

# Brian Fraley: The collision course in Madison

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I'm not an accountant, nor an expert in municipal finance, or engineering. But I do understand basic math and politics, which are on a collision course in Madison.

For the last year, I've assisted the Transportation Development Association of Wisconsin with its efforts to raise public awareness of our transportation crisis, including promotion of its "Just Fix It" campaign.

Yet, my interest in this issue is not simply a case of providing a service for a client. As a conservative Republican small business owner, I'm very concerned about the state's reliance on bonding to compensate for a lack of political will to address our pressing transportation needs.

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The transportation crisis is well-documented and undeniable. The question now is how do we meet this crisis? The deny, delay and decay approach to transportation in Wisconsin threatens our economic prosperity. But so does an over reliance on bonding, without any plan on how to pay down that debt.

The Wisconsin Taxpayers Alliance issued an ominous warning this spring. It's one I take seriously.

"Today, the fallout from years of increased transportation borrowing is that over 20 cents of every gas tax or registration fee dollar is diverted from road projects to pay off debt. And that only adds to the challenge of trying to repair and rebuild dated

infrastructure with an outdated revenue system.”

That’s right, 20 cents of every transportation dollar doesn’t go to concrete, iron or asphalt, nor the labor needed to build roads, highways and bridges. That money doesn’t help municipalities maintain existing roads or help the state repair or rebuild interstates. It goes to pay off debt service on transportation bonds.

How did we get here? Well, briefly, almost 90 percent of state transportation revenue comes from the gas tax and registration fees. That revenue has been stagnant for more than a decade, while the transportation needs of the state and inflation continue to grow. To make up for the diverging trendlines, the last two administrations in Madison, one Democrat and one Republican, have turned to fiscally-irresponsible, short-term fixes.

Not only did Gov. Doyle increase bonding, he notoriously raided the transportation fund to balance the rest of his budget, putting the fund and the projects it pays for in jeopardy. Thanks to the passage of a statewide referendum in 2014, such a raid cannot happen again. However, the bonding spree has continued, unabated.

In fact, this over-extension of the credit card is a bipartisan problem that has grown worse over time. At the end of the Thompson-McCallum Administrations, transportation bond debt service was \$93 million a year– seven percent of total transportation fund revenue. At the end of the Doyle Administration the dollar amount of debt service had more than doubled, and debt service share of transportation revenue it grew from seven to 11.5 percent. Now, in his latest budget proposal, Governor Walker’s budget doubles the dollars allocated to debt service, compared to the final Doyle budget. As a share of transportation revenue, debt service rises to a staggering figure in excess of 20 percent.

As a conservative, I believe paying one of every five dollars toward debt service is irresponsible, not to mention unsustainable, and I’m not the only conservative in Wisconsin who feels this way.

“In previous budgets, we admittedly reached compromises on borrowing with the promise that we’d address this elephant in the room ‘next time.’ That ‘next time’ is today,” said Assembly Majority Leader Jim Steineke (R-Kaukauna). “Ignoring the problem and putting a Band-Aid on it just won’t work. As we have made abundantly clear, we are not willing to continue to borrow without a system in place to fund our current and future projects.”

The stalemate in Madison is the result of that aforementioned collision of math and politics. The Governor believes it is bad politics to increase user-fee based revenues like gas taxes and registration fees, even though that jeopardizes much-anticipated and much-needed projects. (Did I mention more than 1,200 bridges in Wisconsin are structurally deficient?). The legislature believes it is bad politics to continue to paper-over the funding crisis by issuing new bonds.

While Madison dances, local government officials and economic development professionals know failure to address the needs of the entire transportation system is both bad politics and bad math.

Suzanne Kelley, president and CEO of the Waukesha County Business Alliance and spokesperson for the I-94 East-West Econ Connect coalition, knows this leadership vacuum in Madison will have serious repercussions in the real world.

“It is important to keep the East-West rebuild moving forward to protect the \$20 million the state has already invested in preliminary design and engineering work for the project, avoid spending \$40 million on a resurfacing that won’t solve the freeway’s many problems, and protect the state’s \$2 billion investment in the Marquette and Zoo interchange projects.” she said recently.

Folks in Racine feel the same way about the I-94 North-South project.

Speaking to the Racine Journal Times Editorial Board in February, State Senator Van Wanggaard (R-Racine) said, “I’m going to have a real challenge voting for the budget if they don’t take care of I-94 out here. Period.”

He reiterated those comments in a press release just last month.

The ramifications are felt well beyond the boundaries of the greater Milwaukee area. The ripple effect of these decisions impacts the math across the rest of the state as well. According to WisDOT there will be at least \$200 million in “throw-away costs” that will be absorbed by the State Highway Rehabilitation Program over the next ten years. That means beyond squandering the \$2 billion investment in the Marquette and Zoo interchanges we will be sucking hundreds of millions of dollars that should be funding the rehabilitation of state highways all across Wisconsin to make sure bridges and other stretches of Interstate in southeast Wisconsin don’t literally fall apart while they wait to be reconstructed.

Local leaders know balancing the meeting of needs with constituents' ability to pay is a constant struggle. Past bad decisions by members of both political parties have left us at a tipping point, however.

They say where there is a will there's a way. So the question is, is there enough political will to prevent the collision of politics and math, or will we be forced to wait for some future leaders to sort through the wreckage?

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