A Description of the CY 2017 Calculation Process and Data Definitions for General Transportation Aids

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Wisconsin Department of Transportation Bureau of Transit, Local Roads, Railroads & Harbors Local Transportation Programs & Finance Section

Description of the CY 2017 Calculation Process and Data Definitions for General Transportation Aids (GTA)

Introduction

The General Transportation Aids (GTA) program helps local units of government offset part of their costs to construct, maintain, and operate the state's ~100,000-mile local road network. GTA funds are paid quarterly through an annual distribution of State Transportation Fund revenues.

This document offers background information to help local governments identify how their annual GTA payment level is calculated. It supplements information presented in GTA letters, and provides an expanded description of the calculation process and definitions of data inputs used in the GTA calculation. The information below is consistent with terms and verbiage commonly used in GTA letters to local governments.

For general information regarding the GTA program, refer to WisDOT's GTA website. If you require additional guidance or have any questions regarding this document, please contact Tim Olusegun, GTA Program Manager at tim.olusegun@dot.wi.gov or call (608) 266-0254. There is also a **Resource** page at the end of this document.

Overview

WisDOT goes through six major steps to calculate GTA payment levels for municipalities. These procedures are based upon requirements set forth in section (s.) 86.30 of Wisconsin Statutes (Wis. Stats.), which governs the GTA program. The calculation process is also derived from the related requirements provided in s. 86.302 Wis. Stats., pertaining to the local road inventory and s. 86.303 Wis. Stats., outlining cost determinations. The major calculation steps for municipalities include:

- **Step 1 – Input GTA Figures** from official data sources and then enter them into a database;
- **Step 2 – Calculate Share of Cost (SOC) and Rate per Mile (RPM)** amounts for each municipality;
- **Step 3 – Determine the Method of Calculation (Greater of SOC or RPM)** for municipalities by selecting the larger of the share-of-costs (SOC) amount and the rate-per-mile (RPM) amount;
- **Step 4 – Apply the Appropriate Minimum and Maximum Cushions (SOC or RPM)** to ensure GTA payments are within the statutory limits;
- **Step 5 – Apply Cost Cap** to ensure GTA payments are not more than 85% of a municipality's three-year average costs; and
- **Step 6 – Filing Penalty,** if applicable.

The county report is slightly different, since counties are only eligible for SOC payments. The major calculation steps for counties include:

- **Step 1 – Input GTA Figures** from official data sources and then enter them into a database;
- **Step 2 – Calculate Share of Cost (SOC)** levels for each county;
- **Step 3 – Apply the Appropriate Minimum and Maximum Cushions** to ensure GTA payments are within the statutory floors and ceilings; and
- **Step 4 – Filing Penalty,** if applicable.

Step 1 – Input GTA Figures

Once GTA program staff obtains input figures used to run GTA calculations from official data sources, they enter them into a database. Official data sources for the program are specifically identified in s. 86.30 Wis. Stats., which governs the GTA program, s. 86.302 Wis. Stats., which pertains to the local road inventory, and s. 86.303 Wis. Stats., which outlines cost determinations.

CVT Code: This is a unique, five-digit identifier for each local government in the state. The State of Wisconsin Department of Administration (DOA) assigns the official County-City-Village-Town *(CVT) Codes* for existing communities and newly incorporated communities. For cities and villages located within more than one county, a main county has been designated for GTA reporting purposes. Local government representatives should have this *CVT Code* available when contacting WisDOT program staff, to facilitate quick and accurate identification of their county or municipality. A complete listing of *CVT Codes* is available on the GTA webpage.

The numbering convention for 5-digit *CVT Codes* is as follows:

- Counties: the first two digits identify the county, and the last three digits are zeros. For example, the CVT code for Adams County is *01000*.
- Cities: the first two digits identify the county within which the city is located, the third digit is *2*, and DOA assigns the last two digits. For example, the CVT code for the City of Adams in Adams County is *01201*.
- Villages: the first two digits identify the county within which the village is located, the third digit is *1*, and DOA assigns the last two digits. For example, the CVT code for the Village of Friendship in Adams County is *01126*.
- Towns: the first two digits identify the county within which the town is located, the third digit is *0*, and DOA assigns the last two digits. For example, the CVT code

for the Town of Adams in Adams County is *01002*.

6-Year Average Costs: Average costs for the most recent six-year reporting period (2010-2015) used to calculate GTA payment levels. *6-year Average Costs* are used to calculate GTA for communities on the SOC calculation method.

GTA staff obtains these figures from the Municipal Financial Report Form each local community files annually with the State of Wisconsin Department of Revenue (DOR). Annual costs used to calculate GTA payments are *net local expenditures,* and do not include costs funded by state or federal grants or other aids programs. Some costs – most notably those for law enforcement, street lighting and storm sewers – are factored in or prorated based upon community type and population. The *Cost Reporting Manual* identifies eligible revenues and expenses, as well as factoring levels for each expenditure type.

3-Year Average Costs: Average annual costs for the most recent three-year period (2013-2015). GTA payment to a municipality may not exceed 85% of its 3-year average.

