Wisconsin's Transportation Budget

Misplaced Priorities, Unmet Needs & Better Alternatives

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The proposed 2015-17 biennial transportation budget recommends increasing bonding for transportation to a total of $1.3 billion for the next two years, while failing to address crucial transportation needs—particularly at the local level.

We need a more responsible alternative.

Introduction

As statewide transportation trends change and infrastructure throughout Wisconsin crumbles, demands on the state's transportation budget are growing. The proposed 2015-17 biennial transportation budget recommends increasing bonding for transportation to a total of $1.3 billion for the next two years, while failing to address crucial transportation needs -- particularly at the local level.

We are charting an unsustainable course that cannot be corrected simply by raising more revenue for transportation purposes; if we are to bring Wisconsin's transportation budget back to sound footing, we must reexamine the state's transportation spending priorities, which have become increasingly imbalanced over the past decade. Skyrocketing growth in spending on costly major highway expansion projects has led to an incredible 400% growth in debt service as a portion of the state transportation budget over the past 15 years. At the same time, funding for local road and bridge maintenance has declined, leaving crucial infrastructure -- particularly in rural areas -- to crumble: today, 38% of Wisconsin's local roads are in need of immediate repair.

Wisconsin needs a more responsible alternative. Given the state's fiscal constraints, we must be sure to invest our limited transportation funds in the most critical priorities while looking for efficiencies wherever possible. Multibillion-dollar investments in major highway expansion projects warrant particular scrutiny, today more than ever, due to unprecedented changes in Wisconsinites' travel preferences: Here and across the country, people are driving less than they used to -- a trend that is likely to continue in coming decades.

After a close examination of four major highway projects statewide, we find that traffic projections used to justify these costly expansions are not materializing. By scaling back these four highway expansion projects -- and by repairing these roadways, rather than unnecessarily adding highway lanes -- ***the state could save taxpayers nearly $500 million***.

These savings could be used to reduce the state's reliance on bonding; they would also allow for reinvestment in local priorities, to begin addressing the local transportation infrastructure crisis across Wisconsin.

Recommendations	2015-17 Cost
Increase funding for repairs to local roads	$80 million
Increase transit support (and restore transit funding cuts from 2011-13 budget)	$37.6 million
Maintain Transportation Alternatives Program	$2 million
Program Reinvestment Total:	**$119.6 million**
Reduce reliance on bonding	$380.1 million
Total:	**$499.7 million**

Growing Imbalance in Transportation Funding Leaves Local Needs Unmet

Spending on new highway construction and expansion projects has increased by 50% over past fifteen years, in some years even totaling more than the amount spent on state highway rehabilitation. As a result, other funding priorities have been "crowded out" by big-ticket highway projects during the same period: State funding for local road maintenance has dropped by 30%, and public transit funding has flat-lined despite growing demand. The resulting local infrastructure crisis has left roads riddled with potholes, bridges crumbling, and tens of thousands of people statewide cut off from work, doctor's appointments, the grocery store and points of interest without non-driving options.

