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June 6, 2023 Joint Committee on Finance Paper #786

Major Highway Development Program (Transportation -- State Highway Program)

[LFB 2023-25 Budget Summary: Page 643, #3]

CURRENT LAW

The Department of Transportation (DOT) major highway development program is responsible for the expansion of existing highways, construction of new highways, and certain high-cost highway rehabilitation projects. In the 2021-23 biennium, a total of $565.6 million was provided for the major highway development program.

A major highway development project is, with certain exceptions, any improvement project that either has a total cost in excess of $123,700,000 (in 2022 dollars), or, that has a total cost in excess of $49,500,000 (in 2022 dollars) and expands highway capacity. For this purpose, capacity expansion includes: (a) construction of a new highway of 2.5 miles or more in length; (b) relocation of 2.5 miles or more of existing roadway; (c) the addition of one or more lanes at least five miles in length; or (d) the improvement of 10 miles or more of an existing divided highway to freeway standards. All major highway development projects must be approved by the Transportation Projects Commission (TPC) prior to DOT beginning construction. Projects exceeding the $49.5 million cost threshold, and meeting the capacity expansion definitions, must also be enumerated in the statutes prior to construction which can only happen after approval by the TPC. Highway rehabilitation projects are considered major highway projects if they have an estimated cost exceeding $123.7 million. Exceptions to these standards are provided for southeast Wisconsin freeway megaprojects (exceeding $828.3 million), high-cost bridge projects (exceeding $150 million), and major interstate bridge projects (with the state's share over $100 million).

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 ("majors") program; and (c) the southeast Wisconsin freeway megaprojects program. As shown in the attachment, the majors program has, historically, been second largest of these programs, with a proportionate share of program funding over the past decade generally in the range of 20% to 30% of the total funding for these three programs. 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. Major highway projects that meet at least one of the statutory capacity expansion criteria must be enumerated in the statutes before DOT can begin construction. These projects must also be approved by the TPC before enumeration. The TPC is a body consisting of the Governor, as chair, five senators, five representatives, three public members appointed by the Governor, and the DOT Secretary (a nonvoting member). DOT submits potential projects to the TPC for consideration and also submits a recommendation of which projects should be advanced for enumeration. The TPC then makes a recommendation to the Governor and Legislature regarding project enumeration. Major highway projects that meet the definition based on the high-cost threshold, but not the capacity expansion thresholds, must also be approved by the TPC prior to construction, but do not need to be enumerated in the statutes.

3. Each February and August, DOT is required to submit a report to the TPC that provides project cost information and an ongoing expenditure schedule for planned work in the majors and southeast Wisconsin freeway megaprojects programs. Table 1 shows the Department's most recent report to the TPC in February, 2023, indicated that total project costs of $660.8 million are expected in the 2023-25 biennium for the majors program.

TABLE 1

Major Highway Development Program Planned Expenditures
($in Millions)

	February, 2023, TPC Report*		
	2023-24	2024-25	Biennium
Planned Expenditures -- Existing Projects			
I-41: STH 96 to Scheuring Rd	$59.5	$263.9	$323.4
I-39/90/94: Bridges over Wisconsin River**	146.8	3.7	150.5
I 43: Silver Spring Dr to STH 60	80.4	11.0	91.4
USH 51: I-39/90 to USH 12/18	12.7	45.5	58.2
STH 15: STH 76 to New London	26.3	9.2	35.5
I-39/90/94: USH 12 to Illinois Border	1.1	0.7	1.8
Total	$326.8	$334.0	$660.8

*Reflects inflation-adjusted costs estimates reported by DOT to the TPC in February, 2023.
**The I-39/90/94 Wisconsin River Bridges Project received an $80.0 million award from the federal INFRA grant program in September, 2022.

4. As shown in the table, nearly half of the expenditures anticipated for the program in the 2023-25 biennium are expected to be used for the I-41 expansion project in Outagamie and Brown counties. The project will make improvements to 23 miles of the interstate between Appleton and De Pere by expanding the roadway from four to six lanes, reconstructing or improving nine existing interchanges, adding auxiliary entrance and exit lanes along portions of the roadway, and constructing a new interchange on Southbridge Road in De Pere. The total estimated cost of the project is $1.1 billion, with significant construction costs expected to continue through the 2025-27 biennium.

