

**Transportation Aid**

(General Transportation and Connecting Highway Aid)



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# Transportation Aid

## (General Transportation and Connecting Highway Aid)

Local governments in Wisconsin have jurisdiction over the majority of the state's roads and streets. Since the early development of Wisconsin's road system, the state has provided financial assistance to local governments for the construction and maintenance of roads under their jurisdiction.

This paper explains the general transportation aid and connecting highway aid formulas and examines their distributional impact. An example of a general transportation aid calculation is included in the Appendix.

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### General Transportation Aid

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General transportation aid is paid to local governments (counties, cities, villages and towns) to assist in the maintenance, improvement and construction of local roads. This aid must be used for transportation-related expenditures. Aid payments are made from the state's segregated transportation fund, which includes revenues from the motor fuel tax, vehicle registration fees and other transportation-related taxes and fees. For 1998-99, general transportation aid payments equal approximately 29% of the transportation fund appropriations.

General transportation aid is calculated and paid on a calendar-year basis, with quarterly payments on the first Monday of January, April, July and October. Table 1 lists total general transportation aid payments for counties and

municipalities from 1989 through 1999.

There are two basic formulas by which general transportation aid is distributed: (1) share of costs aid; and (2) mileage aid. In 1994, county and municipal governments began receiving separate general transportation aid distributions. Counties

*Table 1*  
**Total General Transportation Aid Payments**

Year	Total Payments	Year	Total Payments
1989	\$205,603,900	1995	\$276,085,800
1990	217,048,900	1996	284,368,400
1991	229,934,300	1997	292,899,400
1992	239,202,700	1998	326,483,600
1993	248,514,700	1999	326,483,200
1994	261,207,600		

receive only share of costs aid, while municipalities receive payments based on either share of costs aid or mileage aid, whichever is greater. The Department of Transportation (DOT) is required, by October 1, of each year, to notify each county and municipal clerk of the estimated transportation aid payments to that county or municipality for the following calendar year.

#### Aid to Counties

Initial entitlements to counties are based on the share of costs formula. Share of costs aid amounts are computed by multiplying each county's six-year average highway-related costs (1992 through 1997 for 1999 payments) by a statewide average cost-sharing percentage. This percentage "floats" to a level that generates general transportation aid payments equal to a targeted distribution for

counties (\$78,744,100 in 1999). For the 1999 distribution, the county cost-sharing percentage is estimated at 26.9%.

### **Aid to Municipalities**

Each municipal government's initial entitlement equals the greater of its share of costs aid or mileage aid amounts.

*Share of Costs Aid.* The share of costs formula works the same for municipalities as for counties. The targeted general transportation aid distribution for municipalities in 1999 is \$247,739,100. For the 1999 distribution, the municipal cost-sharing percentage is estimated at 21.3%.

*Mileage Aid.* Mileage aid amounts are computed by multiplying the number of miles of road or street under the jurisdiction of each municipality by a specified mileage rate (\$1,596 per mile for 1998 and thereafter). In each odd-numbered year, municipalities must submit a map showing the roads and streets under their jurisdiction that will be open and used for travel on the following January 1. New roads and abandoned roads are first reflected in mileage aid determinations for the next odd-numbered year following their opening or abandonment.

### **Cost Reporting**

All local governments must report their highway-related expenditures for each calendar year. DOT has developed cost reporting guidelines to be used by local governments for cost reporting purposes. This information is submitted on financial report forms required by the Department of Revenue (DOR), which relays this information to DOT.

Eligible highway-related costs are divided into three major categories:

a. *Maintenance;* including costs associated with snow plowing and the maintenance of pavements, bridges, culverts, storm sewers and

traffic control devices.

b. *Construction;* including right-of-way acquisition, engineering, signing and construction costs for pavements, bridges, culverts and storm sewers.

c. *Other Highway-Related Costs;* including machinery and vehicle costs, building expenditures for road purposes, debt service payments, traffic police and street lighting costs.