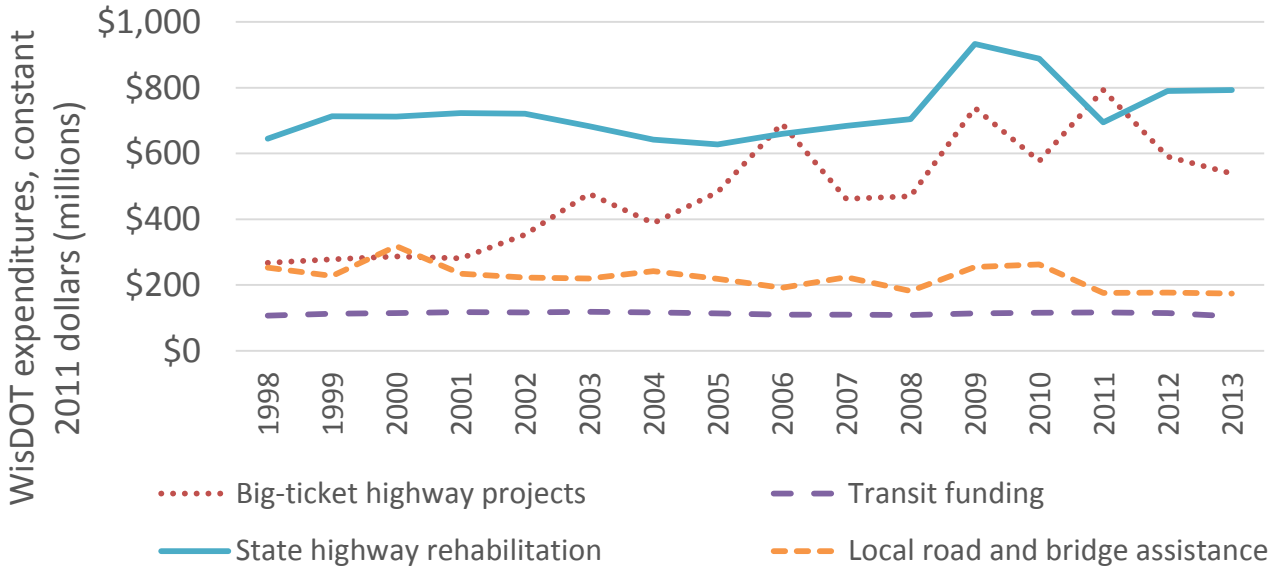

Fig. 1: State Spending on Transportation by Category, 1998-2013, in Constant 2011 Dollars (millions)

Because major highway projects are primarily funded by borrowing, we have at the same time seen an incredible 400% increase in debt servicing as part of the state transportation budget between 2000 and 2013.[1] At current borrowing levels, debt service is projected to account for 25% of the 2018-19 biennial budget.

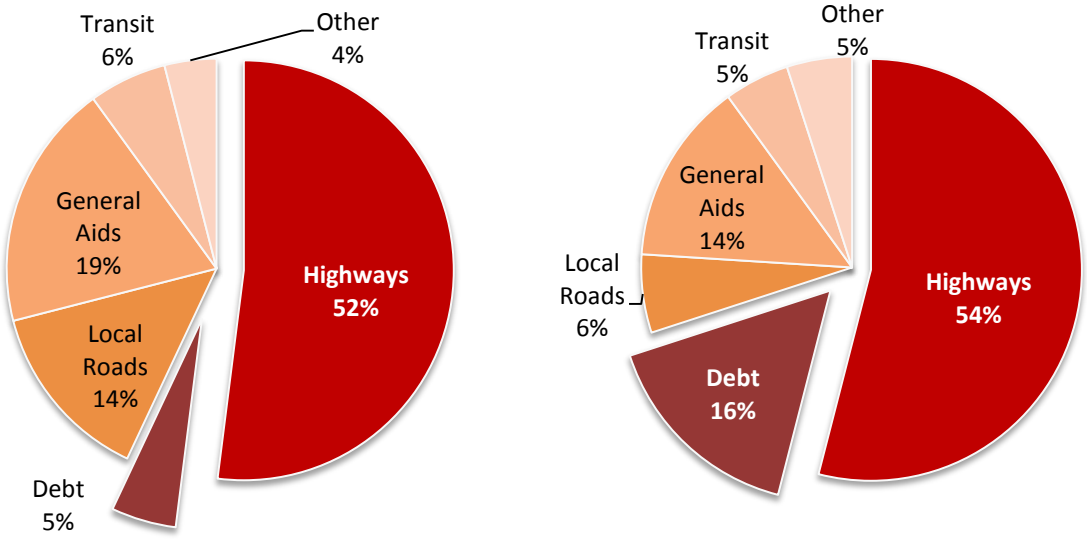

Fig. 2: Composition of the State Transportation Budget, 2000 and 2013[2]

[1] Wisconsin Taxpayers Alliance, *Rising transportation debt service crowds out local aids*, accessed at http://wistax.org/blog/rising-transportation-debt-service-crowds-out-local-aids, 10 May 2015.