5. The Department also anticipates significant expenditures in 2023-25 for the project to replace the I-39/90/94 bridges over the Wisconsin River in Columbia County. The current bridges carry six lanes of divided interstate that connect the interstate system between major cities including Chicago, Minneapolis, and Milwaukee, and serve as an important freight, travel, and tourism corridor. This project will replace the existing bridges, which were constructed in 1961 and are reaching the end of their useful life, with two new bridge spans, and will also replace two bridges located on nearby county roads (CTH U and CTH V). The total estimated project cost is $158.9 million in year of expenditure costs, including $5.7 million that has already been committed, $150.5 million that would be expended in the 2023-25 biennium, and $2.7 million that would be expended in the 2025-27 biennium. However, DOT received a federal grant of $80.0 million for the project in September, 2022 from the federal Infrastructure for Rebuilding America (INFRA) program, which will assist DOT in funding costs for the project.

6. Table 2 shows the majors 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 Assembly Bill 43/Senate Bill 70 (AB 43/SB 70). The $591.3 million recommended under the bill for the program in the 2023-25 biennium, alongside the $80.0 million federal grant that

has been provided for the I-39/90/94 Wisconsin River bridges project, would be sufficient to fund the $660.8 million in expenditures that are anticipated for the program in the biennium. This funding level is 4.5% higher than the program's funding level in 2021-23, and 3.9% higher than the program's 2023-25 annual adjusted base funding doubles.

TABLE 2

Major Highway Development Program Funding --
Comparison of Base Funding to AB 43/SB 70

Fund	Adjusted Base Plus Bonds*	AB 43/SB 70* 2023-24	2024-25	Biennial Total
SEG	$25,523,500	$25,111,600	$37,721,400	$62,833,000
FED	185,431,200	189,832,800	191,617,500	381,450,300
Trans. Rev. Bonds/SEG-S	73,511,600**	73,511,600	73,511,600	147,023,200
Total	$284,466,300	$288,456,000	$302,850,500	$591,306,500
% Change to Adj. Base Doubled				3.9%

*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.
**Amount shown includes $10.4 million in existing revenue bond proceeds associated with premiums from previously issued bonds.

7. Through earlier action under Motion #12, the Committee reduced the total funding available for the majors program in the biennium by increasing the turnover reduction standard budget adjustment from 3% to 5%. 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 for other program costs.

8. The alternatives discussed in this paper include the AB 43/SB 70 recommendation for the majors program, as well as two primary alternatives for program funding: (a) an alternative to provide less SEG to the program than the amount recommended under the bill; 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 that was decreased under Motion #12. In order to match or provide near the same amount of funding for the program as AB 43/SB 70, one alternative from each set of alternatives would need to be chosen. Table 3 provides a comparison of the program's funding levels under each alternative discussed in the paper.

TABLE 3

Potential Major Highway Development Program Funding Levels

	2023-25 Biennium				
Potential Funding Levels*	SEG	FED	Bonds	GPR	Total
A. Federal Funding and Segregated Revenue					
AB 43/SB 70 (Alt. A1)	$62,833,000	$381,450,300	$0	$0	$444,283,300
Fund Program Needs (Alt. A2)	52,326,500	381,450,300	0	0	433,776,800
Base Budget (Alt. A3)	51,047,000	370,862,400	0	0	421,909,400
B. Bonding and General Purpose Revenue					
AB 43/SB 70 -- TRB Bonding (Alt. B1)	- $7,736,600	$0	$147,023,200	$0	$147,023,200
GPR in Lieu of TRB (Alt. B2)	0	0	0	147,023,200	147,023,200
GPR and TRB Bonding (Alt. B3)	0	73,511,600		73,511,600	147,023,200
GPR Bonding (At. B4)	0	0	147,023,200	0	147,023,200
Base Budget (Alt. B5)	0	0	0	0	0
C. Restore Turnover Reduction Funding					
Motion #12 -- 5% Turnover	-$38,600	-$212,400	$0	$0	-$251,000
Restore Turnover Reduction (Alt. C1)	38,600	212,400	0	0	251,000
Base Budget (Alt. C2)	0	0	0	0	0

*Amounts shown include base funding, adjustments to the base, and standard budget adjustments.

