Transportation Aid

(General Transportation and Connecting Highway Aid)

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(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.

General Transportation Aid

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 2013-14, general transportation aid payments equaled 21.9% of gross transportation fund revenues.

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 for municipalities. For counties, the transportation aid payment schedule is two installments, each equal to one-quarter of the calendar year total, on the first Monday of January and October, and a third installment equal to one-half of the calendar year total on the first Monday of July. Table 1 lists total general transportation aid payments for counties and municipalities from 2006 through 2015.

There are two basic formulas by which general transportation aid is distributed: (1) share of costs aid; and (2) mileage aid. Counties receive

Table 1: General Transportation Aid Payments

Year	Municipal Aid	% Change	County Aid	% Change
2006	$288,956,900		$91,845,500	
2007	294,736,000	2.0%	93,682,400	2.0%
2008	303,578,100	3.0	96,492,900	3.0
2009	312,685,400	3.0	99,387,700	3.0
2010	318,939,100	2.0	101,375,500	2.0
2011	328,507,300	3.0	104,416,800	3.0
2012	308,904,300	-6.0	94,615,600	-9.4
2013	308,904,300	0.0	94,615,600	0.0
2014	308,904,300	0.0	94,615,600	0.0
2015	321,260,500	4.0	98,400,200	4.0

only share of costs aid, while municipalities and towns 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 (2008 through 2013 for 2015 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 ($98,400,200 in 2015, and thereafter). For the 2015 distribution, the county cost-sharing percentage is estimated at 18.4%.

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 is $321,260,500 for 2015, and thereafter. For the 2015 distribution, the municipal cost-sharing percentage is estimated at 15.9%.

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 ($2,202 per mile for 2015, and thereafter).

Mileage Reporting

For the purposes of determining transportation aid, local governments must submit to DOT either: (a) a certified highway mileage plat, if changes in mileage have occurred within their jurisdiction since the last plat was submitted; or (b) a certified statement that no changes in jurisdictional mileage have occurred since the last plat was filed. DOT may require that a certified plat be submitted for odd-numbered years following a federal, decennial census. Jurisdictional mileage includes highway mileage under the jurisdiction of a local unit of government that will be open and used for travel on the following January 1. Any changes in jurisdictional highway mileage are first reflected in mileage aid determinations for the second year following the year of the submission of the plats indicating the changes.

Local governments, with the cooperation and assistance of DOT, must also conduct a biennial assessment of the physical condition of the highways within their jurisdiction and report the results to DOT. In making these assessments, local units of government are required to use a pavement rating system approved by DOT.

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 eligible costs definition. DOT's cost reporting guidelines provide more detail on eligible and ineligible costs.

Small municipalities (with populations 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. For the 2015 aid distribution, 12 late-filing municipalities were assessed a total of $72,599 in penalties on their payments.

As a condition of receiving general transportation aid, each county and municipality must establish and administer a separate, segregated account from which moneys may only be used for purposes related to local highways. All moneys received from the state and the federal government for local highways must be deposited in this account.

Cost-Based Limitation on Mileage Aid

No municipality may receive an aid amount exceeding 85% of its three-year average (2011 through 2013, for 2015 payments) highway-related costs. Since aid payments under the share of costs aid formula make up a percentage of costs that is significantly lower than the 85% of three-year average cost maximum, this provision usually affects only municipalities receiving mileage aid payments. For the 2015 distribution, it is estimated that this provision will reduce aid payments to 81 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 2015 distribution, it is estimated that some aid will be withheld from two counties and 74 municipalities due to the 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. In previous years, counties were guaranteed at least 98% of the prior year's payment while municipalities were guaranteed at least 95% of the prior year's payment. However, under 2011 Wisconsin Act

28, both counties and municipalities are guaranteed only 90% of their prior year payment amount. This reduction in the minimum guarantee amount was necessary to accommodate a reduction in aid funding from 2011 to 2012 (-5.97% for municipalities and -9.39% for counties). For municipalities receiving mileage aid, the prior year's payment is adjusted to reflect mileage changes prior to applying the minimum guarantee. The minimum guarantee provision prevents large, year-to-year payment decreases. For the 2015 distribution, it is estimated that minimum guarantee payments will be made to 71 municipalities under the share of costs formula component and seven municipalities 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. 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 transportation aid payments for 2015 equal 20.0% of reported costs for 2013. From this perspective, towns do the best, with payments equaling 39.0% of reported costs. Incorporated areas benefit the least, with payments ranging from 15.7% of reported costs for those with populations under 10,000 to 15.2% of reported costs for those with populations between 35,000 and 200,000.

This situation is reversed when aid payments are examined in terms of mileage. On average, local governments received $4,129 in 2015 payments for each mile of road under their jurisdiction. From this perspective, towns benefit the least, receiving $2,234 per mile. Incorporated areas benefit the most, ranging from $7,604 per mile for those with populations under 10,000 to $15,835 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 large incorporated areas) have argued that cost-based payments should be increased.