[2] Wisconsin Department of Transportation, Transportation Budget Trends 2012-2013, 2014.

Disproportionate Revenue Increases

In order to make up for these changing trends and to offset the revenues to fill the gaps for these programs have disproportionately come from bonding, transfers from General Purpose Revenue (GPR), and local property taxes. This puts the burden on constrained budgets, forcing police and fire protection, schools, and other programs to compete with road maintenance.

Since 1998, state funding has increased 18.28%, federal funding has increased 22.31%; however, bonding has increased 83.6%, and 'other' funding (GPR transfers and property taxes) have increased a whopping 182%!

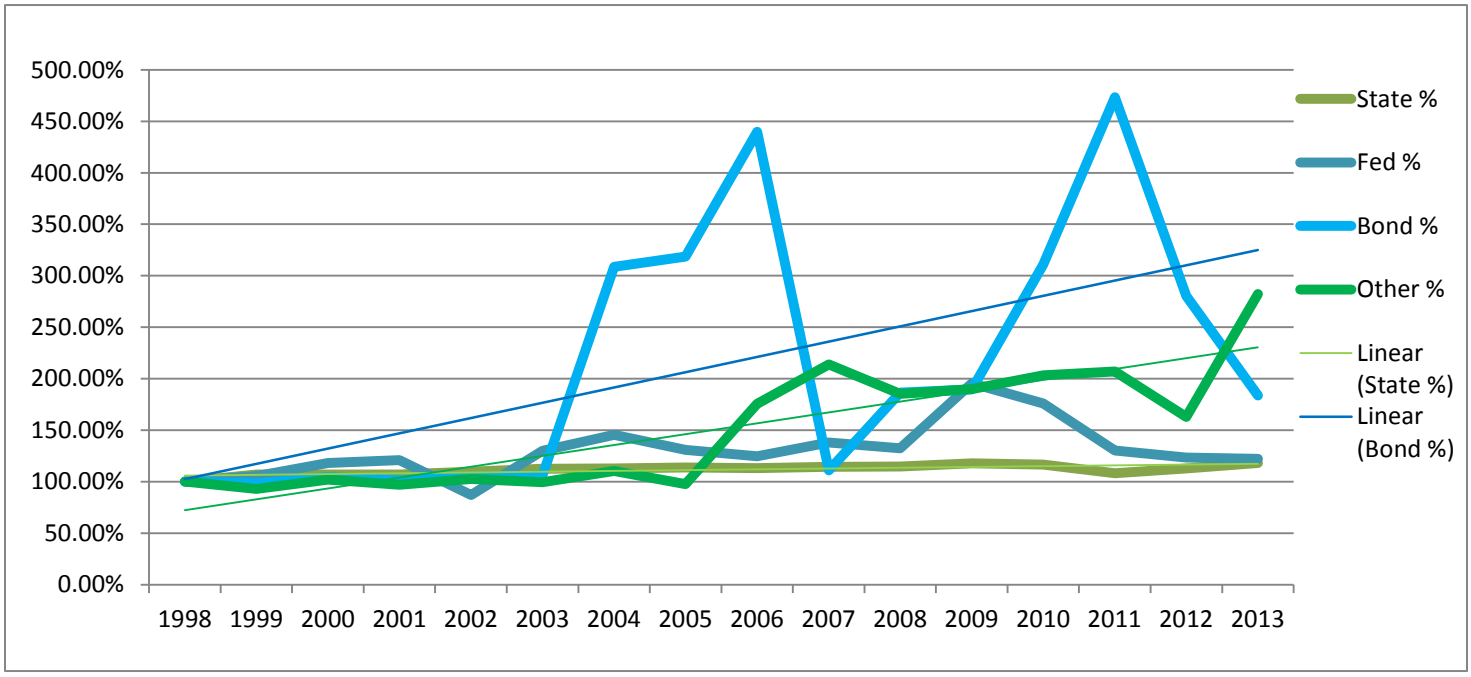

Fig. 3: Transportation Revenue Source Increases in Last 15 Years[3]

