*Fiscal Facts by Wisconsin Policy Forum*

**Is there a better way to distribute local road aid in Wisconsin?**

The state’s main aid program for supporting local roads could deliver support more efficiently to communities with the greatest need, raising the question of whether it’s time to revisit how these dollars are distributed.

The state’s General Transportation Aids (GTA) program is the second-largest program in the Wisconsin Department of Transportation. At $508.2 million in 2021, including supplemental payments, it represents the second-largest form of state aid to municipal governments in Wisconsin and one of the top forms of aid to counties. The GTA program also is growing more rapidly than other forms of state aid to localities such as shared revenue payments.

Yet the formula for distributing the funding has not had a major update in two decades. Over time, more funding has shifted toward smaller municipalities that receive the same aid payment regardless of how much they spend on roads, removing an incentive for investing in infrastructure.

For larger municipalities and counties, increases may be going toward growing communities with the ability to spend more on road-related costs, making it harder for low-growth communities to invest in roads. Reviewing the state formula in light of these trends could help ensure the dollars are distributed more equitably and better advance the state’s transportation goals.

For decades, state GTA payments have been distributed to local governments through a pair of formulas. The first is based on the mileage of roads in a community and the second is based on a share of certain costs associated with its roads, including not only maintenance and construction but also related expenses such as police. Municipalities provide data for the two sets of calculations and the state uses the one yielding the largest payment for that community. Nearly all towns and some villages are paid through the mileage formula, while larger villages and cities generally are paid through the share-of-costs formula.

State leaders have increased the mileage rate much more since 1990 than they have total GTA funding (224% versus 133%). Though the state has avoided it in recent years, this trend of prioritizing the mileage rate over the overall program has meant GTA funding has increased more rapidly for small communities (towns and some villages) and more slowly for cities and counties.

Options for revising the GTA program that state officials could consider include restoring a greater voice to local leaders, potentially through an advisory council of local officials, tweaking the GTA formula by reducing the emphasis on police costs and allowing for greater focus on expenses from road maintenance and construction; rewriting the GTA formula to take greater account of factors such as road or pavement type; population or vehicle registrations in a community, or other factors; or continue the recent practice of shifting more future funding increases for local road aids into the state’s Local Road Improvement Program or other programs.

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