2015 Costs: Net transportation costs for the most recent reporting period.
Name: The official name of a community and the county in which it is located.

Mileage as of 1/1/2015: The total mileage under local jurisdiction previously used to calculate Calendar Year (CY) 2016 GTA for municipalities. The local community, the WisDOT District Local Road Coordinator, and the WisDOT Statewide Local Road Coordinator have certified this mileage. Mileage data is stored in the Wisconsin Information System for Local Roads (WISLR). Per *s. 86.302(3) Wis. Stats.*, there is a lag between the date mileage is certified and when the data is used to calculate GTA payments (i.e. "…beginning in the 2nd year following the year in which the certified plat is filed…").

Mileage as of 1/1/2016: The total mileage under local jurisdiction to be used to calculate CY 2017 GTA for municipalities. The local community, the WisDOT District Local Road Coordinator, and the WisDOT Statewide Local Road Coordinator have certified this mileage. Mileage data is stored in the Wisconsin Information System for Local Roads (WISLR). Per *s. 86.302(3) Wis. Stats.,* there is a lag between the date mileage is certified and when the data is used to calculate GTA payments (i.e. "…beginning in the 2nd year following the year in which the certified plat is filed…").

2016 Aids: The total amount of GTA provided to a community in CY 2016.

Step 2 – Calculate Share of Cost (SOC) and Rate per Mile (RPM)

(*Note: counties are only eligible for SOC payments.)*

Share of Costs (SOC) Calculation

6-Year Average Costs: Average annual costs for the most recent six-year period (2010-2015).

SOC Percentage: The State biennial budget provides two GTA appropriations, one for counties and the other for municipalities (towns, villages and cities). For counties, the SOC percentage is based upon: 1) the GTA county appropriation level; and 2) the statewide total *6-Year Average Costs* for counties. For any given calculation year, there is one SOC percentage for counties (other than those with penalties). For municipalities, the SOC percentage is based upon: 1) the balance of the GTA municipal appropriation level after meeting the statutory RPM payment obligations; and 2) the statewide total *6-Year Average Costs* for municipalities on the SOC payment method. For any given calculation year, there is one SOC percentage for municipalities (other than those with penalties).

SOC Amount: The *6-Year Average Costs* for a community multiplied by the *SOC Percentage*.

Rate Per Mile (RPM) Calculation

Mileage as of 1/1/2016: The total certified mileage under local jurisdiction used to calculate the CY 2017 GTA for municipalities.

Rate Per Mile: The statutorily defined RPM for municipalities identified in the State biennial budget.

RPM Amount: The *Mileage as of 1/1/2016* for a municipality multiplied by the *Rate Per Mile*.

Step 3 – Determine Payment Method (Greater of SOC or RPM)

(*Note: this step only applies to municipalities. Counties payments are calculated using the SOC payment method.)*

To determine the GTA amount for municipalities, WisDOT selects the larger of the SOC payment and the RPM payment.

Preliminary SOC Amount: Amount determined in **Step 2**, if *SOC Amount* is greater than *RPM Amount*.

Preliminary RPM Amount: Amount determined in **Step 2**, if *RPM Amount* is greater than *SOC Amount*.

Step 4 – Apply Appropriate Minimum and Maximum Cushions (SOC or RPM)

(*Note: this is Step 3 on the county report.)

Once the preliminary GTA amount has been determined based upon the appropriate payment method detailed in **Step 2**, GTA staff next applies *Share of Costs Cushions* and *Rate per Mile Cushions*. The statutory floors and ceilings adjust the preliminary GTA payment upward to the minimum level or downward to the maximum level of change.

Since counties are only subject to SOC funding, only *Share of Costs Cushions* appear in the county expanded download. Municipal information is shown in the appropriate calculation section (see below, the *Share of Costs (SOC) Cushions* section and the *Rate per Mile (RPM) Cushions* section), with zeros indicating the non-applicable calculation section.

Share of Costs (SOC) Cushions

Preliminary SOC Amount: Amount determined in **Step 2** and displayed in **Step 3**, if *SOC Amount* is greater than *RPM Amount*.

2015 Aids: The total amount of GTA provided to a community in CY 2015.

Minimum 2017 Aids: *2016 Aids* multiplied by the *Minimum Cushion*, which is 0.90 for counties and municipalities. This means that counties and municipalities can experience no more than a ten-percent reduction from their previous year's aid levels.

Maximum 2017 Aids: *2016 Aids* multiplied by the *Maximum Cushion*, which is 1.15 for counties and municipalities on the SOC payment method. There is no *Maximum Cushion* for municipalities on the RPM payment method.

Rate per Mile (RPM) Cushions

Preliminary RPM Amount: Amount determined in **Step 2** and displayed in **Step 3**, if *RPM Amount* is greater than *SOC Amount*.

2016 Aids: The total amount of GTA provided to a community in CY 2016.

% Change in Certified Mileage: Percentage change between certified *Mileage as of 1/1/2016 and 1/1/2015*.