The Local Infrastructure Crisis

Over 42,000 miles of local roads across Wisconsin, or roughly 38% of all local roads in the state, are in urgent need of repair based on data from the Wisconsin Department of Transportation's WISLR database. Rural roads are in particularly bad shape, with 44% needing immediate repair, compared to 31% in urban areas. The table below shows how local roads fare region by region.

WisDOT Region	Roads in poor condition
North Central	41%
North East	32%
North West	45%
South East	32%
South West	39%

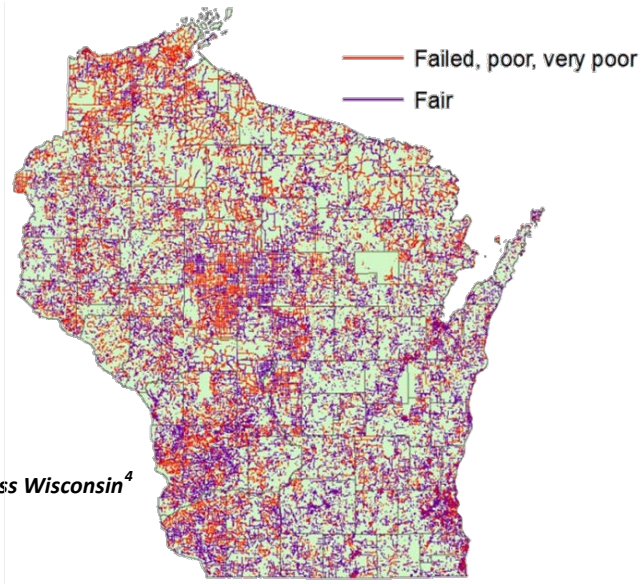

Fig. 4: The State of Local Roads Across Wisconsin[4]

[3] Wisconsin Department of Transportation, Transportation Budget Trends 2012-2013, 2014.

[4] 1000 Friends of Wisconsin, *Wisconsin's Local Road Crisis*, accessed at http://www.1kfriends.org/wp-content/uploads/2015/03/press_conference3_24-ps.pdf, 10 May 2015.

Evolving Transportation Preferences

Demographic evolutions are leading to changing driving rates in Wisconsin (and nationwide). After 60 years of nearly steady year-on-year growth in miles driven, the Wisconsin "driving boom" peaked in 2005, and we haven't returned to the same growth rates since. The average Wisconsinite today drives no more than he or she did in 1998, and Wisconsinites drove fewer total miles in 2013 than in 2003.

A major contributor to this decline in driving -- aside from technological advances, cultural shifts and economic factors -- is the change in Wisconsin's demographic and workforce makeup. At one end of the aging spectrum, Baby-Boomers are gradually retiring and no longer commuting to work by car day by day. The 65-and-older demographic is the fastest-growing segment of Wisconsin's population. As life expectancy continues to rise, elderly Wisconsinites will increasingly outlive their ability to drive and need non-driving alternatives in order to remain mobile.