A. Federal Funding and Segregated Revenue

9. AB 43/SB 70 would provide total funding of $591.3 million for the majors program, which would increase the program's funding level by 4.5% from the $565.6 million provided to the program in the 2021-23 biennium. This funding increase may be justified given inflationary demands in the transportation sector. The U.S. consumer price index increased by 5.0% in the one year between March, 2022 and March, 2023, and by 14.0% over the two years prior to March, 2023. Over the same period, the Department's construction cost index, which tracks prices on a weighted "basket" of construction inputs such as asphalt, concrete pavement, and labor, rose by 19.0% in one year and 30.5% over two years. However, DOT notes that the actual cost increases observed in its projects may be less than what its construction cost index would suggest. For example, through May, 2023, the overall cost of lets for DOT projects in 2022-23 were only 4.8% higher than anticipated in project budgets. Whatever the level of inflation, cost increases may lead to decreased real return on investment for funding provided to the majors program. As a result, additional funding may be needed to maintain purchasing power in the program.

10. The additional funding recommended under the bill includes an increase of $10.5 million FED in the 2023-25 biennium, which would be provided from additional federal transportation aid that is anticipated to be available to the Department from 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. The bill would utilize some of these additional federal funds for the majors program. The bill would also provide additional funding of $11.8 million

SEG to the program in the biennium. Table 4 shows the recommended SEG and FED funding for the majors program in 2023-25 under the bill. [Alternative A1]

TABLE 4

Major Highway Development Program Funding -- AB 43/SB 70 Recommendation

	Alternative A1*		
Fund	2023-24	2024-25	Biennial Total
SEG	$25,111,600	$37,721,400	$62,833,000
FED	189,832,800	191,617,500	381,450,300
Total	$214,944,400	$229,338,900	$444,283,300

*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.

11. While AB 43/SB 70 would provide total funding of $591.3 million to the majors program, the Department estimates program costs of $660.8 million in the biennium, and has already received a federal award of $80.0 million for the I-39/90/94 Wisconsin River bridges project. Thus, only $580.8 million in program funding would be required in the biennium, which is $10.5 million less than the recommended program funding level in the bill. In addition, limited SEG revenues may be available from the transportation fund in 2023-25. Revenue collections in 2022-23 are lower than expected and relevant economic outlook factors for 2023-25 have worsened since the bill was introduced. Thus, projected transportation revenues were revised downward in the biennium from the amounts recommended in AB 43/SB 70. To decrease the amount of SEG appropriated to the majors program, while still providing sufficient funding to advance recommended projects, the Committee could decrease the amount of additional SEG recommended under the bill by $10,506,500 in 2024-25. Table 2 shows the SEG and FED funding that would be provided to the majors program under this alternative. [Alternative A2]

TABLE 5

Major Highway Development Program Funding -- Fund Program Needs

	Alternative A2*		
Fund	2023-24	2024-25	Biennial Total
SEG	$25,111,600	$27,214,900	$52,326,500
FED	189,832,800	191,617,500	381,450,300
Total	$215,356,300	$218,420,500	433,776,800

*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.

12. 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. The question arises as to whether the state's transportation fund has the financial ability to support both local highway infrastructure and the state highway infrastructure. AB 43/SB 70 recommends a 4% annual increase 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 could 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.

13. Given the limited availability of transportation fund revenues in the 2023-25 biennium, the majors program's adjusted base level funding could be retained. If base funding would be provided, the composition of program funding (SEG and FED) would reflect the 2022-23 adjusted base, plus the standard budget adjustments adopted by the Committee [excluding the 5% turnover reduction decision]. This alternative would not fully fund the current TPC cost schedule for the 2023-25 biennium and would likely lead to delays in the current schedules for certain majors projects. Specifically, the Department indicates that the I-41 project in Brown and Outagamie counties would likely be delayed if the recommended funding for the program were reduced. Table 6 shows the SEG and FED funding that would be provided to the majors program under this alternative. [Alternative A3]

TABLE 6

Major Highway Development Program Funding -- Base Budget

	Alternative A3*		
Fund	2023-24	2024-25	Biennial Total
SEG	$25,523,500	$25,523,500	$51,047,000
FED	185,431,200	185,431,200	370,862,400
Total	$210,954,700	$210,954,700	421,909,400