All public road, street or alley construction and maintenance expenditures within the right-of-way are generally reportable as eligible cost items. The preceding list provides a general guide to the definition of eligible costs. More detail on eligible and ineligible costs is provided by DOT's cost reporting guidelines.

Small municipalities (population under 2,500) must report highway-related costs for each calendar year by March 31 of the following year. Counties and large municipalities must report by May 1 of the following year. For municipalities and counties with populations over 25,000, an audited financial statement with supporting schedules must accompany the standard financial report and must be submitted by July 31 of the following year.

If a local government files a late report, its total aid for the following year will be reduced by 1% for each working day that the report is late, to a maximum reduction of 10% (the resulting payment cannot be less than 90% of the previous year's payment). If the report is not received within 30 days of the filing date, the payment will be equal to 90% of the previous year's payment. A filing extension until May 15 is allowed, provided a request for an extension is submitted to DOR prior to the March 31 or May 1 deadlines.

### **Cost-Based Limitation on Mileage Aid**

No municipality may receive an aid amount exceeding 85% of its three-year average (1995 through 1997 for 1999 payments) highway-related costs. Since aid payments under the share of costs

aid formula equal approximately 21.3% of average costs (26.9% for counties), this provision only affects municipalities receiving mileage aid payments. For the 1999 distribution, it is estimated that this provision will reduce aid payments to 115 municipalities.

### Maximum Growth Limitation on Share of Costs Aid

Both county and municipal share of costs aid initial entitlements are subject to a maximum growth provision. The initial share of costs aid entitlement is compared to a maximum payment level to determine whether an aid reduction is required. No local government is allowed to receive more than 115% of the prior year's payment. The maximum growth provision prevents large, year-to-year payment increases. For the 1999 distribution, it is estimated that aid will be withheld from two counties and 142 municipalities due to application of the maximum growth provision.

### Minimum Guarantee

The initial entitlements for all local governments receiving general transportation aid are compared to minimum payment levels to determine whether additional aid is required. Counties are guaranteed at least 98% of the prior year's payment while municipalities are guaranteed at least 95% of the prior year's payment. For municipalities receiving mileage aid,

the prior year's payment is adjusted to reflect mileage changes prior to applying the 95% guarantee. The minimum guarantee provision prevents large, year-to-year payment decreases. For the 1999 distribution, it is estimated that minimum guarantee payments will be made to 25 counties and 96 municipalities under the share of costs formula component and one municipality under the mileage aid formula component.

### Distributional Impact

Over time, varying amounts of emphasis have been placed on mileage and costs in distributing general transportation aid payments. The appropriate emphasis to place on each factor has been a continuing source of debate. Since some local governments benefit more from mileage-based provisions while others benefit more from cost-based provisions, neither approach tends to satisfy both groups. Table 2 illustrates the distribution of general transportation aid expressed in terms of costs and mileage.

Estimated aid payments for 1999 equaled 24% of reported costs for 1997. From this perspective, towns do the best, with payments equaling 38.8% of reported costs. Incorporated areas benefit the least, with payments ranging from 21.1% of reported costs for those with populations over 200,000 to 18.8% of reported costs for those with populations between 10,000 and 35,000.

**Table 2**  
**Distribution of Estimated 1999 Total General Transportation Aid Payments**

Jurisdiction	1999 Estimated Payments	1997 Reported Costs	Payments as a % of Costs	1997 Miles	Payments Per Mile
Counties	\$78,744,099	\$355,341,390	22.2%	19,714	\$3,994
Towns	100,378,110	258,446,949	38.8	61,708	1,627
Incorporated Areas:					
Under 10,000	46,841,147	246,339,672	19.0	6,295	7,441
10,000 - 35,000	34,114,354	181,583,320	18.8	4,116	8,288
35,000 - 200,000	36,828,927	178,627,055	20.6	3,992	9,226
Over 200,000	<u>29,576,535</u>	<u>140,324,874</u>	<u>21.1</u>	<u>1,960</u>	<u>15,090</u>
<b>TOTAL</b>	<b>\$326,483,172</b>	<b>\$1,360,663,260</b>	<b>24.0%*</b>	<b>97,785</b>	<b>\$3,339*</b>

\*State average.