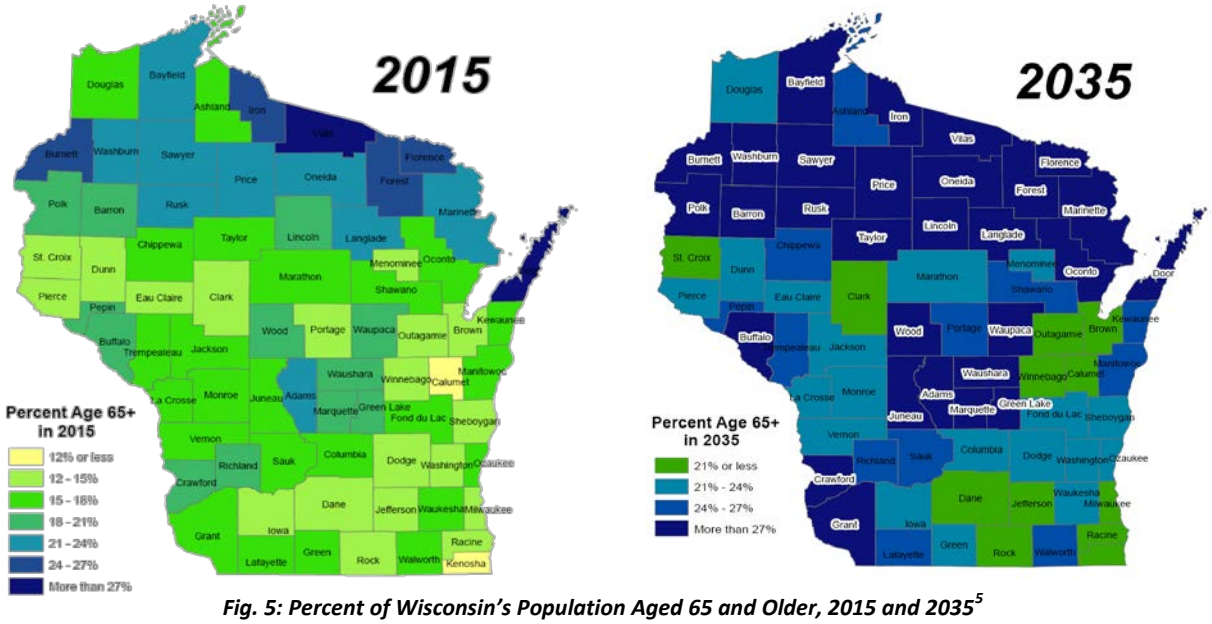

Fig. 5: Percent of Wisconsin's Population Aged 65 and Older, 2015 and 2035[5]

At the other end of the demographic spectrum is the so-called Millennial generation of Americans, born between 1983 and 2000. Millennials, now the most populous generation in America, are driving less than previous generations of young people did and are gravitating towards non-driving options to meet their transportation needs.[6] And because they are less car-focused than their parents and grandparents were at the same age, Millennials want to live in and move to communities that provide such options. A WISPIRG survey of over 500 Wisconsin college students found that having transportation options beyond driving was "important" or "very important" to 84% of respondents, and that 60% of respondents would be more likely to stay in Wisconsin if they could live in a city with transportation options other than a car.[7]

As the causes of this unprecedented change in driving rates across the country are largely structural, the trend of reduced driving in Wisconsin and nationwide is likely to persist. With people driving less and growing local transportation needs largely unmet due to a lack of funding, we should closely examine costly highway capacity expansion projects and consider whether the billions of dollars dedicated to such projects would be better spent on growing local transportation priorities.

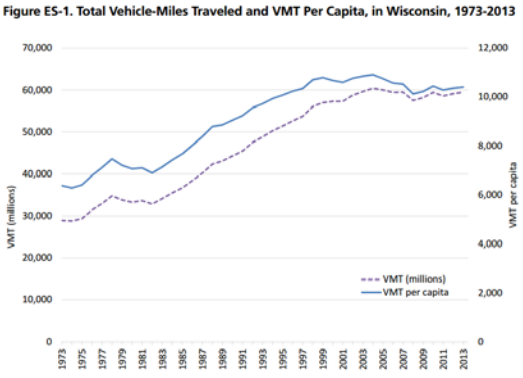

Fig. 4: Total Vehicle-Miles Traveled and VMT Per Capita in Wisconsin, 1973-2013[8]

[5] Wisconsin Department of Health Services, *Joint Committee on Finance: Long-Term Care Expansion Report*, December 2013.
[6] See e.g. WISPIRG Foundation & Frontier Group, *Millennials in Motion*, October 2014.
[7] WISPIRG Foundation, *Driving Wisconsin's Brain Drain?*, May 2014.