The current formula consists of both cost-based and mileage-based payments. The inclu-

Table 2: Distribution of 2015 Total General Transportation Aid Payments

Jurisdiction	2015 Payments	2013 Reported Costs	Payments as a % of Costs	2013 Miles	Payments Per Mile
Counties	$98,400,200	$563,492,040	17.5%	19,861	$4,954
Towns	138,287,128	354,980,144	39.0	61,908	2,234
Incorporated Areas					
Under 10,000	56,170,568	358,396,271	15.7	7,387	7,604
10,000 to 35,000	49,748,724	319,327,285	15.6	5,690	8,743
35,000 to 200,000	43,738,150	287,833,087	15.2	4,678	9,350
Over 200,000	33,315,930	213,386,688	15.6	2,104	15,835
Total	$419,660,700	$2,097,415,515	20.0%	101,628	$4,129

Table 3: Distribution of Average Costs and Miles Used to Compute 2015 General Transportation Aids

	2008-13 Average Costs		2013 Miles	
Jurisdiction	Amount	Percent*	Number	Percent
Counties	$534,601,218	26.3%	19,861	19.5%
Towns	343,912,286	16.9	61,908	60.9
Incorporated Areas				
Under 10,000	350,704,069	17.3	7,387	7.3
10,000 to 35,000	314,737,287	15.5	5,690	5.6
35,000 to 200,000	276,120,082	13.6	4,677	4.6
Over 200,000	209,974,131	10.3	2,104	2.1
Total	$2,030,049,073	100.0%	101,628	100.0%

*Note: Percentage total does not add due to rounding.

sion 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 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 about one-quarter of the average costs and about one-fifth of the mileage.

Connecting Highway Aid

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.

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 (2015 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 2015, 120 cities and villages will receive $12.1 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. In 2014, payments were prorated at 86.2% of the formula amounts.

Table 4: 2015 Connecting Highway Aid Rates

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

Lift Bridge Aid

The state also reimburses municipalities for the actual costs incurred in operating and maintaining swing or lift bridges on connecting highways. Presently, five cities operate nine eligible lift bridges: Green Bay (Main Street), Manitowoc (8th and 10th Streets), Milwaukee (Broadway, Kinnickinnic, State, and Wells Streets), and Racine (Main and State Streets).

Lift bridge aid is paid on the first Monday in July for costs incurred during the previous calendar year. Consequently, the $2,659,200 paid in lift bridge aid in July, 2014, was in reimbursement for actual costs incurred by the cities during calendar year 2013 (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. For the July, 2014, payment, the $2,659,200 appropriation was insufficient to cover the costs of $2,868,670 submitted for 2013. Therefore, the payments were prorated to cover 92.7% of those costs.

APPENDIX

Computation of 2015 General Transportation Aid Payment for the City of Mauston (Juneau County)

1. SHARE OF COSTS AID

Data Needed: Average of 2008 through 2013 Highway-Related Costs = $2,227,227
Statewide Average Cost-Sharing Percentage = .158667

Computation:	Share of Costs Aid	=	Six-Year Average Highway-Related Costs	x	Cost-Sharing Percentage
		=	$2,227,227	x	. 158667
		=	$353,387		

2. MILEAGE AID

Data Needed: 2013 Jurisdictional Mileage = 27.73 miles
Mileage Rate = $2,202 per mile

Computation:	Mileage Aid	=	Jurisdictional Mileage	x	Mileage Rate
		=	27.73	x	$2,202
		=	$61,061		

Since $353,387 is greater than $61,061, the City of Mauston receives aid through the share of costs aid provision.

3. MINIMUM GUARANTEE/MAXIMUM GROWTH LIMIT

Data Needed:

	2014 Guarantee Base	**2015 Basic Entitlement**
Share of Costs Aid	$274,604	$353,387
Mileage Aid	-0-	-0-
Minimum Guarantee	-0-	
Maximum Growth Limit	-0-	
Cost-Based Aid Limit	-0-	
NET TOTAL	$274,604	$353,387

Computation of Minimum Guarantee

Minimum Guarantee = [.90 x 2014 Guarantee Base] - 2015 Basic Entitlement or $-0-; whichever is greater
= [.90 x $274,604] - $353,387 or $-0-
= $247,144 - $353,387 or $-0-
= -$106,243 or $-0-
= $-0-

Computation of Maximum Growth Limit

Maximum Growth Limit = [1.15 x 2014 Guarantee Base] - 2015 Basic Entitlement or $-0-; whichever is less
= [1.15 x $274,604] - $353,387 or $-0-
= $315,795 - $353,387 or $-0-
= -$37,592 or $-0-
= -$37,592

4. COST-BASED AID LIMITATION

Data Needed: Average of 2011 through 2013 Highway-Related Costs = $3,128,742
Aid After Minimum Guarantee/Maximum Growth Limit = $315,795

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 $3,128,742] - $315,795 or $-0-
	=	$2,659,431- $315,795 or $-0-
	=	$2,343,636 or $-0-
	=	$-0-

5. TOTAL 2015 GENERAL TRANSPORTATION AID PAYMENT FOR THE CITY OF MAUSTON

Share of Costs Aid	$353,387
Mileage Aid	-0-
Minimum Guarantee	-0-
Maximum Growth Limit	-37,592
Cost-Based Aid Limitation	-0-
Total	$315,795