*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 and SEG for the majors program, AB 43/SB 70 would also authorize $73.5 million annually in transportation revenue bonds, which is identical to the amount of bonds provided for the program in 2022-23. The Department traditionally utilizes transportation revenue bonds to fund the majors program, as bonding carries several advantages, particularly for large infrastructure projects. 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. As indicated earlier, the total funding recommended under the bill, including the $147.0 million in recommended bonds, would be sufficient to fund the recommended majors projects in the 2023-25 biennium. Estimated reductions to transportation fund revenue associated with the partial issuance of the bonds under the Governor's recommendations would equal $918,900 in 2023-24 and $6,817,700 in 2024-25. Once fully issued, estimated debt service on the bonds associated with this alternative would equal $11,797,500 annually. [Alternative B1]

15. While bonding for the majors program carries advantages, bonding 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)

Fiscal Year	Gross Transportation Revenue	Transportation Debt Service*	Debt Service as a % of Revenue
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 the Blatnik Bridge reconstruction projects, and the southern bridge construction project in Borwn County may introduce new demand for bonding and cause the transportation debt service to revenue ratio to begin increasing again.

17. 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 2023-24. The use of general fund revenues for transportation may also be justified on the grounds that the state's transportation system contributes to the health of the overall economy, beyond just the users of the transportation system who bear most of its costs (via user fees such as the motor fuel tax and vehicle registration fees). To provide an adequate level of funding to keep majors projects on schedule in 2023-25 and also fund local projects, while limiting ongoing transportation fund expenditures, the $147.0 million in recommended transportation revenue bonds be replaced with a one-time appropriation of $147.0 million GPR in 2023-24. A continuing GPR appropriation for the majors program would also need to be created in order to expend these funds. This would negate the $11.8 million annually in ongoing transportation fund debt service commitments that would be required under the bill. The base level SEG-S funding of $73.5 million annually for the majors program would also need to be deleted, to reflect that no additional transportation revenue bonds would be authorized in the biennium. [Alternative B2]

18. In considering the demands on the general fund, GPR could also be provided to replace only half of the recommended borrowing for the majors program. This alternative would provide $73.5 million GPR, and authorize $73.5 million in transportation revenue bonds. Estimated transportation fund-supported debt service associated with the partial issuance of the transportation revenue bonds in the biennium would be $459,500 in 2023-24 and $3,408,900 in 2024-25. Once fully issued, annualized debt service associated with the issuance of these bonds would be estimated at $5,898,800 SEG annually, while an equal amount of annual debt service would be saved compared to AB 43/SB 70. This would require the creation of a continuing GPR appropriation for the majors program to expend the GPR funding, as well as a reduction in SEG-S funding of $36.8 million annually reflect the transportation revenue bonds that would be provided. [Alternative B3]

19. GPR-supported bonds have been used to fund state highway improvement program costs in the past, including for the majors 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 $73.5 million in GPR-supported bonds, rather than the recommended transportation revenue bonds, for the majors program in the 2023-25 biennium could be another strategy to provide the funding needed to advance majors projects, 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 $918,900 GPR in 2023-24 and $6,817,700 in 2024-25. Once fully issued, annualized debt service associated with the issuance of these bonds would be estimated at $11,797,500 GPR annually. [Alternative B4]

20. Providing no additional transportation revenue bonds would limit ongoing debt service costs to the transportation fund. If no additional bonding were authorized, the Department could utilize existing revenue bond authority or any available bond proceeds in the biennium. This alternative would not fully fund the current TPC cost schedule for the 2023-25 biennium and would likely lead to delays for multiple majors projects. In addition, under this alternative, base SEG-S authority would remain at $73,511,600, which would not be consistent with the level of transportation revenue bonds provided to the program. Table 8 displays the funding that would be provided to the majors program in 2023-25 under this alternative, but does not indicate any available bonding authority or bond proceeds that may be used. [Alternative B5]

C. Restore Turnover Reduction Funding

21. Under Motion #12, the Committee earlier approved SEG and FED standard budget adjustments for the majors 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 funding for the program, as shown in Table 8. This change is not reflected in the discussion on the earlier alternatives in the paper, which instead reflect alternatives under the AB 43/SB 70 before Motion #12 was adopted.