Reexamining the Proposed 2015-17 Transportation Budget

Maintaining a safe and efficient highway system in Wisconsin is absolutely critical. However, a number of highway expansion proposals that go beyond maintenance and repair to add lanes to existing freeways are unacceptably costly -- and unnecessary, based on changing driving trends along these specific stretches of road. ***By scaling back four unnecessary highway expansion projects in the 2015-17 transportation budget, we could save almost $500 million and reduce the state's reliance on bonding, as well as free up funding to begin addressing the local infrastructure crisis across Wisconsin.***

Major Highway Fund

The current budget allocates $836 million to the Major Highway Fund. The majors program funds a large-scale highway reconstruction and expansion projects throughout the state.

Four highway expansion projects funded by this transportation budget deserve closer scrutiny:

- **Highway 15** near Hortonville; $143.7 million total project cost to expand to a 4-lane divided highway bypassing the village of Hortonville.
- **Highway 23** between Plymouth and Fond Du Lac; $146.3 million total project cost to widen the highway from 2 to 4 lanes
- **Highway 50** in Kenosha; $93 million total project cost to expand the urban highway from 4 to 6 lanes
- **Interstate 90** to the Wisconsin/Illinois border; $993.3 million total project cost to widen the highway from 4 to 6 lanes

Traffic growth projections used by WISDOT to justify these costly projects have failed to materialize over the past decade, and in several cases traffic is declining along these stretches of road. ***Without a compelling need for capacity expansion, these projects should be scaled back***. We should choose less costly alternatives that repair and maintain these roadways without adding lanes, which would bring significant savings for Wisconsin taxpayers.

Project	Total Project Costs	2015-17 Biennium Savings	WISDOT Traffic Projections	Actual Traffic Counts
State Highway 50	$93 million	$14 million	+103%, 2011-2040	+13%, 2002-2011
State Highway 15	$143.70 million	$19.40 million	+61.2% 2007-2040	-22.9% 2000-2010
State Highway 23	$146.30 million	$60.90 million	+54.5%, 2014-2040	-4.9%, 2000-2014
I-90 to IL border	$993.3 million	$405.40 million	+29%, 2000 - 2010	+1%, 2000-2012
Total Cost & Savings:	**$1.376 billion**	**$499.7 million**		

Snapshot: I-90 Expansion, Madison to WI/IL Border

Interstate 90 carries interstate and local traffic from Chicago up to Wisconsin's capital and westward through Minnesota. State officials have been considering expansion of the 45-mile stretch between Madison and the Illinois state line for many years. The Wisconsin Department of Transportation formally decided to widen the interstate from four to six lanes between 2015 and 2021 at an estimated cost of $836 million[1], a decision based on a proposal published back in the summer of 2008.[2] However, WISDOT is relying on out-of-date traffic data and unrealistic projections of future growth in traffic volumes to justify this costly project. Writing in 2008, WisDOT expected the number of cars on the highway to almost double by 2030 relative to 2000. Traffic volumes were predicted to grow by 29 percent by 2010 compared with the year 2000 baseline.[3] But in reality, by 2012, the most recent year for which data are available, traffic on I-90 had remained essentially flat, having inched up just 1 percent in 12 years.[4]

[1] Wisconsin Department of Transportation, *Environmental Evaluation of Facilities Development Actions: IH 39/90*, July 2008.
[2] *Ibid.*
[3] *Ibid.*
[4] Wisconsin Department of Transportation, *Interactive Traffic Count Map*, accessed at www.trust.dot. state.wi.us/roadrunner, 1 April 2014.

