Four (Not so Easy) Ways to Balance the Transportation Budget

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Sen. Kathleen Vinehout writes about the state's transportation budget which has stalled deliberations on the state budget. Here are some options to break the impasse on the transportation portion of the budget by addressing the four major components: raising revenue, lowering spending, cutting debt and improving efficiency.

MADISON - "If it was up to you," the Chamber of Commerce moderator asked area legislators, "How would you solve the transportation problem?"

Budget talks are stalled. Legislators can't seem to find a way through the labyrinth of interests stalking the Capitol halls. One main sticking point is how to balance the transportation budget.

Governor Walker left lawmakers with $1.3 billion in new debt to pay for roads over the next two years. Among many decisions the governor made was to increase spending in the Major Highway Development Program by $100 million or over 13%. He borrowed $109 million to pay for this spending.

One decision the governor did not make was to take any of the two-dozen suggestions of his Secretary of Transportation to make possible changes in revenue – new taxes or fees.

Of course, borrowing $1.3 billion to pay for spending means someone in the future would have to increase taxes and fees. This is true because, by the end of the budget nearly a quarter of the spending on transportation is on debt service –an unsustainable amount.

So how to fix the transportation budget? The answer is to raise revenue, lower spending, cut debt and improve efficiencies in the dollars we spend.

Easy to say – hard to do.

To raising revenue: the simplest and easiest to administer is to increase the per-gallon gas tax. I suggest by a nickel.

Talking through options with our nonpartisan Legislative Fiscal Bureau (LFB) analysts, I was reminded of lawmakers' changes in 2006 that eliminated indexing (or matching to inflation) of the gas tax. If this law were still in place, the tax would be 6.5 cents more and better kept up with rising costs.

The LFB analysts also reminded me average fuel economy has improved giving consumers a 2.7-cent "bonus" (my words, not theirs) as improving gas mileage gets us farther on a gallon of gas. To quote LFB analyst Al Runde:

Paying less in fuel taxes for the same miles driven means that while the state's roads receive the same impact [wear], fuel tax revenues associated with those miles driven has fallen, making it more difficult for the state to maintain and construct its roads."

To changes in spending: I suggest we cut the really big road projects in Southeast Wisconsin by about $100 million, not buy the 13% increase the governor wants in the "majors". Instead, cut both it and the Highway Rehab program by $50 million each. Get rid of the TEA program (an economic development program that has no evidence of success) as well as a new pilot program to eliminate competitive bidding (not a good idea!).

I would limit the Freight Rail Program to its current balance. My constituents simply cannot justify borrowing $43 million to buy new state-owned railroad with all the other deep cuts in this budget.

These changes and others could cut borrowing in half and allow for significant spending increases in local and state road repair, transit, and other alternative transportation options. In my alternative transportation budget, I also add investments in rail-crossing improvements and rail emergency preparedness – two important constituent concerns. In addition, I return money the governor ‘raided’ from the general fund to pay for road repairs.

Finally, answering the thorny question of how to get a better “bang for our buck” in road spending. The conservative Reason Foundation studied state transportation spending for over two decades. A study released last fall provides clues to Wisconsin’s road spending.

I compared numbers between Minnesota and Wisconsin –two states with similar weather and miles of state-owned roads. Over three years, Minnesota’s total spending on transportation per state-controlled mile grew less than 3%. During the same period (2009-2012) Wisconsin’s spending per state-controlled mile grew 37%.

By 2012, Wisconsin spent $226,901 per state-controlled mile to Minnesota’s $132,230.

I don’t know why spending is so different but I think Wisconsin taxpayers ought to find out why. That’s why I am renewing my call for a comprehensive audit of Transportation.

Solving the Transportation budget will be difficult. Delaying projects will take their toll on residents and business. However, making our grandchildren pay for our inability to say “no” is not a responsible choice.

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