TABLE 8

2023-25 Major Highway Development Program
5% Turnover Reduction under Motion #12

	SEG	FED	Total
Adjusted Base Funding Level	$25,523,500	$185,431,200	$210,954,700
5% Turnover Reduction (Motion #12)	-19,300	-106,200	-125,500
Program Prior to Further JFC Action	$25,504,200	$185,325,000	$210,829,200

22. As shown in the table, the Committee's action under Motion #12 resulted in a decrease in total funding for the majors program of $125,500 annually. The decreases of $19,300 SEG and $106,200 FED annually could be restored to the majors program in order to provide the same amount of funding for the program as the amount recommended in AB 43/SB 70. This could include a specification requiring that this funding be used for programmatic expenditures, rather than personnel expenditures. [Alternative C1]

23. The prior decision under Motion #12 to increase the program's turnover reduction standard budget adjustment could also be maintained with no further action. This would result in

slightly less funding being provided to the program than would be provided under the bill. [Alternative C2]

ALTERNATIVES

A. Federal Funding and Segregated Revenue

1. Make the following changes to funding for the major highway development program: (a) a decrease of $411,900 SEG in 2023-24 and an increase of $12,197,900 SEG in 2024-25; and (b) increases of $4,401,600 FED in 2023-24 and $6,186,300 FED in 2024-25.

ALT A1	**Change to Base**
SEG	$11,786,000
FED	10,587,900
Total	$22,373,900

2. Make the following changes to funding for the major highway development program: (a) a decrease of $411,900 SEG in 2023-24 and an increase of $1,691,400 SEG in 2024-25; and (b) increases of $4,401,600 FED in 2023-24 and $6,186,300 FED in 2024-25.

ALT A2	**Change to Base**
SEG	$1,279,500
FED	10,587,900
Total	$11,867,400

3. Take no action.

B. Bonding and General Purpose Revenue

1. Authorize $147,023,200 in additional transportation revenue bond authority for the major highway development program. Base level funding of $73,511,600 SEG-S annually would be maintained in the program for the expenditure of the transportation revenue bond proceeds. Reduce transportation fund revenue by $918,900 in 2023-24 and $6,817,700 in 2024-25 for the partial issuance of the transportation revenue bonds in the biennium. Once fully issued, estimated transportation fund revenue reductions associated with this alternative would equal $11.8 million annually.

ALT B1	**Change to Base**	
	Revenue	Funding
SEG	- $7,736,600	$0
TRB	0	147,023,200
Total	- $7,736,600	$147,023,200

2. Create a continuing GPR appropriation for the major highway development program, and provide $147,023,200 GPR under the appropriation in 2023-24. Provide a decrease of $73,511,600 SEG-S annually for the program to reflect the reduced level of transportation revenue bond proceeds that would be expended in the biennium.

ALT B2	**Change to Base**
GPR	$147,023,200
SEG-S	- 147,023,200
Total	$0

3. Create a continuing GPR appropriation for the major highway development program, and provide $73,511,600 GPR under the appropriation in 2023-24. Authorize $73,511,600 in additional transportation revenue bond authority for the program. Provide a decrease of $36,755,800 SEG-S annually for the program to reflect the reduced level of transportation revenue bond proceeds that would be expended in the biennium. Reduce transportation fund revenue by $459,500 in 2023-24 and $3,408,900 in 2024-25 for the partial issuance of the million in transportation revenue bonds in the biennium. Once fully issued, estimated transportation fund revenue reductions associated with this alternative would equal $5,898,800 annually.

ALT B3	**Change to Base**	
	Revenue	Funding
GPR	$0	$73,511,600
SEG	- 3,868,400	0
SEG-S	0	- 73,511,600
TRB	0	73,511,600
Total	- $3,868,400	$73,511,600

4. Authorize $147,023,200 in general fund-supported, general obligation bonds for the major highway development 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 $918,900 GPR in 2023-24 and $6,817,700 in 2024-25. Once fully issued, annualized debt service associated with the issuance of these bonds would be estimated at $11,797,500 SEG annually.

ALT B4	**Change to Base**
GPR	$7,736,600
BR-GPR	147,023,200
Total	$154,759,800

5. Take no action

C. Restore Turnover Reduction Funding

1. Provide $19,300 SEG and $106,200 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.

ALT C1	Change to Base
SEG	$38,600
FED	212,400
Total	$251,000

2. Take no action.

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Attachment

ATTACHMENT

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

Biennium	State Highway Rehabilitation	Major Highway Development	Southeast Wisconsin Freeways	Total
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

Biennium	State Highway Rehabilitation	Major Highway Development	Southeast Wisconsin Freeways	Total
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.