

# Town-Highway Aid

House Committee on Transportation

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# Overview of Town Highway Aid

- Vermont provides formula-based funding to towns from the Transportation Fund through the annual budget process.
- The amount each town receives is based on the town's mileage of Class 1, Class 2, and Class 3 roadways.
- Towns may use Town Highway Aid relatively flexibly – unlike other grants, the funds are not restricted to a specific project.
  - Town Highway Aid can be spent on highway construction, improvement, and maintenance or as the nonfederal share for public transit assistance.
  - Funds may also be used for establishing and maintaining bicycle routes and sidewalks.
- To be eligible for Town Highway Aid, towns must appropriate an annual highway budget equivalent to or greater than a sum of at least \$300 per mile for each mile of class 1, 2, and 3 town highways



# Definition of Town Highway Classes

19 V.S.A. §302 defines the various classes of town highways:

- **Class 1:** Town highways that form the extension of a State highway route and that carry a State highway route number (e.g. a VT Route as it passes through a downtown or village). AOT determines which highways are to be Class 1.
- **Class 2:** Town highways selected as the most important highways in each town. Shall be selected with the purposes of securing trunk lines of improved highways from town to town and to places that by their nature have more than normal amounts of traffic. (e.g. major connector roads). Towns (with AOT approval) determine which roads are Class 2.
- **Class 3:** Traveled town highways other than Class 1 or 2 highways (e.g. residential streets that are regularly maintained but do not serve as major connectors). Towns (after conference with AOT) determine which roads are Class 3.
- **Class 4:** All town highways that are not class 1, 2, or 3 town highways or unidentified corridors. Note that Town Highway Aid is not apportioned based on Class 4 mileage, as many Class 4 roads are not regularly maintained by the town.



# Statutory Funding Formula

19 V.S.A. §306(a) outlines how Town Highway Aid is distributed

- Town Highway Aid appropriation shall increase over the previous fiscal year's appropriation by the same percentage as the following, **whichever is less**:
  1. The year-over-year increase in the two most recently closed fiscal years in AOT's total appropriations funded by Transportation Fund revenues, excluding appropriations for town highway aid; or
  2. The percentage increase in the CPI-U during the two most recently closed fiscal years.
- If the year-over-year changes in AOT T-Fund appropriations or the CPI-U are negative, then the appropriation to town highways shall be equal to the previous fiscal year's appropriation.



# FY25 Town Highway Formula Calculation

## 1. Change in Appropriations

	FY22	FY23
T-Fund Appropriations	\$ 282,190,668	\$ 299,059,742
Current Year Reversions	\$ (3,933,027)	\$ (34,787,029)
Approps less Reversions	<b>\$ 278,257,641</b>	<b>\$ 264,272,713</b>
TH AID	\$ 30,105,769	\$ 27,837,624
Approps less TH AID	<b>\$ 248,151,872</b>	<b>\$ 236,435,089</b>
	% Change	-4.7%

## 2. Change in CPI-U

June 2022 CPI-U: 296.311

June 2023 CPI-U: 305.109

Change: 3.0%

3. Use the lesser of these two. If it is negative Town Highway Aid remains level funded.



# Town Highway Aid Disbursement

- The total appropriation for Town Highway Aid is then distributed via quarterly payments to individual towns according to 19 V.S.A. §306(a)(3):
  - 6% is apportioned to class 1 town highways;
  - 44% is apportioned to class 2 town highways;
  - 50% is apportioned to class 3 town highways



**Town Highway Aid (19 V.S.A 306(a))**

**Historic Appropriations (in nominal \$)**

	<b>Formula Appropriation</b>	<b>One-Time Appropriation</b>	<b>Total Appropriation</b>	<b>% Change YOY</b>	<b>Transportation Fund Revenues*</b>	<b>TH AID as % of TF Revenues</b>
FY 2010	\$ 24,982,744		\$ 24,982,744		\$ 213,339,967	11.7%
FY 2011	\$ 24,982,744		\$ 24,982,744	0.0%	\$ 217,616,232	11.5%
FY 2012	\$ 24,982,744		\$ 24,982,744	0.0%	\$ 221,712,661	11.3%
FY 2013	\$ 25,982,744		\$ 25,982,744	3.8%	\$ 228,194,836	11.4%
FY 2014	\$ 25,982,744		\$ 25,982,744	0.0%	\$ 253,421,446	10.3%
FY 2015	\$ 25,982,744		\$ 25,982,744	0.0%	\$ 261,389,775	9.9%
FY 2016	\$ 25,982,744		\$ 25,982,744	0.0%	\$ 264,609,396	9.8%
FY 2017	\$ 25,982,744		\$ 25,982,744	0.0%	\$ 271,188,126	9.6%
FY 2018	\$ 25,982,744		\$ 25,982,744	0.0%	\$ 278,963,941	9.3%
FY 2019	\$ 25,982,744		\$ 25,982,744	0.0%	\$ 280,668,814	9.3%
FY 2020	\$ 26,663,160		\$ 26,663,160	2.6%	\$ 264,106,903	10.1%
FY 2021	\$ 27,105,769	\$ 7,000,000	\$ 34,105,769	21.8%	\$ 282,714,986	12.1%
FY 2022	\$ 27,105,769	\$ 3,000,000	\$ 30,105,769	-13.3%	\$ 287,846,728	10.5%
FY 2023	\$ 27,837,624		\$ 27,837,624	-8.1%	\$ 295,139,681	9.4%
FY 2024	\$ 28,672,753		\$ 28,672,753	2.9%	\$ 299,400,000	9.6%
FY 2025	\$ 28,672,753		\$ 28,672,753	0.0%	\$ 315,700,000	9.1%

\*FY10-23 Transportation Fund Revenues are actuals while the FY 24 & 25 numbers are forecasted revenues

