solicitation include those for the School Districts of Algoma, Random Lake, Richland Center, and Green Lake as well as the Village of Hammond and the City of Tomahawk.

The BIL modified the requirements for the federal Transportation Alternatives Program requiring additional funding authority be allocated for the program and limiting the state's ability to transfer any Transportation Alternatives Program funding authority unless it can demonstrate it had a competitive process to obligate all program funding authority and did not receive adequate eligible candidates to obligate funding. The increases requested would set program funding totals at levels required by the provisions in the BIL. As with other federal-aid highway funding, FFY 2024 funding must be obligated by September 30, 2024. Therefore, any program funding authority that does not result in obligated funding by that date will be transferred to assure no federal-aid highway funding is lost to the state and the state remains eligible for redistribution funds.

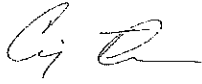
**Departmental Management and Operations** - The Department requests an increase of \$18,897,800 to the program's federal appropriation. The requested increase reflects:

- \$16,753,200 reflecting the state's FFY 2024 allocation of federal NEVI funding. It is anticipated that the Department may be able to begin awarding grants under this program in SFY 2024 depending on the passage of Senate Bill 791. This funding cannot be used for any other purpose. If/when Senate Bill 792 becomes law, the Department will transfer this funding to the new appropriation created by the bill.
- \$500,000 for the Department's highway research program. This funding is set aside for this purpose in federal law and federal law requires a certain percentage of the funding be allocated each year for highway research projects.
- \$1,734,600 for eligible planning activities of the state's Metropolitan Planning Organizations and Regional Planning Commissions (MPOs/RPCs). Federal law requires federal Metropolitan Planning funds be made available to the state's MPOs/RPCs. The increase requested reflects the amount needed to assure the state remains in compliance with that requirement.

Thank you for your consideration of the Department's SFY 2024 Federal Expenditure Plan. I look forward to your deliberations and decisions on our plan. Please contact Jim Donlin, the

Department's Budget and Policy Director at (608) 266-9546 if the Committee requires additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Craig Thompson', written in a cursive style.

Craig Thompson  
Secretary

cc: Governor Tony Evers  
Members of the Joint Committee on Finance  
Kathy Blumenfeld, Secretary-designee DOA  
Jim Donlin, DOT Budget Director