[8] Wisconsin Department of Transportation, *Road Mileage and Annual VMT in Wisconsin*, 2014.

Southeast Wisconsin Megaprojects Program

The proposed budget allocates $623 million to The Southeast Wisconsin Megaprojects Program. Established by the 2011-13 biennial budget, this program is dedicated solely to funding large highway construction projects with capital costs over $500 million in Southeastern Wisconsin.

The entire $623 million allocated to the Megaprojects Program would be used to fund the ongoing reconstruction of the I-94 Zoo Interchange in Milwaukee County. ***Roughly two thirds of the 2015-17 project cost will be funded through bonding***.[9]

While the Zoo Interchange expansion project was justified by questionable traffic growth projections, we cannot recommend scaling back or cancelling an in-progress highway expansion project; doing so would be exceedingly difficult and costly, and should therefore be avoided. The Zoo Interchange reconstruction should serve as a cautionary tale, however, for future projects of similar scope in Southeast Wisconsin and beyond: Spending upwards of $600 million on a questionable highway widening project over the course of a biennium (and ultimately over $2 billion) -- and borrowing heavily to do so -- is difficult to justify, particularly since critical local transportation needs are not being met. (For sake of comparison, the 2015-17 biennial transportation budget allocates $720 million to Local Transportation Aids, including local road repairs.)

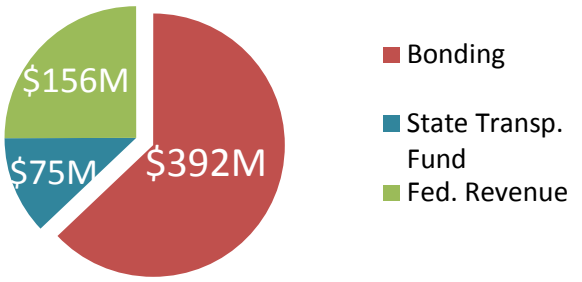

Fig. 6: Funding Sources, Southeast Wisconsin Megaprojects, 2015-17

In its current form, the 2015-17 transportation budget would authorize the Wisconsin Department of Transportation to begin the next billion-dollar reconstruction and expansion of I-94 -- this time between 16th and 70th Streets in Milwaukee. WISDOT's justification for this costly is expansion is once again based on unlikely traffic growth projections and faces significant opposition from area officials, business leaders and the public (see *Snapshot: I-94 East-West Expansion* below). More cost-effective options to expansion were preemptively dismissed.

Decisions made by lawmakers in the 2015-17 budget process regarding the Megaprojects Program will have profound implications for the future of transportation in Southeast Wisconsin, for the fiscal health of the state's transportation fund, and for the amount of funding available for local road maintenance and other priority projects across Wisconsin. ***Lawmakers should not enumerate the I-94 East-West Corridor expansion project in this budget*** to avoid another unnecessary, multi-year commitment like the Zoo Interchange reconstruction that will tie up hundreds of millions of transportation dollars for years to come.

Snapshot: I-94 East-West Expansion, Milwaukee

The I-94 East-West freeway runs through downtown Milwaukee and into the western suburbs, skirting Marquette University, several neighborhoods and directly abutting three cemeteries. Now more than 40 years old, the freeway is aging.

The state has a variety of options for how to address a 3.5 mile stretch of the freeway just to the west of downtown: It could simply reconstruct the highway in its current footprint for approximately $400 million, or it could choose to expand the highway at far greater cost.[1] The Department of Transportation dismissed the possibility of simply rebuilding the highway, retaining only the two most expensive and disruptive expansion options in consideration for the freeway's overhaul. In February of 2015, WISDOT declared an $850 million "at-grade" expansion as its preferred option.