2017 Adjusted Base: If a municipality on the RPM calculation type has *Mileage as of 1/1/2016* that does not equal the *Mileage as of 1/1/2015* – in other words, the community added or lost roadways under their local jurisdiction – then the *2017 Adjusted Base* equals (1+ their *% Change),* multiplied by their *2016 Aids*. The adjusted base provides a supplemental figure to recognize the new size of their local roadway network in the CY 2017 payment calculation. This will be the same as 2016 aids if the municipality's mileage has not changed.

Minimum 2017 Aids: *2017 Adjusted Base* multiplied by the *Minimum Cushion*, which for municipalities is 0.90. There is no *Maximum Cushion* for municipalities on the RPM

payment method; therefore, RPM communities have no *Maximum 2017 Aids.*

Step 5 – Apply Aids Cap

Once the preliminary GTA amount has been determined for each municipality and the *Minimum Cushion* and *Maximum Cushion* have been applied, the preliminary GTA amount is then reduced, if applicable, to ensure the final GTA is not more than 85% of a community's *3-Year Average Costs.* This 85% cap is statutorily defined in *s. 86.30(2)(d) Wis. Stats.,* and ensures municipalities fund at least 15% of eligible costs.

3-Year Average Costs appear for SOC and RPM municipalities. Zeros appear in the *After Cost Cap* section for SOC communities to indicate that the cost cap does not apply to them.

3-Year Average Costs: Average annual costs for the most recent three-year period (2013-2015). The 3-year average ensures GTA payments to municipalities are no more than 85% of their 3-year average.

85% Cost Cap: Defined as the *3-Year Average Costs* multiplied by 0.85. This applies to only municipalities. Based on an RPM of $2,202 for CY 2017, municipalities need a minimum *3-Year Average Costs* of $2,590.59 per mile to avoid a GTA reduction due to the 85% Cost Cap.

Step 6 – Calculate Filing Penalty

After applying **Step 4** and **Step 5,** the GTA figure at this point may be reduced by the *Filing Penalty Amount*, if applicable, to obtain the final GTA payment level for CY 2017, also referred to as the *Total GTA Amount.*

Preliminary SOC Amount: The *6-Year Average Costs* for a community multiplied by their *SOC percentage* identified in **Step 3**, if *SOC Amount* is greater than *RPM Amount.*

Preliminary RPM Amount: The *Mileage as of 1/1/2016* for a municipality multiplied by the *Rate per Mile* identified in **Step 3**, if *RPM Amount* is greater than *SOC Amount.*

Adjustments

Adjustment Amount: The dollar amount (either positive or negative) of the adjustment, as calculated in **Steps 4** and **5**.

Adjustment Type: The report includes a description of all adjustments, including:

- *Maximum Cushion*: If *Maximum 2017 Aids* are lesser than *Preliminary SOC Amount* (SOC only)*,* the community has a maximum cushion adjustment equal to the difference between *Preliminary SOC Amount* and the *Maximum 2017 Aids*, identified in **Step 4**. Payment reductions are identified by negative figures.

- **Minimum Cushion**: If *Minimum 2017 Aids* are greater than *Preliminary SOC/RPM Amount*, the community has a minimum cushion adjustment equal to the difference between *Preliminary SOC/RPM Amount* and the *Minimum 2017 Aids*, identified in **Step 4**, expressed as a positive dollar amount.

- **Cost Cap**: If *Cost Cap* is lower than *Preliminary SOC/RPM Amount*, the municipality has a cost cap adjustment equal to the difference between *RPM Amount* and *After Cost Cap*, identified in **Step 5.** Payment reductions are identified by negative figures.

  Filing Penalty Amount: All local units of government are required to submit an annual *Financial Report Form* to the DOR. This form identifies revenues and expenses WisDOT uses to calculate GTA payment levels. There is a description of submittal deadlines and penalties for non-compliance in *s. 86.303, Wis. Stats*. The *Filing Penalty Amount* identified on this line is assessed against GTA payments in cases where a community files their financial report after the due date.

  Filing Penalty Description: Reason for cost-filing penalty assessed in *Final Penalty Amount.*

  Total GTA Amount: The final GTA payment for CY 2017 after adjustments to the preliminary GTA figure have been made by *Minimum Cushion and Maximum Cushion*, reductions due to the *Cost Cap* and/or *Filing Penalty Amount.*

Resources

Additional information on the GTA program is located on the GTA homepage on the WisDOT Internet site. The eligible and ineligible revenues and expenses used to calculate GTA payment levels are identified in the *Cost Reporting Manual* that is also located on the GTA homepage.

The various versions of the *Financial Report Form* (A, C, and CT) and related reporting instructions are located on the Wisconsin Department of Revenue (DOR) Internet site, located at the following: *http://www.dor.state.wi.us/forms/govmfr/index.html*.

Please contact Tim Olusegun, GTA Program Manager, if you have questions or comments on the GTA program or this document. Her contact information is as follows:

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Please contact David Hruby at the Wisconsin Department of Revenue with questions or comments on the DOR *Financial Report Form*:

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