This situation is reversed when aid payments are examined in terms of mileage. On average, local governments received \$3,339 in estimated 1999 payments for each mile of road under their jurisdiction. From this perspective, towns benefit the least, receiving \$1,627 per mile. Incorporated areas benefit the most, ranging from \$7,441 per mile for those with populations under 10,000 to \$15,090 per mile for those with populations over 200,000.

As this indicates, the relative success of each type of local government under the general transportation aid formula depends on the measure used to make the comparison. Governments that do poorly on the basis of payments received per mile (such as towns) have used this measure to argue for increased mileage-based payments. Conversely, governments that do poorly in terms of payments received as a percentage of costs (such as small incorporated areas) have argued that cost-based payments should be increased.

The current formula consists of both cost-based and mileage-based payments. The inclusion of both types of payments reflects a recognition by the Legislature that neither type addresses the concerns of all local governments. Table 3 provides information on the distribution of six-year average costs and local mileage, the two primary factors in the current formula.

Incorporated areas have a larger share of the

**Table 3**  
**Distribution of Average Costs and Miles Used to Compute 1999 General Transportation Aids**

Jurisdiction	1992-97 Average Costs		1997 Miles	
	Amount	Percent	Number	Percent
Counties	\$297,644,612	24.4%	19,714	20.2%
Towns	222,733,307	18.3	61,708	63.1
Incorporated Areas:				
Under 10,000	225,346,141	18.5	6,295	6.4
10,000 - 35,000	161,076,237	13.2	4,116	4.2
35,000 - 200,000	172,505,307	14.2	3,992	4.1
Over 200,000	<u>138,819,972</u>	<u>11.4</u>	<u>1,960</u>	<u>2.0</u>
<b>TOTAL</b>	<b>\$1,218,125,576</b>	<b>100.0%</b>	<b>97,785</b>	<b>100.0%</b>

average highway-related costs than they do of the mileage. Towns, on the other hand, have a majority of the mileage under the jurisdiction of local governments, but incur less than one-fifth of the highway-related costs. Finally, counties have similar shares of both average costs and mileage.

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## Connecting Highway Aid

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### Background

Connecting highways are certain portions of the state trunk highway system passing through municipalities. Generally, if a highway is altered to function as a local street, such as the construction of curb and gutters, the route is designated as a connecting highway by DOT and loses its designation as a state trunk highway. While the state is responsible for the maintenance of all rural state trunk highway mileage (this is done by counties under contract with the state), the maintenance of connecting highways is a municipal responsibility.

Under certain circumstances, the state retains maintenance responsibilities for a state trunk highway passing through a small municipality. As a general rule, this occurs whenever the geometrics of the highway are not significantly altered as a result of passing through the municipality.

The 1989-91 state budget directed DOT to conduct a formal review of the designation of all connecting highways by January 1, 1995. DOT must consider the following in its review: (a) eliminating duplicate routes when bypass routes serving traffic going in the same direction are in place; and (b) when bypasses are in place, determining the number and location of connecting highway connections to the bypasses needed to serve traffic between regions. DOT indicates that a report will be submitted to the Legislature following completion of the next state

highway plan, which will likely be done in mid-1999.

**Connecting Highway Aid Formula**

Connecting highway aid payments received by an individual municipality are based on its population and the lane miles of connecting highway within its boundaries. The rates paid per mile are based on a statutory schedule (1999 rates are listed in Table 4), with aid on the first two lanes of any connecting highway being paid at 100% of the statutory rate, aid on the second two lanes at 75% of the statutory rate and aid on any additional lanes at 50% of the statutory rate. In 1998, 117 municipalities will receive \$12.9 million in connecting highway aid. Payments are made to municipalities in four equal installments on the first Monday of January, April, July and October. If the appropriation is insufficient to fully fund the formula, payments are prorated.

**Lift Bridge Aid**

The state also reimburses municipalities for the actual costs incurred in operating and maintaining swing or lift bridges on connecting highways.