WISDOT's description of the need for the project says, "This section of I-94 carries high traffic volumes, which currently vary between 138,000 and 156,000 AADT (Average Annual Daily Traffic). These traffic volumes are expected to grow to a range from 171,000 to 181,000 by 2030."[2]

Those traffic count numbers are 2010 figures, however. WISDOT's own data show more recent traffic not growing toward the 2030 projection but instead dropping on that stretch of I-94 between 2010 and 2012, the latest year for which data are available.[3] A separate study by 1000 Friends of Wisconsin has found average annual daily traffic along I-94 declining by 8% between 2000 and 2012, making WISDOT's projections of 23% traffic growth by 2040 highly unlikely to materialize.

[1] Lydia Mulvany, "I-94 Expansion Plan Riles Milwaukee Residents, City Leaders," *Milwaukee Journal-Sentinel*, 2 September 2013.
[2] Wisconsin Department of Transportation, *I-94 East-West Corridor – Need/ Purpose*, 25 July 2013.
[3] Wisconsin Department of Transportation, *Continuous Count Data*, accessed at www.dot.wisconsin.gov/travel/counts/ continuous.htm, 19 June 2014.

[9] State of Wisconsin, *Executive Budget*, February 2015.

Conclusion & Re-Investment Recommendations

By cutting highway waste in the 2015-17 transportation budget, ***lawmakers could save Wisconsin taxpayers almost $500 million***. These savings would free up funding to begin addressing the statewide local transportation infrastructure crisis, while at the same time allowing lawmakers to reduce the state's reliance on bonding.

Project	Total Project Costs	2015-17 Biennium Savings	WISDOT Traffic Projections	Actual Traffic Counts
State Highway 50	$93 million	$14 million	+103%, 2011-2040	+13%, 2002-2011
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Total Cost & Savings:	**$1.376 billion**	**$499.7 million**		

With money saved by scaling back these questionable highway expansion projects, we could invest in the following local programs:

- **Increase funding for local road repair:** In 2013, the bi-partisan Wisconsin Transportation Finance and Policy Commission recommended a $40 million per year increase to local road repair funding of for the next ten years. Adopting this recommendation would cost $80 million in this biennium.
- **Restore recent transit cuts:** The Commission also recommended restoring the 2011-13 cut to public transit funding, and called for an additional 10% transit funding increase. Adopting both of these recommendations would require $37.6 million over the next biennium.
- **Retain Transportation Alternatives Program (TAP):** The proposed Executive Budget would eliminate TAP, which supports "Safe Routes to School" and other bicycle and pedestrian programs that improve roadway safety, public health, and local economies in communities across the state. For the miniscule cost of $1 million per year, last year's TAP helped fund Osceola sidewalk improvements, the East-Central Wisconsin Regional Safe Routes to School Program, Safe Routes to School for Webster Elementary in Allouez, the St. Croix County Bicycle and Pedestrian plan, a bicycle-pedestrian facility in Waukesha, and 22 other projects. We recommend retaining TAP, for a total of $2 million of funding over the biennium.

Program	2015-17 Cost
Increase funding for repairs to local roads	$80 million
Increase transit support (and restore transit funding cuts from 2011-13 budget)	$37.6 million
Maintain Transportation Alternatives Program	$2 million
Total:	**$119.6 million**

After funding the above local transportation priority programs, lawmakers could use the remaining savings to reduce Wisconsin's reliance on borrowing for transportation by $380 million, or 29%.

Money Saved by Cutting Wasteful Highway Projects:	$499.7 million
Re-Investment in Local Transportation Improvement:	-$119.6 million
Money Left to Reduce Bonding:	**$380.1 million**

It will take more than one biennial budget to bring Wisconsin's transportation fund back to sound fiscal footing. Nonetheless, lawmakers have the opportunity to use the 2015-17 budget process to set a new, forward-thinking course toward meeting Wisconsinites' 21st century transportation needs with a budget that addresses real priorities statewide, from maintaining the state's aging highway system to repairing local roads and meeting growing demand for public transit.