Population	Aid Per Lane Mile
Over 500,000	\$11,724
150,001 to 500,000	10,860
35,001 to 150,000	9,678
10,000 to 35,000	8,525
Under 10,000	7,345

Presently, five cities operate 10 eligible lift bridges: Green Bay (Main Street), Manitowoc (8th and 10th Streets), Milwaukee (Broadway, Kinnickinnic, State and Wells Streets), Racine (Main and State Streets) and Two Rivers (Madison Street).

Lift bridge aid is paid on the first Monday in July for costs incurred during the previous calendar year. Consequently, the \$1.1 million paid in lift bridge aid in 1998 was in reimbursement for actual costs incurred by the cities during calendar year 1997 (the cities must submit documentation of their costs by January 31). If the biennial appropriation is insufficient to provide full reimbursement, payments will be prorated.



## APPENDIX

### Computation of 1999 General Transportation Aid Payment for the Village of Shiocton (Outagamie County)

**1. SHARE OF COSTS AID**

**Data Needed:** Average of 1992 through 1997 Highway-Related Costs = \$283,458  
Statewide Average Cost-Sharing Percentage = .21262

<b>Computation:</b>	Share of Costs Aid	=	Six-Year Average Highway-Related Costs	x	Cost-Sharing Percentage
		=	\$283,458	x	.21262
		=	\$60,269		

**2. MILEAGE AID**

**Data Needed:** 1997 Jurisdictional Mileage = 5.15 miles  
Mileage Rate = \$1,596 per mile

<b>Computation:</b>	Mileage Aid	=	Jurisdictional Mileage	x	Mileage Rate
		=	5.15	x	\$1,596
		=	\$8,219		

Since \$60,269 is greater than \$8,219, the Village of Shiocton receives aid through the share of costs aid provision.

**3. MINIMUM GUARANTEE/MAXIMUM GROWTH LIMIT**

<b>Data Needed:</b>		1998	1999
	Guarantee Base	Basic Entitlement	
	Share of Costs Aid	\$54,373	\$60,269
	Mileage Aid	-0-	-0-
	Maximum Growth Limit	-2,058	
	Cost-Based Aid Limit	-0-	
	<b>NET TOTAL</b>	<b>\$52,315</b>	<b>\$60,269</b>

**Computation of Minimum Guarantee**

Minimum Guarantee	=	[.95 x 1998 Guarantee Base] - 1999 Basic Entitlement
		or \$-0-; whichever is greater
	=	[.95 x \$52,315] - \$60,269 or \$-0-
	=	\$49,699 - \$60,269 or \$-0-
	=	-\$10,570 or \$-0-
	=	\$-0-

**Computation of Maximum Growth Limit**

Maximum Growth Limit	=	[1.15 x 1998 Guarantee Base] - 1999 Basic Entitlement
		or \$-0-; whichever is less
	=	[1.15 x \$52,315] - \$60,269 or \$-0-
	=	\$60,162 - \$60,269 or \$-0-
	=	-\$107 or \$-0-
	=	-\$107

4. COST-BASED AID LIMITATION

Data Needed: Average of 1995 through 1997 Highway-Related Costs = \$305,393  
 Aid After Minimum Guarantee/Maximum Growth Limit = \$60,162

Computation of Cost-Based Aid Limitation	Cost-Based Aid Limitation	=	[.85 x Three-Year Average Costs] - Aid After Minimum/Maximum or \$-0-; whichever is less
		=	[.85 x \$305,393] - \$60,162 or \$-0-
		=	\$259,584 - \$60,162 or \$-0-
		=	\$199,422 or \$-0-
		=	\$-0-

5. TOTAL 1999 GENERAL TRANSPORTATION AID PAYMENT FOR THE VILLAGE OF SHIOCTON

Share of Costs Aid	\$60,269
Mileage Aid	-0-
Maximum Growth Limit	-107
Cost-Based Aid Limitation	<u>-0-</u>
 TOTAL	 \$60,162